GEORGIA
HEALTHCARE
GROUP

DIRECTORS' REMUNERATION POLICY – GEORGIA HEALTHCARE GROUP PLC

This Policy will take effect from 2019 AGM on 22 May 2019 and became formally effective for three years following that date.

It is a provision of this Policy that the Group will honour all pre-existing obligations and commitments that were entered into prior to this Policy taking effect. The terms of those pre-existing obligations and commitments may differ from the terms of the Policy and may include (without limitation) obligations and commitments under service agreements (as detailed in more information below), deferred share remuneration schemes and pension and benefit plans. After the Policy becomes effective after the 2019 AGM, the Group will either amend the existing terms of the service contracts of, or enter into new service contracts with, the Group's sole executive director and CEO, Nikoloz Gamkrelidze to incorporate the terms of the new Policy.

The Remuneration Committee retains its discretion under the new Policy to make minor amendments to the Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining prior shareholder approval.

Executive Directors' Remuneration Policy

The Policy provides for an Executive Director's remuneration package to be comprised of the elements set forth below. For the avoidance of doubt, all references to Executive Directors refer to the Executive Directors of GHG PLC and currently covers the present Executive Director, Nikoloz Gamkrelidze. The compensation structure of the Executive Management Team (a group of about 5-10 people who serve on the management board of the Group, but who are not Executive Directors of GHG PLC) is set by the Remuneration Committee and is modelled on this Policy but the Remuneration Committee is not bound by the Policy when setting their remuneration packages. The Remuneration Committee can set different vesting terms and conditions for the Executive Management Team as it thinks appropriate.

Salary in the form of cash and long-term deferred shares

Purpose and Link to Strategy	Operation	Opportunity
• Salary is comprised of both long-term deferred shares (deferred share salary) and cash salary. • An Executive Director's salary together with other components of an Executive Director's remuneration package is competitive enough to attract, retain and develop high-calibre talent whilst creating a remuneration structure that supports reward over the long term. **Cash salary** • Cash salary is set at a competitive level that comfortably covers reasonable living expenses. **Deferred share salary** • To promote long-term value creation and share price growth. • To encourage long-term commitment to the Group. • To closely align the Executive Directors' and shareholders' interests. • When combined with the other elements of the package, overall cash and deferred share salary is competitive enough to attract, retain and develop high-calibre talent.	• The level of base salary for an Executive Director is fixed in his or her service agreement(s). The level of salary is reviewed by the Remuneration Committee on the earlier of a service agreement or this Policy being up for renewal. **Cash salary** • Cash salary payable under the current CEO's GHG contract is expressed in US dollars but paid in GBP on each monthly payment date. • Cash salary payable under the service contract of the current CEO with JSC GHG is expressed in US dollars but paid in Lari on each monthly payment date. **Deferred share salary** • Deferred share salary is awarded in the form of nil-cost options annually in respect of the work year usually towards the beginning of that year. (None of the award vests in the work year or the year after, and it is subject to pro rata lapse.) • Deferred share salary will vest over a five-year period from the start of the year in which the salary is earned as follows: 25% will vest on each of the second, third, fourth and fifth anniversary of the start of the work year. • At vesting, an Executive Director receives (in addition to the vested deferred share salary) cash payments equal to the dividends paid on the underlying shares between the date award was made and the vesting date. • Lapse provisions (natural malus) and extended claw back and malus applies under the circumstances as set out in the notes to this Policy table.	• The amount of cash salary and deferred share salary for the CEO is fixed for the duration of the employment contract with GHG and JSC GHG, in the event that another Executive Director appointed, the value of his or her total salary and bonus opportunity (i.e. the discretionary deferred shares) would not exceed that of the CEO at the time unless the Remuneration Committee considers it reasonable in the circumstances to do so. • The Remuneration Committee has the discretion to change the split of total salary between cash salary and deferred share salary. **Cash salary** • The total amount payable to Mr Gamkrelidze is $375,000. **Deferred share salary** • The total number of deferred share salary shares is fixed at 175,000 per annum.

Performance-based remuneration – Discretionary deferred shares

<table>
<tr><th>Purpose and Link to Strategy</th><th>Operation</th><th>Opportunity</th></tr>
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In the context of overall Group performance, to motivate and reward an Executive Director in relation to his or her contribution to the achievement of the KPIs set for him or her by the Remuneration Committee towards the beginning of the work year.
Performance-based remuneration solely in the form of deferred shares (no cash bonus) in order to:

Closely align the interests of an Executive Director with those of shareholders
Avoid inappropriate risk taking for short-term gain
Encourage long-term commitment to the Group

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Performance-based remuneration is awarded annually entirely in the form of nil-cost options over GHG shares subject to vesting (“discretionary deferred shares”). The Company does not award cash bonuses.
The Remuneration Committee will determine annually whether an award is merited based on the Executive Director’s achievement of the KPIs set for the work year and the performance of the Group during that work year. If appropriate where a strategic change or change in business circumstances has made one or more of the Executive Director’s KPIs an inaccurate gauge of performance, the Remuneration Committee may decide to base its assessment on alternative measures.
The outcome of an Executive Director’s performance and the Remuneration Committee’s determination will be reported in the Directors’ Remuneration Report for the work year in consideration.
Any discretionary deferred shares will be normally granted following the end of the work year, although the Remuneration Committee retains the discretion to determine the timing of the awards. Any discretionary deferred shares will vest 33.33% in each of the second, third and fourth years following the end of the work year (effectively over four years from the beginning of the work year).
Vested discretionary deferred shares must then be held for a further two years.
At vesting (upon exercise of the nil-cost options), an Executive Director receives (in addition to the discretionary deferred shares) cash payments equal to the dividends paid on the underlying shares between the date the award was made and the vesting date.
KPIs for the Executive Directors are set towards the start of each work year and reflect each Executive Director’s targeted contribution to the Group’s overall key strategic and financial objectives for the coming year. KPIs may also include non-tangible factors such as self-development, mentoring and social responsibility.

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For Mr Gamkrelidze and any other Executive Director, the maximum number of discretionary deferred shares that may be awarded in respect of the previous work year is 150% of total salary (i.e. cash and deferred share salary).

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	• There is no contractual right to discretionary remuneration and the Remuneration Committee reserves the right to award no discretionary deferred shares if the Group's performance is unsatisfactory. • Lapse provisions (natural malus) and extended clawback and malus applies under the circumstances as set out in the notes to this Policy table.	

Pension

Purpose and Link to Strategy	Operation	Opportunity
• Pension provision is the same for all employees in Group in Georgia. The Company is required to comply with pension requirements set by the Georgian Government	• Pension provision will be in line with Georgian pension legislation, which may change from time to time. The most recent pension legislation that GHG must comply with has been in effect since January 2019. • There is no provision for the recovery or withholding of pension payments.	• The same arrangement applies to employees across the Group in Georgia. • In line with current Georgian legislation, the Executive Director and the Group each contribute 2% of JSC GHG remuneration and the Georgian Government may contribute a further small amount (0-2% depending on income levels). • Pension contributions will only increase above this level if mandated by Georgian legislation or any other applicable legislation including in other jurisdictions.

Benefits

Purpose and Link to Strategy	Operation	Opportunity
• Non-cash benefits are in line with Georgian market practice and are designed to be sufficient to attract and retain high-calibre talent.	• Benefits consist of: life insurance; health insurance; incapacity/disability insurance; Directors' and Officers' liability insurance; tax gross-ups; physical examinations; company car and driver; mobile phone costs; personal security arrangements (if requested by the Executive Director); and assistance with completing tax returns (where required), relocation costs for Executive Director and close family and legal costs. • Other benefits may be provided from time to time if considered reasonable and appropriate. • There is no provision for the recovery or withholding of benefits.	• There is no prescribed maximum on the value of benefits payable to an Executive Director. The maximum amount payable depends on the cost of providing such benefits to an employee in the location at which the Executive Director is based. If the Executive Director's personal circumstances do not change and the Group is able to obtain benefits on substantially the same terms as at the date of the publication of this Policy, the aggregate cost of benefits for an Executive Director during the Policy's life is not expected to change materially.

Other Executive Director Policies – Shareholding guidelines

Purpose and Link to Strategy	Operation
• To further align Executive Directors' interests with those of shareholders. • To ensure Executive Directors build and then maintain a significant shareholding in the Company over the long term. • To ensure departing Executive Directors make long-term decisions and maintain an interest in the ongoing success of the Group post-employment.	• Executive Directors are required to build and then maintain a shareholding equivalent to 200% of total salary (i.e. cash and deferred share salary) such amount to be built up within a five-year period from appointment as an Executive Director (the "required shareholding"). • For these purposes all beneficially owned shares as well as unvested (net of tax) and vested, deferred share salary and discretionary deferred shares are counted towards the required shareholding (as such awards are not subject to any performance conditions after grant). Meeting and maintaining the required shareholding is thus likely to happen naturally over the course of the Executive Director's employment. • Executive Directors are to maintain the lower of the required shareholding or the Executive Director's actual shareholding at the time employment ceases for a period of two years from the date on which employment cases unless the Remuneration Committee determines otherwise. • In very exceptional circumstances, for example in the event of a serious conflict of interest, the Remuneration Committee has the discretion to vary or waive the required Shareholding but must explain any exercise of it's discretion in the Group's next Remuneration Report. It should be emphasised that there is no present intention to use this discretion.

Notes to the Policy table

Cash salary

The Remuneration Committee has the discretion under the policy to change the currency in which cash salary is paid and also has the discretion to determine the appropriate exchange rates for determining the cash salary to be paid.

Deferred share salary

The deferred share salary comprises the most important element of the Executive Director's fixed annual remuneration and is commensurate with his role within the Group. Heavily weighting salary in favour of deferred share compensation rather than cash means that the Executive Director's day-to-day actions are geared towards sustained Group performance over the long term. The deferred share salary component is neither a bonus nor LTIP, it is salary fixed at the outset of each Executive Director's service contract and is therefore not subject to performance targets or measures. The Executive Director's salary increases or declines in value depending on Group performance in the subsequent work years, thereby aligning the Executive Director's interests directly and naturally with those of the Group's shareholders.

For FY 2019 deferred share salary will be awarded after the Policy becomes affective but vesting will be adjusted as if it had been awarded in January 2019 and so 25% will vest in each of January 2021, January 2022, January 2023 and January 2024.

Performance-based (Discretionary Deferred Share) Remuneration

Performance is recognised entirely through the discretionary deferred share compensation plan, which measures and rewards performance over the financial year. The majority of remuneration is inherently linked to performance and shareholder value as the majority of remuneration is in the form of deferred share salary and discretionary deferred shares. The Group does not operate an LTIP because it believes that there is sufficient long-term incentive built into its deferred share salary and discretionary deferred share remuneration.

Measures are chosen to reflect strategic priorities for the group and will be chosen by the Remuneration Committee annually towards the beginning of the performance year. The aggregate pool of shares available each year for awards of discretionary deferred share compensation for the Executive Director and the Executive Management team as a whole is determined annually by the Remuneration Committee in its absolute discretion, based on a number of factors including:

- operating and quality objectives;
- financial results;
- strategic objectives; and
- people and culture development impact.

The Remuneration Committee does not use strict weighting of performance measures to ensure that flexibility is encouraged if, for example, strategic objectives evolve as the Group does or business circumstances change during the year. The Remuneration Committee believes that this flexibility ensures that the Board can work with an Executive Director so that he/she does not take excessive risk to achieve KPIs when, for example, markets have turned. The Committee has the discretion to reduce awards, including to zero, when performance outcomes do not align to the shareholder experience. The precise measures will be determined by the Remuneration Committee and disclosed retrospectively in the Remuneration Report following the year of the Remuneration Committee's determination.

As mentioned in the Policy table above, the current maximum value of discretionary deferred share compensation that Mr Gamkrelidze may be awarded in a given year for the remainder of his service contract with the Group is capped at 150% of his total salary. For these purposes, total salary comprises the annual cash salary and the deferred share salary shares provided for in Mr Gamkrelidze's service contract, the latter being valued, for the current service contract, by reference to the share price as at 14 December 2018 being the date on which the Remuneration Committee adopted, subject to shareholder feedback and approval, the terms of the new compensation and bonus structure reflected in this Policy.

Clawback and malus

Discretionary deferred shares remuneration are subject to malus, and clawback for up to two years from vesting, in the following circumstances:

- significant financial losses, serious failure of risk management or serious damage to the reputation of the Company or JSC Georgia Healthcare caused by misconduct or gross negligence (including inaction);
- material misstatement or material errors in the Financial Statements that relates to the area of responsibility of the executive or can be attributed to action or inaction of the executive's performance of duties.
- deliberately misleading the Company or JSC Georgia Healthcare;
- misconduct in the performance of or failure to perform duties; and
- payments based on erroneous or misleading date, for which malus and clawback of discretionary deferred remuneration apply to discretionary deferred remuneration awarded for year in question.

Provided that the Policy is approved by shareholders at the AGM 2019 these above provisions will form part of Mr Gamkrelidze's service contract either by amending his existing contract or entering into a new one. The Company also intends to amend the Executive Share Equity Compensation Plan to reflect the above.

Furthermore, for the Company's current Executive Director and CEO, Mr Gamkrelidze, the Group also has unusually strong "natural malus" provisions since all unvested shares (including deferred share salary and discretionary deferred shares) lapse if the contract is terminated under certain circumstances, including for "cause" such as gross misconduct, failure to perform duties, material breach of obligations and unethical behaviour. This may result in loss of several years of salary deferred shares and discretionary deferred shares. See the "Termination of the JSC GHG service agreement" in the table below for more information.

Discretion

The Remuneration Committee retains certain discretion in relation to this Policy. This includes:

- The determination of discretionary deferred remuneration award, if any;

- Selection of KPIs that will determine the discretionary deferred remuneration, which may vary from year to year in order to align with strategy and financial objectives;
- Any adjustments required to an Executive Director's KPIs during the work year when, for example, there has been a change in strategy or business circumstances which results in one or more of KPIs becoming an inaccurate gauge of performance; and
- The discretion to override formulaic outcomes where it considers it reasonable in the circumstances to do so prior to or upon vesting of discretionary deferred shares.

Equity compensation trust

An equity compensation trust has been established for the purpose of satisfying deferred share salary and discretionary deferred share compensation in the form of nil-cost options awarded to any eligible executive. The trust was established in 2015.

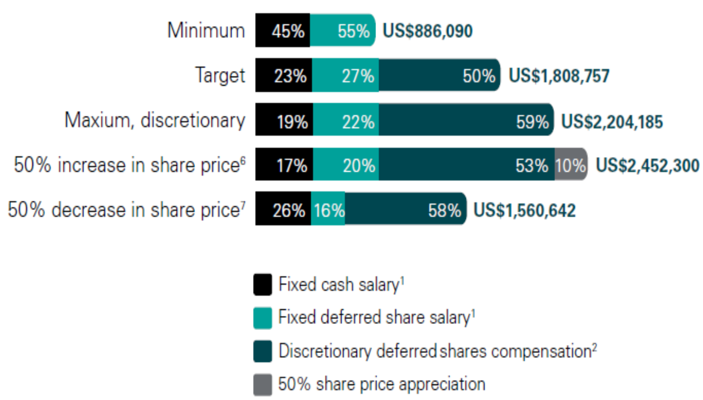
Business expenses

Executive Directors are reimbursed for reasonable business expenses incurred in the course of carrying out duties under their service contract, on provision of valid receipts.

Illustration of GHG's remuneration policy

The chart below shows the remuneration which Mr Gamkrelidze, the sole Executive Director, could receive under the proposed Policy at three different performance levels. We have used 2020 as this is the complete first year the new Policy would have been in place.

The 50% share price appreciation disclosure is made voluntarily by the Group (as performance measures are limited to one year) for investor information.



1 Salary is comprised of cash, deferred share salary, benefits and pension contributions. Mr Gamkrelidze's total cash salary in 2020 in respect of both his service contract with GHG and JSC GHG will be US$375,000. Deferred share salary will be 175,000 nil cost options. The value attached to each GHG share is calculated by reference to the share price on 14 December 2018, being the date on which the Remuneration Committee adopted, subject to shareholder feedback and approval, the terms of the new compensation and bonus structure reflected in this Policy, which was US$2.78 (based on the official share price of GBP 2.20 per share converted into US$ using an exchange rate of US$1.2616, being the official exchange rate published by the Bank of England on the previous date, i.e. 13 December 2018). Deferred share salary in respect of 2020 will be formally granted in January 2020 and will vest from January 2022 to January 2025.

2 The discretionary deferred share maximum opportunity is a fixed dollar amount – see notes to the Policy table above

3 Minimum opportunity reflects a scenario whereby Mr Gamkrelidze receives only fixed remuneration comprised of cash salary, deferred share salary (calculated as described above), pension contributions and benefits. No share price growth assumptions have been made.

4 On-target opportunity reflects a scenario whereby Mr Gamkrelidze receives fixed remuneration (as described in 3 above) and discretionary deferred shares (calculated as described above), being 70% of the maximum opportunity. No share price growth assumptions have been made.

5 Maximum opportunity reflects a scenario whereby Mr Gamkrelidze receives fixed remuneration (as described in 3 above) and discretionary deferred shares (calculated as described above) being 150% of the maximum opportunity. No share price growth assumptions have been made.

6 Voluntary disclosure of maximum opportunity plus 50% share price growth whereby Mr Gamkrelidze receives fixed remuneration (as described in 3 above) and discretionary deferred shares (calculated as described in 5 above) at 100% of the maximum opportunity. Share price grows by 50% is only in relation to deferred salary shares because the maximum discretionary deferred share opportunity is fixed to a dollar amount, which is then awarded in shares.

7 Voluntary disclosure of target opportunity with 50% share price depreciation whereby Mr Gamkrelidze receives fixed remuneration (as described in 3 above) and discretionary deferred shares (calculated as in 4 above) at 70% of the maximum opportunity. Share price decline by 50% is only in

relation to deferred salary shares because the maximum (or 70%) discretionary deferred share opportunity is fixed to a dollar amount (or 70% thereof), which is then awarded in shares.

8 For long-term incentive awards, disclosure of the value of the award in the event of a 50% share price appreciation is required by the Companies (Miscellaneous Reporting) Regulations 2018. Such disclosure is not required for short-term incentive awards, such as those made by the Group, where performance measures are limited to one year, nor is it required for salary compensation in the form of shares. The reason for this is that an increase in the value of the deferred shares resulting from share price appreciation in the period through to the vesting date is not considered to constitute remuneration for the purposes of the regulations. However, the Group has decided to voluntarily disclose information showing the value of a 50% increase in the share price for investor information.

Approach to recruitment remuneration

Any new Executive Director appointed to the Board would be paid no more than the Remuneration Committee considers reasonably necessary to attract a candidate with the relevant skills and experience. His or her maximum remuneration package would comprise the components described in the policy table above. The Remuneration Committee may, at its sole discretion and taking into account the role assumed by the new Executive Director, vary the amount of any component in the package up to the limits set out in the Policy table above in relation to for new Executive Directors. This discretion will only be exercised to the extent required to facilitate the recruitment of the particular individual.

In addition, the terms and conditions attaching to any component of the remuneration might be varied insofar as the Remuneration Committee considers it necessary or desirable to do so in all the circumstances.

In addition to the components and outside of the limits set out in the policy table the Remuneration Committee may also decide to provide to an incoming Executive Director:

- relocation support, tax support and legal fees depending on the individual's circumstances including where relevant to his or her family. The Group has not set a maximum aggregate amount that may be paid in respect of any individual's relocation support, but it will aim to provide support of an appropriate level and quality on the best terms that can reasonably be obtained.
- upon the recommendation of the Remuneration Committee, a "buy out" incentive award intended to compensate the incoming Executive Director for any awards granted to an incoming Executive Director by a previous employer and which have been foregone as a result of an individual's employment with the Company. In these circumstances, the Company's approach will be to match the estimated current value of the foregone awards by granting awards of deferred share compensation which vest over a similar period to the awards being bought out. The application of performance conditions and/or clawback provisions may also be considered, where appropriate. Such new awards may be granted in addition to any deferred share salary and discretionary deferred share compensation.

Policy on payment for loss of office

Notice periods

At the date of this Annual Report, Mr Gamkrelidze is the current sole Executive Director of the Company.

Mr Gamkrelidze has a service contract dated May 2017 with GHG PLC for an indefinite term (subject to annual re-election at the AGM) which is terminable by either party on not less than four months' notice unless for cause where notice served by the Company shall have immediate effect. Mr Gamkrelidze also has a service agreement with JSC GHG dated 29 April 2015 for an employment term of five years which is terminable by the JSC with immediate effect and by Mr Gamkrelidze on not less than three months' notice or for cause where notice shall have immediate effect. Both documents are available for inspection by shareholders at the Company's registered office.

The Group's policy towards exit payments allows for a variety of circumstances whereby an Executive Director may leave the business. The Remuneration Committee reserves the right to determine exit payments other than those set out below where appropriate and reasonable in the circumstances to do so including where an Executive Director leaves by mutual agreement. The Remuneration Committee may decide
to pay some or all of the Executive Director's legal fees in relation to the termination. In all circumstances the Remuneration Committee does not intend to reward failure and will make decisions based on the individual circumstances. The Remuneration Committee's objective is that any such agreements are determined on an individual basis and are in the best interests of the Group and shareholders at the time.

The provisions in section (1) and (2) below summarise the termination and payments for loss of office provisions pursuant to Mr Gamkrelidze's service agreement with GHG PLC and JSC GHG respectively. The Remuneration Committee retains the discretion to apply different notice termination and payment for loss of office provisions to incoming Executive Directors.

a) Termination of the GHG PLC service contract

Where the service contract is terminated on notice the Company may put Mr Gamkrelidze on garden leave for some or all of the notice period and continue to pay his cash salary under the Company service contract provided that any accrued and unused holiday entitlement shall be deemed to be taken during the garden leave period.

The Company may terminate Mr Gamkrelidze's employment early with immediate effect and without notice and pay in lieu of notice for "cause" which includes' his dishonesty, gross misconduct, conviction of an offence (other than traffic-related) or becoming of unsound mind.

The Company may also terminate the agreement with immediate effect by payment in lieu of notice, in which case the payment in lieu of notice shall be solely in respect of cash salary due under the Company's service contract as at the date of termination of employment.

On termination by notice or for cause, there will be no other entitlement.

b) Termination of the JSC GHG service agreement

Termination reason	Separation payments	Vesting and lapse of awards
• Termination by JSC GHG for cause.	• Accrued but not yet paid: salary, dividends (or equivalent amounts), benefits and expenses.	• Any unvested awarded deferred cash share salary and discretionary deferred share compensation as at the date he ceases to be an Executive Director shall lapse.
• Termination by JSC GHG without cause.	• As per termination by JSC GHG for cause but with the addition of a leaving allowance and severance payment of not less than six months' cash salary (but not deferred share salary).	• Any unvested awarded deferred share salary and discretionary deferred share compensation as at the date when he ceases to be an Executive Director shall continue to vest in the normal way during the respective vesting period(s).
• Termination by the Chief Executive Officer for good reason	• As per termination by JSC GHG for cause but with the addition of a leaving allowance and severance payment of not less than six months' cash salary (but not deferred share salary).	• Any unvested awarded deferred share salary and discretionary deferred share compensation shall vest immediately.
• Termination by the Chief Executive Officer for good reason	• Termination by JSC GHG for cause.	• Any unvested awarded deferred cash share salary and discretionary deferred share compensation as at the date he ceases to be an Executive Director shall lapse.

For termination for death, permanent disability or change of control, the Separation payments shall be as for "Termination by the Chief Executive without good reason," but vesting and lapse shall be as for "Termination by JSC GHG without cause" above.

There are also garden leave provisions and non-compete provisions which may apply up to four months after termination of the service agreement and during which time the Executive Director would be paid cash but not accrue deferred share salary or discretionary deferred shares.

c) Termination of Non-Executive Directors' appointment

Each Non-Executive Director is required to submit himself or herself for annual re-election at the AGM.

The letters of appointment provide for a one-month notice period although the Group may terminate the appointment with immediate effect without notice or pay in lieu of notice if the Non-Executive Director has committed any serious breach or non-observance of his or her obligations to the Group, is guilty of fraud or dishonesty, brings the Group or him/herself into disrepute or is disqualified from acting as a Non-Executive Director, among other circumstances. Upon termination, the only remuneration a Non-Executive Director is entitled to is accrued fees as at the date of termination, together with reimbursement of properly incurred expenses incurred prior to the termination date.

Consideration of employment conditions elsewhere in the Group

The Remuneration Committee does not formally consult employees when drawing up Directors' Remuneration Policy but in determining an Executive Director's remuneration, the Remuneration Committee considers:

(i) the pay and employment conditions of the senior management including Executive Management;

(ii) any changes in pay and employment conditions across the Group as a whole;

(iii) whether employees across the Group are personally satisfied with the way they are remunerated; and

(iv) any feedback received during the year from the Human Resources department, Executive Management and other employees on the executive remuneration structure.

When developing the Policy being put to vote at the 2019 AGM, the Remuneration Committee reviewed equivalent elements of pay in the workforce. The Remuneration Committee benchmarks remuneration at all levels within the Group in order to ensure that our remuneration is competitive in order to attract the right candidates and remain competitive in order to motivate, satisfy and retain our talent. We regularly monitor staff attitudes regarding remuneration. In 2018 we focused on researching our performance management and benefits strategy. On the whole employees responded that such is largely satisfactory; nevertheless in 2019 we decided to change several factors which were highlighted by our respondents to make our performance based remuneration strategy more agile. The Group also asked employees about healthcare insurance benefits – some unfavourable responses have challenged us to create new healthcare plan for GHG employees. In 2018 we commenced exit interviews, according to which remuneration is satisfactory; several target groups of our employees reported on the need to change some elements of the remuneration system (mostly regarding the variable salary) which we will take into consideration in 2019-2020.

Further information on how pay differs throughout the organisation is provided below.

Differences in the remuneration policy for executives relative to the broader employee population

For a FTSE All-Share company of our size and depth operating in a developing market, our Executive Directors must have the skills, experience, work ethic and attitude required to successfully execute our strategy, manage evolving public policy demands, meet our objectives and create value for shareholders over the long term.

In order to recruit and retain this talent, we assess the value of remuneration against other FTSE companies of similar size and sector listed in the UK. The compensation structure of the Executive Management Team of the Group, who are not Executive Directors, is set by the Remuneration Committee and is modelled on the Policy but the Remuneration Committee is not bound by the policy when setting their remuneration packages. The most of the Executive Management Team are not paid cash bonuses and therefore remuneration in the form of deferred shares will comprise by far the largest part of total remuneration to ensure maximum alignment with shareholders and to help set the tone from the top.

The compensation of employees in the Group, other than Executive Directors and the Executive Management Team, is benchmarked against the Georgian labour market as this is the most relevant comparator. Our employees are offered competitive remuneration packages which include benefits and the opportunity to participate in the pension scheme on the same terms as applicable to Mr Gamkrelidze and the Executive Management Team. Bonuses are usually paid in cash. The Remuneration Committee are regularly updated by the Human Resources department in respect of the pay and conditions of the wider workforce.

Non-Executive Directors' Remuneration Policy

Fees for Non-Executive Directors are made up of a base cash fee, plus additional fees for Committee membership. The Policy provides for a Non-Executive Director's remuneration package as follows:

Component	Purpose and Link to Strategy	Operation	Opportunity
• Bases cash fee	• Attract and retain experienced individuals	• Cash payment on a quarterly basis. • The fee of the Chairman will be determined by the Remuneration Committee. Fees for Non-Executive Directors will be determined by the Board. • The amount of remuneration may be reviewed from time to time by the above, which may take into account the time commitment, responsibilities and the technical skills required to make a valuable contribution to the Board, and by reference to comparators, benchmarking, results of the annual review and other guidance. The Board also reserves the right, in their discretion, to amend and vary the fees if there are genuinely unforeseen and exceptional circumstances which necessitate such review and in such circumstances any significant increase shall be the minimum reasonably required. • Non-Executive Directors are reimbursed for reasonable business expenses, including travel and accommodation, which are incurred in the course of carrying out duties.	• The fees paid to each Non-Executive Director will be disclosed in the relevant reporting year's Annual Report. • The Chairman receives a fee which reflects the extra time commitment and responsibility. • The Senior Independent Non-Executive Director receives a higher base fee which reflects the extra time commitment and responsibility. • The maximum aggregate GHG PLC fees for all Non-Executive Directors which may be paid under GHG PLC's Articles of Association is GBP 750,000. A specific maximum has not been set for the individual base cash fee.
• Cash fee for each committee membership	• Compensate for additional time spent discharging committee duties.	• Cash payment on a quarterly basis. • The amount of remuneration for committee membership is reviewed as above.	• The Chairman does not receive Committee fees.

Notes

1 Non-Executive Directors who are appointed to the Board of the Company and/or to the supervisory board of JSC GHG by shareholders (such as controlling shareholders) of the Company are required to waive any entitlements to fees which would otherwise be payable to them under the Policy for so long as they are appointees of a shareholder.

Consideration of shareholder views

A formal shareholder consultation process was undertaken in early 2019 to gather investor feedback on the proposed remuneration policy. This includes letters, calls and face-to-face meetings with members of the Remuneration Committee. Shareholders were widely supportive of the proposals and their feedback has been taken into account during the development of the new remuneration policy set out here and also in the Directors' Remuneration Reports (for example, greater disclosure around CEO performance).