We received some extremely useful feedback from investors on our new policy.

Louise Fowler
Chair of the Remuneration Committee

Committee members	Attendance*
Louise Fowler (Committee Chair)	7/7
Ed Smith CBE	7/7
Jonathan Davies	7/7
Dr Sam Barrell CBE	7/7
Jenefer Greenwood OBE	2/2

* Out of the maximum possible meetings.

Additional attendees*
- Jonathan Murphy – CEO
- Jayne Cottam – CFO
- Orla Ball – Company Secretary
- Emma Cariaga – Non-Executive Director
- Noel Gordon – Non-Executive Director
- Korn Ferry

* As appropriate.

Meetings in the year:

7

Terms of Reference
https://www.assuraplc.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies

Annual Statement

Dear shareholder
On behalf of the Board, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2022. This is the first report since I took over as Chair of the Remuneration Committee following the AGM in July 2021.

This report is split into three parts:

- This **Annual Statement** – in which I explain the work of the Remuneration Committee during 2021/22 and the key decisions taken during the year;
- The new **Directors' Remuneration Policy** – which sets the overall parameters for the remuneration of the Directors; and
- The **Annual Report on Remuneration** – which details the link between Company performance and remuneration and includes payments and awards made to the Directors for 2021/22 and information on how we intend to implement the Remuneration Policy for 2022/23.

At the AGM to be held on 6 July 2022, you will be asked to approve the new Remuneration Policy by way of a binding resolution. As normal, there will be a separate advisory resolution covering this Annual Statement and the Annual Report on Remuneration.

Remuneration for 2021/22
For the year under review the Remuneration Committee applied the Remuneration Policy approved by shareholders at the 2019 AGM. As disclosed in last year's Directors' Remuneration Report, the Committee agreed salary increases for both of the Executive Directors with effect from 1 April 2021 up to the limit set out in the Policy. This was done to ensure appropriate levels of salary for a team which had demonstrated exceptional leadership and performance over a challenging period, and to follow through on our previously stated intention to move the Directors' salaries closer to the market rate. Major shareholders were supportive of our approach, both in feedback provided during engagement and when voting on remuneration at last year's AGM. The Committee was pleased to receive a 97% vote in favour of the Directors' Remuneration Report resolution at the meeting.

As normal, we continued to operate the annual bonus scheme and the Performance Share Plan ("PSP") during 2021/22. Early in the financial year we granted an award under the PSP which will vest following an assessment of performance to the end of the 2023/24 financial year. As disclosed last year, the performance targets for this award are based on a mixture of EPRA EPS, TSR and ESG metrics.

After the end of the year, the Committee considered the extent to which the performance targets had been met for the PSP award granted in 2019. This award was based equally on TSR and EPRA EPS performance, measured over a three-year period, with full vesting requiring a very challenging 15% per annum growth in both TSR and EPS over the period. The overall level of vesting for the award was 28.7%, reflecting TSR performance around the middle of the range and EPS growth at just above threshold.

Jonathan Murphy has decided to donate the proceeds of the sale of 10% of his vested shares to the Assura Community Fund ("ACF"). The Committee supports his decision to make this donation and has exercised its discretion to permit these shares to be sold for this purpose. Other than those required to be sold to pay tax at the point of vesting, the remaining shares remain subject to the standard two-year post-vesting holding period for PSP awards. Jayne Cottam's vested shares are also subject to this holding period.

The Committee also reviewed performance against the annual bonus targets which were set for 2021/22. A total of 70% of the bonus was based on financial targets linked to total accounting return, EPRA earnings and growth in contracted rent roll. The final 30% was based on non-financial targets, both personal objectives and key strategic and operational goals linked in part to Assura's social impact strategy. Full details of the specific targets are disclosed in the Annual Report on Remuneration. The overall bonus outcome for the year was 54% of maximum for Jonathan Murphy and 56% of maximum for Jayne Cottam. There was a strong level of performance on total accounting return. On EPRA earnings and against the non-financial measures, there was good performance, although not all targets and objectives were met. Threshold performance was not achieved for the contracted rent roll metric.

The above remuneration outcomes are consistent with the overall performance of the Company during the year. With the exception of disapplying the post-vesting holding period for a portion of the CEO's vested PSP award, as explained above, no discretion was exercised by the Committee in respect of the level of bonus payout or PSP vesting for 2021/22.

A new Directors' Remuneration Policy
Ahead of the requirement to seek shareholder approval for a new Remuneration Policy at this year's AGM, the Remuneration Committee spent a considerable amount of time during the financial year reviewing the existing Policy and its operation.
We considered how best the Policy should evolve over the next three-year period to align with Assura's strategy and growth

expectations, to provide fair levels of remuneration for the Executive Directors (subject to the satisfaction of stretching performance conditions), and to meet the evolving governance expectations of shareholders.

Our overall conclusion was that the broad shape of the existing Policy should be retained by continuing to offer a package based on fixed remuneration, an annual incentive scheme and annual grants of shares under the PSP. Pay for performance remains a key principle for Assura.

We also reflected on the growth and development of the business since the existing Policy was approved in 2019, and the ongoing contribution of Jonathan Murphy and Jayne Cottam to Assura's success. We agreed that the new Policy needed to be capable of providing levels of remuneration which fairly reflected the leadership and performance of the management team, and that we should continue to make inroads into narrowing the gap between their remuneration and that of the broader market. This is not because we feel we need to match market median levels of reward; Assura has never taken this approach, and we do not propose to start now. We do, however, believe that as Jonathan and Jayne are now very well established in their roles, and as they continue to progress and perform, there is no reason why their pay should not be brought closer to market levels. In taking stock of comparator pay, we considered benchmarking data for FTSE Real Estate companies of a similar size to Assura, supplemented with information on pay across the market more broadly. To be clear, the Committee does not set Directors' pay by an undue focus on benchmarking data; it is instead used as one reference point as context for our decisions.

As additional reference points, we also considered the broader stakeholder experience of recent years, wider workforce remuneration issues and developments in corporate governance.

Following our review, we developed a set of proposals for a new Remuneration Policy on which we sought the views of major shareholders and the leading proxy advisory and investor representative bodies in a consultation exercise undertaken in late 2021 and early 2022. We received some extremely useful feedback. Some investors were very supportive of the direction of travel, while others raised questions and concerns on specific points. Following this engagement, we agreed to make some modifications to our original proposals to take into account comments made.

The new Policy we are presenting to shareholders for approval includes the following key changes:

- **Basic salary.** The overall annual approach to setting salary, and the factors taken into account when considering any increase, remain unchanged. We are, however, removing the wording in the Policy which limits any annual increase to a maximum of 7% above the general workforce increase. This aligns the Policy with typical market practice, where such a limit is not normally specified. Salary increases to Directors will usually be in line with the wider workforce average, although we have agreed a higher increase for the CFO for 2022/23, for the reasons set out in the relevant section below.
- **Pension.** In line with the commitment made in last year's Directors' Remuneration Report, the new Policy specifies that the pension contribution rate for the Executive Directors will be aligned with the rate for the majority of the wider workforce with effect from 1 January 2023. In practice, this means that their current pension of 13.5% of salary will reduce to 6%.
- **Annual bonus.** The bonus scheme will continue to operate in a similar way to previous years, but we are making three key changes. First, the individual maximum opportunity is being increased from 125% to 150% of salary for the CEO, and from 100% to 135% of salary for the CFO. We recognise these are significant increases. The purpose is to help focus the management team on continuing to drive performance over each year of the next three-year period as Assura seeks to take advantage of multiple acquisition and development opportunities. There is real potential for a step change in performance, which we hope to incentivise and encourage. Appropriate stretch will be built in to the bonus targets each year corresponding to the higher level of potential reward. For 2022/23, as discussed below, we are putting a slightly greater weighting on financial performance and reducing the total number of non-financial objectives that will be assessed.

  The increase in the bonus potential also takes into account the fact that salary levels are below median against the market. Putting greater emphasis on the performance-related bonus is considered to link more closely to shareholder interests than bringing salaries up to market median levels. The new bonus limits are in line with the market median for the CEO and below median for the CFO.

  The second bonus change is that the amount payable for achieving on-target performance is being reduced to 50% of the maximum award level. This is consistent with investor expectations.

  The third change is to the deferral arrangements. Under the current Policy, bonus deferral only applies in certain circumstances (i.e. where the shareholding guidelines have not been met, or for any bonus above 100% of basic salary). The new Policy makes it clear that one-third of any bonus will be deferred into equity, to be held for a minimum of two years. This results in a more consistent approach to deferral between both Executive Directors and ensures that alongside the higher maximum bonus opportunity there is an appropriate level of equity investment.
- **Performance Share Plan.** The PSP will remain broadly unchanged: we are not increasing the annual grant size or the overall structure of PSP awards. Performance will continue to be tested over three years, with an additional two-year post-vesting holding period.

  One change we are making is that the amount which vests for threshold performance has been increased from 10% to 25% of the maximum award. This is now aligned with conventional market practice, and thus helps us in offering a competitive remuneration package.
- **Corporate governance enhancements.** We are making three changes to bring the Policy fully into line with good practice. First, and in line with the commitment we made last year, the new Policy introduces post-employment shareholding guidelines for the Executive Directors. These will apply for a minimum period of two years following cessation of employment, at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure. Any shares purchased by the Directors will be excluded from these arrangements, as will any shares vesting prior to the date of shareholder approval of the new Policy.

  Second, we are clarifying that the Remuneration Committee has the full discretion to adjust the formulaic outcomes of incentive schemes when considered appropriate. Third, we have updated the malus and clawback provisions in the incentive schemes to ensure that they reflect current good practice, principally through the inclusion of additional "trigger events" which may lead the Committee to invoke the provisions.

Taken together, we believe that these changes will mean we have a Remuneration Policy which is fit for purpose for the next three years.

Implementation of the Remuneration Policy for 2022/23
Assuming shareholders approve the new Policy, we intend to implement it as follows.

The basic salary for Jonathan Murphy will rise by 5% to £489,605, consistent with the average increase for the wider workforce. For Jayne Cottam, we have agreed a higher increase of 8.8% to take her salary to £285,000 for the year ahead. This is the first phase of a proposed two-stage increase to move her salary to £300,000, before any additional cost of living increases. The Remuneration Committee (and the Board more widely) believes that this level of base pay more fairly reflects Jayne's contribution, performance and continued development in the CFO role. Jayne was appointed as CFO in 2017 on a salary of £180,000, a very low rate compared to the wider market but reflective of Assura being Jayne's first plc CFO role. Instead of fixing the salary at the market rate from the date of appointment, the Committee determined to apply increases as Jayne developed in the role and demonstrated a strong level of performance. Given Jayne's contribution and development, her salary has increased in stages over recent years – but it remains below lower quartile when compared with the salaries paid to CFOs of similarly-sized listed real estate companies. (The data reviewed by the Committee showed a lower quartile sector benchmark of £312,000 and a median of £348,000.) We have no intention of matching market median, but the Committee feels that an increase to £300,000 is warranted in the interests of paying a fair amount to a CFO who is now very well established in role, and in the interests of retaining Jayne's talents for the longer term. Our initial plan was to apply the £300,000 salary for 2022/23, but we agreed the two-stage approach following comments received from some shareholders and advisory bodies during the consultation process on the new Remuneration Policy. The second stage of the increase will apply from 1 April 2023 and will be subject to the Committee reconfirming its appropriateness in 12 months' time. The Committee will also consider any additional cost of living increase as deemed appropriate at that time, and as awarded to the wider workforce.

These increases and the resulting salary are not considered excessive given the positioning against the market. We do appreciate that the increase for 2022/23 is beyond that awarded to the wider workforce but in this specific case we believe it to be entirely justified for the reasons set out above.

Pension provision for the Executive Directors will reduce from 13.5% of salary to 6% with effect from 1 January 2023, in line with the new Remuneration Policy.

The annual bonus scheme will operate with a maximum opportunity of 150% of basic salary for the CEO and 135% for the CFO. In the case of the CFO, we are aware that, coupled with the salary increase set out above, this leads to a significant increase in potential remuneration. The Committee is comfortable that this is wholly appropriate given the role played by the CFO and the need to offer a level of pay which is more fairly reflective of her contribution and responsibilities.

The financial performance metrics used in previous years – EPRA earnings, contracted rent roll and total accounting return – will remain unchanged, although each will have an equal weighting of 25%. This results in a small increase (from 70% to 75%) of the total bonus which is payable for the achievement of financial performance conditions, and a corresponding reduction in the non-financial element. For the coming year, this puts greater emphasis on certain of our key financial performance indicators and, as noted above, appropriate stretch has been built in to the targets to reflect the higher level of potential bonus. We have also taken the opportunity to revise our approach to assessing non-financial performance: the number of objectives have been reduced, and there will be clear, tangible outcomes expected for each objective. Full details of the performance targets for all elements of the bonus scheme will be disclosed in next year's Directors' Remuneration Report.

The PSP award to be granted this year will again be over shares with a face value of 150% of basic salary. The performance conditions will be similar to those used in recent years. One-third of the award will depend on EPRA EPS growth, which remains a key measure of our long-term financial performance. A further third will be based on TSR, a measure of particular importance for shareholders. For the EPS element, we have decided that vesting will occur on a range of between 5% per annum growth (for threshold payout) to 10% per annum growth (for maximum). For TSR, the range will be between 5% and 12.5%. In both cases, the maximum target is lower than the 15% we have used for prior grants. While we have high ambitions for the business, there is a real concern that 15% annual growth is an unrealistically stretching target, and not reflective of internal or external expectations of performance. For example, consensus estimates of EPS over the next few years suggest the market is expecting annual growth of c. 6–7%. With this in mind, and in order to offer an incentive which is challenging but achievable, the Committee believes that lower maximum targets for both EPS and TSR are appropriate. We will review the range ahead of next year's grant and may apply different targets, depending on the business circumstances at the time.

The final third of the PSP award will again relate to ESG, reflecting the centrality of the SixBySix social impact strategy to Assura's business and investment case. One half of the ESG portion of the award will require further progress in the proportion of the portfolio receiving an EPC performance rating of B or higher. The other half will be a fully disclosed, quantifiable new metric which assesses the extent to which in-house development schemes meet the best practice standards set in our new Net Zero Carbon Design Guide (which will be published Summer 2022). An ultimate goal of the business – as set out in one of the SixBySix pledges – is for all developments to be net zero, but this will take some time to achieve given the long-term nature of the process of design and construction. The new metric rewards management for ensuring that net zero design is central to as many new developments as possible over the coming period. This is an important indication of Assura's commitment to sustainability and for making a step change in design and construction over a relatively short space of time. Full details of the specific performance targets are set out in the Annual Report on Remuneration.

The Committee continues to believe that a PSP award based on a mixture of financial, market and ESG measures provides a suitably balanced approach for assessing different strands of performance over the next three-year period.

UK Corporate Governance Code
The Committee is mindful of the principles and provisions of the UK Corporate Governance Code. We believe that our approach to remuneration is fully compliant with the principles set out in the Code, given the clear link between incentives and the delivery of long-term strategy. The Remuneration Policy and its implementation remain consistent with the six factors set out in Provision 40 of the Code:

- **Clarity** – our Policy is well understood by the management team and has been clearly articulated to our shareholders, proxy advisers and investor representative bodies. Full disclosure of the Policy and its implementation is provided in this Directors' Remuneration Report;
- **Simplicity** – the Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, one of the Committee's objectives is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate. Although there are multiple performance metrics used in the annual bonus scheme and PSP, all are linked to strategic objectives and are clearly understood internally;
- **Risk** – our Remuneration Policy is designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded. This is done through (i) the balanced use of both short and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets, (ii) the significant role played by equity in our incentive plans (together with shareholding guidelines), (iii) the Committee's ability to override the formulaic outcome of incentive schemes, and (iv) the malus/clawback provisions in place;
- **Predictability** – our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits;
- **Proportionality** – there is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded; and
- **Alignment to culture** – our executive pay policies are fully aligned to Assura's culture through the use of metrics in both the annual bonus and PSP that measure how the business performs against targets that directly underpin the delivery of strategy. The incentive schemes are aligned with our strong performance culture and, as noted above, are linked to a strategy to support the clear social purpose of Assura's business.

The Code quite rightly places an emphasis on the importance of engaging with key stakeholders on remuneration issues. As noted above, I consulted with major shareholders during the year on the terms of the new Directors' Remuneration Policy and our implementation plans for 2022/23. The feedback received from investors on our proposals was very helpful, and we made some modifications to our original plans in response. The Committee will continue to engage with shareholders where appropriate as we implement the Policy over the next three-year period.

In my additional role as the designated Non-Executive Director for engagement with the workforce, I have also had discussions with The Voice, the body which includes a representative sample of Assura colleagues. This engagement covered a wide variety of topics. In relation to executive remuneration, I explained the recent decisions taken by the Committee and the rationale for the new Remuneration Policy. Among other things this included explaining the context within which Directors' remuneration is set and the need to ensure that the packages on offer to the most senior executives within the business are suitably reflective of their responsibilities of leading a company the size of Assura.

In line with the Code, the Committee considers Directors' pay in the context of wider workforce remuneration, and also reviews pay policies across the organisation as a whole. We remain of the view that the approach for Directors is appropriate in the context of the wider employee perspective. Although the CFO has received an exceptional salary increase for 2022/23, as explained above, this is for reasons specific to her role. For the year ahead, and in recognition of rising inflation, the average salary increase across the workforce is 5.0%.

All permanent employees continue to participate in an annual bonus scheme which pays out subject to performance conditions based on a mix of financial and personal targets. There is also a comprehensive – and competitive – benefits package for all employees. While it is not considered appropriate to roll out participation in the PSP throughout the organisation, equity is provided to certain senior staff in the form of restricted shares and we encourage colleagues to participate in the all-employee Share Incentive Plan ("SIP"), which was launched last year. An additional award of free shares was made to all eligible employees during the financial year under review.

The Code recommends that we consider the appropriateness of Directors' remuneration using internal and external measures such as pay ratios. In this report, we are again voluntarily reporting the ratio of the CEO's pay to the remuneration of employees more broadly, in line with best practice and the expectations of investors. The ratio is set out on page 121, alongside the supporting detail as required by the relevant regulations. There has been a small reduction in the ratio this year, primarily reflecting lower total remuneration for the CEO when compared with the prior year. A key explanatory factor behind the ratio is that the CEO's pay includes amounts relating to his participation in the annual bonus and PSP, and his incentive opportunities are the highest in the organisation, reflective of his position and standard practice. As noted above, annual bonuses are standard throughout the Company and while PSP participation is relatively limited, other equity-related reward is provided. The Committee is comfortable that remuneration for the CEO is appropriate in the context of pay levels across the Company as a whole.

We were not compliant with two areas of the Code during 2021/22, namely the requirement for pension provision for Directors to be aligned with that for the wider workforce, and for a policy on post-employment shareholding requirements to be established. As explained above, these matters have been addressed as part of the new Directors' Remuneration Policy and as such these issues have fallen away.

Concluding remarks
2021/22 has been a busy year for the Committee, particularly given the work undertaken in developing the new Remuneration Policy. We hope you will agree that the new Policy will help ensure that executive remuneration is fully aligned with the business objectives for the coming years, is consistent with the expectations of shareholders and is appropriately retentive, competitive and incentivising. We look forward to your support at the AGM for the new Policy and for the separate advisory report on remuneration. Ahead of this, I would be delighted to receive any feedback or comments you may have on our approach during 2021/22 and our plans for 2022/23. I can be contacted via the Company Secretary.

Louise Fowler
Chair of the Remuneration Committee
23 May 2022

What our Executive Directors earned during 2021/22

The following table provides a summary single total figure of remuneration for 2021/22. Further details are set out in the Annual Report on Remuneration.

£000	Salary	Pensions	Benefits	Bonus	LTIs	Other	Total
Jonathan Murphy	466	63	15	315	194	3	1,055
Jayne Cottam	262	35	14	147	109	3	570

How our Executive Directors will be paid in 2022/23

A summary of how the Committee intends to operate the new Remuneration Policy for 2022/23 is as follows:

Component	Jonathan Murphy	Jayne Cottam
Basic salary	£489,605 (Increased by 5% from 1 April 2022)	£285,000 (Increased by 8.8% from 1 April 2022)
Pension allowance (% of salary)	13.5% (until 31 December 2022); 6% (from 1 January 2023)	
Annual bonus (% of salary)	150%	135%
Annual bonus deferral	One-third of any bonus payable must be invested into Assura shares which must be held for a minimum of two years	
Annual bonus metrics	25% total accounting return, 25% EPRA earnings, 25% total contracted rent roll, 25% key non-financial/strategic objectives	
PSP (% of salary)	150%	
PSP performance conditions	33% TSR, 33% EPS and 33% key ESG measures	
Post vesting holding period	Two years	
Shareholding guidelines (% of salary)	300%	200%
Post-employment shareholding guidelines	Apply for a minimum of two years at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure	

Remuneration Scenarios for 2022/23

The charts on page 112 show how total pay for the Executive Directors varies under four different performance scenarios: Minimum; Target; Maximum; and Maximum with share price growth.

Introduction
The Directors' Remuneration Policy sets the framework for the remuneration of the Chairman, Executive Directors and Non-Executive Directors. It has been prepared in line with the relevant legislation for UK companies. The Policy will be presented to shareholders for approval by way of a binding vote at the AGM scheduled to take place on 6 July 2022. Subject to shareholder approval, the Policy will formally apply from the date of the AGM although in practice its provisions will apply from the start of the 2021/22 financial year on 1 April 2022. The current intention is that the Policy will remain in place for three years.

Payments to Directors and payments for loss of office can only be made if they are consistent with the terms of the approved Remuneration Policy. The Committee will be required to seek shareholder approval for an amendment to the Policy if it wishes to make a payment to Directors which is not envisaged by the approved Policy.

Development of the Remuneration Policy
The Policy replaces the Policy approved by shareholders at the AGM in 2019. In developing the new Policy, the Remuneration Committee undertook a detailed review of the 2019 Policy and considered Assura's strategic development, market trends and changes in corporate governance best practice and investor expectations. The Committee reviewed benchmarking data prepared by its external advisers to assess the level of Executive Director remuneration relative to the wider market.

As part of the review, the Committee considered various potential changes to the 2019 Policy and developed a set of proposals which were the subject of a consultation exercise with major shareholders in late 2021 and early 2022. In light of the feedback received, the Committee agree to make a number of amendments to its initial proposals before finalising the Policy for which shareholder approval will be sought at the AGM.

Conflicts of interest are managed through the operation of existing Board and Committee governance procedures. The Remuneration Committee is comprised of independent Non-Executive Directors and the Chairman of the Board. While Executive Directors may attend meetings of the Committee, they are not present when matters specifically relating to their own remuneration are discussed. The Committee appoints external advisers to provide independent advice on the Policy and its implementation.

Overview of Remuneration Policy
The Policy is designed to align with Assura's values and behaviours, to encourage a strong performance culture and to be aligned with the interests of shareholders and other stakeholders.

The Policy has been designed with the following principles in mind:

- To reflect a remuneration structure which supports the Company's strong performance culture and the key objective of creating long-term shareholder value;
- To provide a fair level of reward to help enable Assura to retain and recruit Executive Directors with the capability to lead the Company on its ambitious growth path;
- To reflect principles of best practice; and
- To be transparent and easily understood both internally and externally.

Changes to the Remuneration Policy
While the overall shape of the new Remuneration Policy is similar to the Policy approved by shareholders in 2019, a number of changes have been made following the Committee's review. The main changes are as follows:

- The Policy no longer specifies that the maximum basic salary increase for individuals recruited or promoted to the Board is limited to 7% above the general workforce increase. This provision is no longer considered necessary, and removing it will align the Policy with common market practice.
- On pensions, the Policy confirms the position set out in last year's Directors' Remuneration Report, namely that the contribution rate for the Executive Directors will fall from 13.5% of basic salary to the rate payable to the wider workforce (currently 6%) by the end of December 2022. Any new Executive Director will be appointed on the wider workforce rate. These changes bring this aspect of the Policy into line with the UK Corporate Governance Code and the expectations of investors on this matter.
- The maximum annual bonus opportunity under the Policy has been increased from 125% to 150% of basic salary. The limit applicable to the CEO will be 150% of salary (previously 125%) and the limit for the CFO will be 135% of salary (previously 100%). These increases will help to focus the management team on continuing to drive the performance of the business over the coming years as Assura seeks to take advantage of multiple acquisition and development opportunities. They also help narrow the pay gap with the wider market in a situation where the Directors' basic salaries are at below-median levels (and below lower quartile in the case of the CFO). The Committee has a preference for increasing the performance-related elements of remuneration rather than focusing solely on basic pay.
- The proportion of the annual bonus which is paid for on-target performance has been reduced to 50% of the maximum opportunity, to align with investor expectations.
- The Policy specifies that one-third of any bonus payable must be invested into Assura shares which must be held for a minimum of two years. This simplifies the current arrangements, whereby the extent of bonus deferral depends on the extent to which shareholding guidelines have been met and the size of the bonus. The new framework is market standard and aligns the approach for both Executive Directors.
- Under the Performance Share Plan (PSP), the amount which vests for meeting threshold performance targets has been increased from 10% of the award to 25%. This is consistent with conventional market practice for schemes of this nature.
- We have clarified that the two-year post-vesting holding period which applies to PSP awards made to Directors will continue to apply to those who leave employment with Assura. This brings the Policy into line with investor guidance on this matter.
- In line with the commitment made in last year's Directors' Remuneration Report, we have introduced post-employment shareholding guidelines for the Executive Directors. These will apply for a minimum period of two years following cessation of employment, at the lower of (1) the shareholding requirement in place prior to departure or (2) the actual shareholding at the point of departure.
- The malus and clawback provisions in the Policy have been extended to reflect developments in market practice since the 2019 Policy was approved.
- The Policy clarifies that the Remuneration Committee has the full discretion to adjust the formulaic outcomes of incentive schemes if considered appropriate. This is in line with the UK Corporate Governance Code and standard market practice.
- The Policy table for the Executive Directors has been extended to include reference to the all-employee Share Incentive Plan (SIP), introduced during the 2020/21 financial year.

In addition, a number of minor changes to the wording of the Policy have been made to clarify meaning and reflect standard practice.

POLICY TABLE FOR EXECUTIVE DIRECTORS

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Fixed remuneration			
Basic salary Core element of remuneration set at a level that recognises the size and complexity of the Company and, when combined with the performance based variable remuneration potential, can attract and retain Executive Directors of the quality to execute the Company's strategy.	An Executive Director's basic salary is considered by the Committee on appointment and then reviewed periodically or when an individual changes position or responsibility. Any changes normally take effect from 1 April each year. When making a determination as to the appropriate salary level, the Committee first considers remuneration practices within the Group as a whole and, where considered relevant, reviews objective research on relevant peer comparators. It should be noted that the results of any benchmarking will only be one of many factors taken into account by the Committee. Other factors include: – individual performance and experience; – pay and conditions for employees across the Group; – the general performance of the Company; and – the economic environment. No recovery provisions apply to basic salary.	Any increase in salary for Executive Directors will normally be in line with the annual average increase for the wider workforce, although a different approach may be taken if considered appropriate. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general workforce increase.	None.
Benefits The Company provides benefits in line with market practice.	Executive Directors may receive a benefit package which includes: – health insurance; – death in service benefits; – company car allowance; and – other benefits as provided from time to time. Benefits are reviewed periodically to ensure that they remain market competitive. Any reasonable business-related expenses may be reimbursed (and any tax thereon met if deemed to be a taxable benefit). Benefits payments are not included in salary for the purposes of calculating the level of participation in incentive arrangements. No recovery provisions apply to benefits.	Benefit values vary year-on-year depending on premiums and the maximum value is the cost of the provision of these benefits. The Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than the Committee considers appropriate in all the circumstances.	None.

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Pension The Company provides a level of pension contribution in order to be competitive and to ensure that it has the ability to recruit and retain Executive Directors.	Executive Directors may receive pension contributions to personal pension arrangements or a cash supplement. Pension-related payments are not included for the purposes of calculating the level of participation in incentive arrangements. No recovery provisions apply.	Until 31 December 2022, the maximum employer's pension contribution is 13.5% of basic salary for the current Executive Directors. With effect from 1 January 2023, this reduces to the contribution rate payable to the wider workforce (currently 6%). For any new Executive Director appointments to the Board, pension provision will be aligned with the contribution rate payable to the wider workforce.	None.
Performance-based variable remuneration			
Bonus Incentivises the achievement of a range of key performance targets that are key to the success of the Company.	Awards may be made annually based on the achievement of performance targets. Two-thirds of any bonus is payable in cash. The remaining third must be invested in shares which must be held for a minimum period of two years. If a Director voluntarily donates a portion of his or her bonus to the Assura Community Fund, these deferral requirements apply to bonuses net of any such donations. Bonus payments are not pensionable, but are subject to malus and clawback provisions.	The maximum annual bonus for Executive Directors is 150% of salary. At threshold performance 0% of maximum can be earned. At on-target performance, 50% of maximum can be earned. The CEO has a maximum bonus opportunity of 150% of salary and an on-target level of 75% of salary. The CFO has a maximum bonus opportunity of 135% of salary and an on-target level of 67.5% of salary.	Performance is measured over one financial year. Performance measures are set annually based on a number of financial and strategic measures which may include (but are not limited to) for example: – delivering specific added value activities; – delivering financial goals; – improving operational performance; and – developing the performance capability of the team. The Committee will determine the weighting between specific metrics each year. In any specific year there will always be a majority weighting on financial measures. The Committee has the discretion to vary the performance targets depending on economic conditions and Company-specific circumstances that may occur during the year. At the end of each financial year the Committee takes into account the Company's financial performance and achievement against the key short-term objectives established at the beginning of the year. The Committee has the discretion to adjust the bonus outcome where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Long-term Incentives To motivate and incentivise delivery of sustained performance over the long-term, and to promote alignment with shareholders' interests, the Company operates the Performance Share Plan ("PSP").	Awards under the PSP may be granted as nil/nominal cost options or conditional awards which vest to the extent performance conditions are satisfied over a period of at least three years. Executive Directors are then required to hold their vested shares for a further two years (other than shares which are required to be sold to pay tax due at the point of vesting, or shares which are sold for the purposes of making a donation to the Assura Community Fund). In exceptional circumstances, vested awards may also be settled in cash. PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards, and the expiry of any vesting period and any holding period. Malus and clawback provisions apply to PSP awards.	The PSP allows for awards over shares with a maximum value of 150% of basic salary per financial year.	The Committee may set such performance conditions on PSP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). Performance periods may be over such periods as the Committee selects at grant, which will not be less than (but may be longer than) three years. No more than 25% of awards vest for attaining the threshold level of performance conditions. In addition, while performance measures and targets used in the PSP will generally remain unaltered once set, if in the Committee's opinion, circumstances are such that a different or amended target would be a fairer measure of performance, such amended or different target can be set provided that it is not materially more or less difficult to satisfy than the original target was at the time it was set. The Committee has the discretion to adjust the outcome of vesting where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Other			
All-employee Share Incentive Plan (SIP) Provides employees with the opportunity to participate in a tax-advantaged share plan and increases the level of alignment with shareholders.	Awards under the SIP may be offered annually to all eligible employees, including Executive Directors. Participants can receive awards of free shares and also benefit from additional matching shares in the event of their voluntary investment in additional shares.	Executive Directors can participate in the SIP subject to the limits prescribed under the applicable legislation governing this type of plan.	N/A
Shareholding requirement To ensure alignment between Executive Directors and shareholders' interests over a long-term time horizon.	The Committee operates shareholding guidelines to encourage long-term share ownership by the Executive Directors. Other than shares required to be sold to pay tax due at the point of vesting or PSP shares sold for the purposes of making a donation to the Assura Community Fund, Executive Directors may not sell any shares acquired via any share-based incentive plan if the sale would take their shareholding below the shareholding requirement.	The minimum shareholding which should be built up by an Executive Director is equivalent to 200% of basic salary. Where an Executive Director participated in the former Value Creation Plan, the requirement is 300% of salary. Executive Directors must also maintain a minimum level of shareholding for a period of at least two years following cessation of employment, at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure. Any shares purchased by the Executive Director are excluded from these arrangements, as are any shares which vest prior to the date on which this Remuneration Policy is approved by shareholders.	N/A

Notes to the Policy table for Executive Directors

Performance measures and targets

The annual bonus plan measures are selected to provide direct alignment with the short-term operational targets of the Company. Care is taken to ensure that the short-term performance measures are always supportive of the long-term objectives. This is especially important in a business which has a long-term investment horizon. Short-term targets are stretching and geared to encourage outstanding performance, which if delivered can earn the executive up to the maximum under the plan. The financial measures used for the annual bonus plan in 2022/23 – EPRA earnings, contracted rent roll and total accounting return – are linked to key performance indicators which are monitored closely by the Board. The non-financial objectives include a number of strategic and personal targets which are aligned to the immediate priorities of the business.

The performance measures used in the PSP are selected to ensure that the Executive Directors are encouraged to deliver the Company's key long-term strategic goals and receive an appropriate level of reward. This helps ensure a clear and transparent alignment of interests between executives and shareholders and the generation of sustainable long-term returns. The performance measures used for the PSP award to be granted in 2022/23 are based on EPRA EPS (a key financial metric for the business), TSR (an indicator of the value created for shareholders) and metrics linked to ESG and sustainability (integral parts of Assura's SixBySix social impact strategy).

Discretion

The Committee has discretion in several areas of the Policy as set out in this report. The Committee may also exercise operational and administrative discretions under the relevant plan rules approved by shareholders. This includes (but is not limited to) the choice of participants, the size of awards in any year (subject to the relevant limits in the Policy table), the determination of good or bad leavers and the treatment of outstanding awards in the event of a change of control (subject to the provisions of the Policy). In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval. In addition, for the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any commitments entered into with current or former Directors prior to the adoption of this Policy.

Malus and clawback

The Committee retains the power to reduce the annual bonus or the potential vesting of unvested PSP awards (including to zero) (often referred to as malus) or to recoup the value of previously paid or vested awards from an individual within two years of vesting if it considers appropriate to do so (often referred to as clawback). The Committee may choose to exercise this power where:

- there has been a material misstatement of financial results for any period;
- there has been an error or the use of inaccurate information in assessing the extent to which any performance condition was satisfied;
- there has been a material error in determining whether an award should be made, or the size and nature of the award;
- there are circumstances warranting the summary dismissal of an individual;
- an award holder has participated in or is responsible for conduct which resulted in significant losses, or the Company has evidence of the award holder's fraud, gross misconduct or dishonesty;
- an award holder has acted in a manner which has brought the Group into disrepute;
- an award holder was a good leaver by reason of retirement, but becomes employed in an executive role with another company; or
- there is a material failure of risk management or other corporate failure or occurrence of an event which is a serious health and safety event.

Approach to recruitment remuneration and promotions

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit will take into account the various components of remuneration as set out in the Policy table above.

Where an existing employee is promoted to the Board, the Policy set out in the Policy table will apply from the date of promotion but there would be no retrospective application of the Policy in relation to existing incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and would form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

The table below summarises our key policies with respect to recruitment remuneration:

Element	Policy
Fixed remuneration	The salary level, benefits and pension entitlement will be set taking into account a number of factors including market practice, the individual's experience and responsibilities and the policies for salary, benefits and pensions for existing Executive Directors as set out in the Policy table. Pension provision for any new Executive Director will be aligned with the wider workforce contribution rate. In certain circumstances the Committee may choose to recruit Executive Directors on a salary below the market rate with a view to providing above average increases until an appropriate salary positioning is achieved, subject to performance, experience and the individual proving themselves in the role.
Performance-based variable remuneration	A new Executive Director will be eligible to participate in the annual bonus plan and the PSP as set out in the Policy table. The maximum annual variable remuneration that an Executive Director can receive is 300% of basic salary (i.e. the annual bonus plan maximum of 150% of basic salary plus the long-term incentive maximum of 150%).
Share buyouts/ replacement awards	The Committee's policy is not to provide buyouts as a matter of course. However, should the Committee determine that the individual circumstances of a recruitment justify the provision of a buyout, the value of any incentives that will be forfeited on cessation of a new Executive Director's previous employment will be calculated taking into account the following: – the proportion of the performance period completed on the date of the individual's cessation of employment; – the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; – any other terms and conditions having a material effect on their value. The Committee will then determine the value of the forfeited incentives and may then grant an award up to the estimated equivalent value under the Company's existing incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used to grant up to the estimated equivalent value, for example as permitted under Listing Rule 9.4.2 (2).
Relocation policy	In instances where the new Executive Director is required to relocate, the Company may provide compensation to reflect the cost of relocation, at the discretion of the Remuneration Committee. The level of any relocation package will be assessed on a case-by-case basis but will take into consideration any incremental cost of living differences and/or housing and schooling costs.

Approach to service contracts and cessation of employment
Both of the Executive Directors have a service contract with the Company which is terminable by the Company on six months' notice and by the Director on six months' notice. Jonathan Murphy's contract is dated April 2017 and Jayne Cottam's contract is dated August 2017. The service contracts are available for viewing at the Company's registered office.

The service contract for any new Executive Director would be expected to include a similar notice period. No Director will be appointed with a notice period that exceeds 12 months' notice.

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The Committee has discretion to determine whether an individual is a "good leaver" under the Company's incentive plans. Where the Committee uses its general discretion to determine that an Executive Director is a good leaver, it will provide a full explanation to shareholders of the basis for its determination.

The table below sets out, for each element of remuneration, the Company's policy on payment for loss of office in respect of Executive Directors and any additional discretion available to the Committee.

Element	Cessation of employment	Change of control
Fixed remuneration	There will be no compensation for normal resignation or in the event of termination by the Company due to gross misconduct. In other circumstances, Executive Directors will be entitled to receive a payment in lieu of notice. Salary, benefits and pension contribution/salary supplement will normally be paid over the notice period. The Company has discretion to make a lump sum payment on termination for the salary, value of benefits and pension amounts payable during the notice period. In all cases the Company will seek to mitigate any payments due.	No special provisions.
Annual bonus plan	Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the individual may be eligible for an annual bonus award for that performance year subject to an assessment of performance achieved over the period. Where an Executive Director's employment is terminated during a performance year and provided the individual is a "good leaver", a pro-rata annual bonus award for the period worked in that performance year may be payable at the Remuneration Committee's discretion subject to an assessment of performance achieved over the period. No award will be made in the event of gross misconduct or other "bad leaver" circumstances.	On a change of control triggering the termination of the Executive Director's contract, the Remuneration Committee's determination of the extent to which the performance targets have been satisfied will determine the annual bonus which is earned. The Committee will take into account such other factors as it considers relevant in relation to the bonus plan payment for the year in which the change of control occurs. This excludes a reorganisation or reconstruction of the Company where ownership does not materially change.
Performance Share Plan The treatment of awards granted under the PSP will be governed by the plan rules, as approved by shareholders.	Normally, on termination of employment before the end of the performance period, awards lapse in full. However, in good leaver situations (e.g. death, injury, ill-health, disability, retirement with the agreement of the employer, sale of business/subsidiary, or otherwise at the Committee's discretion), awards will not lapse but will instead continue and will vest at the normal vesting date or (if the Committee so decides in exceptional circumstances) on cessation of employment, subject in both cases to satisfaction of the performance conditions and a pro-rata reduction as the Committee determines to reflect the shortened length of service. In addition, to reflect standard practice, the Committee can waive pro-rating in its discretion. For leavers, awards granted following approval of this Remuneration Policy will remain subject to any post-vesting holding period although the Committee can exercise discretion to waive this requirement if deemed appropriate in the specific circumstances.	On a change of control (takeover, reconstruction, amalgamation, winding up or demerger), unvested awards will vest subject to the application of the performance conditions and subject to time pro-rating. The Committee retains a standard discretion to vary/waive time pro-rating on a takeover if this is deemed appropriate in the circumstances. There will be compulsory rollover of awards on an internal reconstruction.

Remuneration for other employees

The Remuneration Committee takes into account the pay and conditions of other employees of Assura when setting the Remuneration Policy for Directors and making decisions on the implementation of the Policy. The Company has a relatively small number of employees and there are some obvious differences between Executive Director pay and the arrangements for other colleagues. However, there is a strong focus on performance and on remuneration structures which are aligned with the specific needs of the business.

Although the levels of remuneration of the Executive Directors are higher than those of other employees, reflecting their specific roles and responsibilities, the Committee is comfortable that in general there is an appropriate level of alignment between their remuneration and the pay for other employees in the Company. Fixed remuneration is structured in a broadly similar way, and further alignment will be achieved as the level of pension provision for the Directors reduces to the workforce contribution rate after 31 December 2022. The Committee is satisfied that Assura offers an appropriately competitive benefits package for employees.

All permanent staff are eligible to participate in annual bonus arrangements, with bonus targets linked to a mix of financial and personal objectives. Equity incentives (in the form of awards of restricted shares) are limited to more senior members of staff, reflecting standard practice. However, all permanent employees are eligible to participate in the Share Incentive Plan (launched in 2020/21), and there has been a good level of take-up to date.

Although the Committee takes into account the pay and conditions of other employees, the Company did not directly consult with employees on the terms of the new Directors' Remuneration Policy. However, the Chair of the Committee maintains regular contact with employees in her role as the designated Non-Executive Director for workforce engagement. During the year she discussed executive remuneration and the work of the Remuneration Committee with The Voice, Assura's representative group of colleagues.

Consideration of shareholder views

The Committee takes the views of shareholders seriously and these views are taken into account in shaping the Directors' Remuneration Policy and its implementation. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee has a long-standing practice of consulting with major shareholders prior to any significant changes to the Policy. During the year under review, the Committee engaged with shareholders on the proposals for the revised Remuneration Policy and its implementation and, in response to comments received, made a number of changes to the proposed approach.

The Committee will continue to engage with major shareholders as required during the lifetime of the Policy.

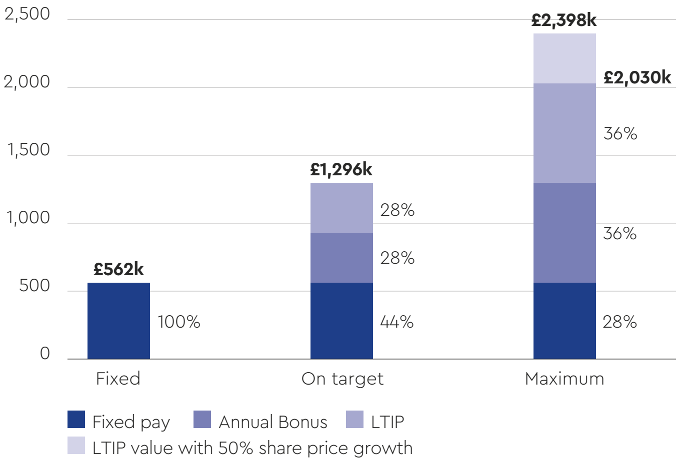
External appointments

The Company's policy is to permit an Executive Director to serve as a Non-Executive Director elsewhere when this does not conflict with the individual's duties to the Company, and where an Executive Director takes such a role they may be entitled to retain any fees which they earn from that appointment.

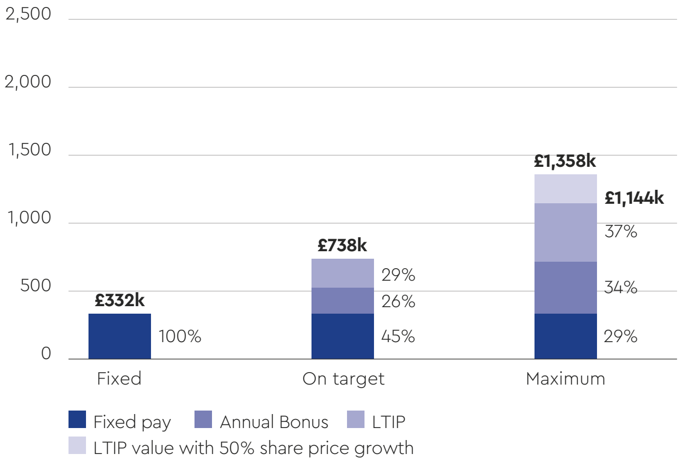
Illustrations of application of the Remuneration Policy

The composition and total value of the Executive Directors' remuneration package for the financial year 2022/23 at minimum, on-target and maximum performance scenarios are set out in the charts below:

CEO
(£'000)



CFO
(£'000)



Assumptions used in determining the level of payout under given scenarios are as follows:

- **Minimum** – Basic salary at 1 April 2022, estimated 2022/23 benefits and pension (or cash allowance) calculated at 13.5% of salary for the period to 31 December 2022 and 6% of salary for the period from 1 January 2023.
- **On-target** – Based on what the Director would receive if performance were on-target (excluding share price appreciation and dividends):
  - Annual bonus: consists of the on-target bonus (75% of salary for Jonathan Murphy and 67.5% of salary for Jayne Cottam).
  - Long-term incentive: consists of the midpoint level of vesting (50% vesting) under the PSP.
- **Maximum** – Based on the maximum remuneration receivable (excluding share price appreciation and dividends):
  - Annual bonus: consists of maximum bonus of 150% of salary for Jonathan Murphy and 135% of salary for Jayne Cottam.
  - Long-term incentive: consists of the face value of awards (at 150% of salary).
- **Maximum with share price growth** – As per maximum but with a 50% share price growth assumed on PSP awards.

Policy table – Non-Executive Directors

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
The Company sets fee levels necessary to attract and retain experienced and skilled Non-Executive Directors to advise and assist with establishing and monitoring the strategic objectives of the Company.	Fee levels are sufficient to attract individuals with appropriate knowledge and experience. The Board Chairman is paid a fee reflective of the responsibilities of the role. Other Non-Executive Directors are paid a base fee and additional fees for Chairmanship of Committees and/or acting as the Senior Independent Director. Fees are reviewed periodically with any changes generally effective from 1 April. In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties. Non-Executive Directors do not receive a bonus, do not participate in awards under the Company's share plans, and are not eligible to join the Company's pension scheme. The Company reserves the right to provide benefits (including travel and office support) to the Non-Executive Directors. The Company may also settle any tax incurred in relation to business expenses that are deemed taxable.	Fees will take account of fee levels of comparable listed real estate companies and other companies of comparable size and complexity. The aggregate fees and any benefits of Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £700,000 p.a. in aggregate).	None.

The Company's practice is to appoint the Non-Executive Directors, including the Chairman, under letters of appointment, terminable by either party on three months' notice. Their appointment is usually for a term of three years subject to annual re-election by the shareholders at the Company's AGM.

The letters of appointment for the current Non-Executive Directors are available for inspection at the Company's registered office. The dates of the letters of appointment are October 2017 for Ed Smith, June 2018 for Jonathan Davies, June 2019 for Louise Fowler and May 2021 for Emma Cariaga, Noel Gordon and Sam Barrell.

Any new Non-Executive Director would be recruited on the terms set out in the Policy table above.