ADDITIONAL DISCLOSURE RELATING TO THE PROPOSED REMUNERATION POLICY

This notice is intended to provide additional information in relation to the Remuneration Policy (the "Policy"), which is being proposed on an advisory basis under Resolution 3 at the AGM to be held on 20 May 2020. The following disclosure can be read as forming a fundamental part of the proposed Policy.

4 May 2020

Proposed Changes under new Remuneration Policy

As set out in the 2019 Annual Report, following an extensive review and programme of shareholder engagement, the Remuneration Committee (the "Committee") finalised a revised Policy which is subject to shareholder approval at the 2020 AGM. As part of revising the Policy, the Committee has proposed a number of structural changes to reflect evolving best practice and positioning versus Irish peers, including the introduction of transparent financial targets and an increase in maximum opportunity within the bonus plan. In light of the recent rapid development of government restrictions designed to prevent the further spread of COVID-19, and specifically the closure of our residential construction sites, the Committee, in consultation with the Executive Directors, has reviewed the proposed changes to the Policy to reflect the current circumstances facing the business. The Committee believes it is appropriate to exercise its discretion and postpone the proposed increase in maximum bonuses until such time as the business is fully operational with greater visibility over expected 2020 and future financial performance.

The maximum bonus that Executive Directors will be eligible to receive for FY2020 will thus revert to the limits available in FY2019, being 105% and 75% of base salary for the CEO and CFO, respectively. The financial targets set in advance of the COVID-19 crisis as part of revisions to the bonus framework will remain in place. The decision to defer the increases in maximum bonus opportunity will be reviewed in the second half of FY2020, prior to the commencement of FY2021, and will take into account the environment in which the business is operating.

Pension Levels for Future Executives

During 2019 and early 2020, the Committee was fully apprised as to the updates to the Investment Association guidelines published in November 2019. In line with those guidelines, the Committee fully intends to meet the expectation that all future Executive Directors receive the same pension rate as the majority of the workforce. While this commitment was not included in the 2019 Annual Report, any Executive Director appointed following the approval of the new Policy will receive a pension contribution in line with the majority of the workforce. In relation to incumbent Executives, the CFO receives a contribution of 15% of salary. As disclosed in the 2019 Annual Report, the CEO's pension contribution is being reduced from 25% of salary to 15% of salary, in equal tranches in 2020 and 2021.

Updated: 6 May 2020

Clarification on Discretion and Leaver Provisions

The following section aims to clarify elements of disclosure in the 2019 Annual Report to provide a clearer understanding of the Company's position and the Committee's commitments for the lifetime of the Policy. As with the previous disclosure, the following disclosure can be read as forming a fundamental part of the policy.

As an Irish incorporated company, Cairn is not legally required to seek shareholder approval of a binding remuneration policy; however, the Committee wishes to inform shareholders that the operation of the Policy will be carried out as if it was approved on a binding basis. While page 76 of the 2019 Annual Report provides for discretion to make awards outside of the Policy for newly appointed Executive Directors, this reference would have related to the ability of the Company to 'buyout' forfeited awards at a previous employer under Listing Rule 9.4.2 of the UK Financial Conduct Authority or Euronext Dublin Listing Rule 6.1.33. Nonetheless, in determining appropriate remuneration arrangements for any new Executive Director, the Committee would align their remuneration package with the Policy and variable remuneration in respect of an Executive Director's appointment shall be subject to the limits incorporated under the Policy. Any exceptional award made on appointing an Executive Director to 'buyout' remuneration forfeited would be subject to the maximum limits afforded under the bonus and the LTIP, the latter of which includes an allowance of up to 200% for recruitment.

In the event of the departure of an Executive Director, the Committee wishes to provide clarity as to the leaver provisions under the terms of the Policy. In normal circumstances, for the lifetime of the proposed Policy, the default position for an Executive Director that resigns voluntarily will be for all awards to lapse, with good leaver status limited to situations of retirement, ill health, death, redundancy or retirement.

While the former Finance Director was treated as a good leaver when voluntarily resigning prior to the crafting of the 2020 Policy, this prior decision should not be viewed as the norm. This approach was a once-off, reflecting a number of very specific issues at the time and had the impact of ensuring his interests remain aligned with those of shareholders for a period after his departure.