

Remuneration Committee report

year ended 31 March 2017

Remuneration report – introduction

This is the Remuneration Committee report for the year ended 31 March 2017. It sets out the remuneration policy and remuneration details for both the Executive and Non-Executive Directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (referred to below as Schedule 8).

The report is split into three main areas:

- the statement by the Chairman of the Remuneration Committee set out opposite;
- the Annual report; and
- the Policy report.

The Annual report on remuneration provides details on remuneration in the period. The Policy report was approved by the shareholders at the 2014 Annual General Meeting for a period of three years and is therefore now being put to the shareholders at the 2017 AGM.

A resolution to approve the Annual report on remuneration will also be put to this year's Annual General Meeting to be held on 6 September 2017.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Directors' remuneration report and to state whether, in their opinion, those parts of the report to be audited have been properly prepared in accordance with Schedule 8. The parts of the Annual report on remuneration that are subject to audit are indicated in that report. The statement by the Chairman of the Remuneration Committee and the Policy report are not subject to audit.

Annual statement from the Chairman of the Remuneration Committee

This has been a further year of consolidation for the Group, with our focus remaining upon the implementation of the strategy to create a full service investment and wealth management group. Our senior management team has remained stable and basic salaries were increased marginally. Directors' bonuses have been paid to certain Directors based on Group or divisional profitability, as set out on page 35.

Although various existing practices have been codified, no material remuneration policy changes were made in the year to 31 March 2017. As noted last year, having made significant progress in implementing Group strategy to restore profitability and refocus the Group, the Remuneration Committee has reviewed the Company's remuneration arrangements to ensure that it maintains appropriate measures and processes for annual and long-term incentives.

This led to a new Directors' remuneration policy that was developed by the Remuneration Committee which envisaged the introduction of a Long Term Incentive Plan (LTIP) for certain members of the Executive team. No final decision has been taken on this aspect and we continue to consult with key shareholders.



D. M. Gelber
Remuneration Committee Chairman

17 July 2017

Annual report on remuneration – subject to advisory vote by shareholders at the 2017 AGM

This part of the report has been prepared in accordance with Part 3 of Schedule 8 and Listing Rule 9.8.6. In accordance with the regulations, the annual remuneration report will be put to an advisory shareholder vote at the 2017 AGM.

Remuneration for the year ended 31 March 2017 (audited information)

The table below sets out the remuneration received by the Directors in relation to performance in the year to 31 March 2017 together with prior year comparisons. To aid transparency to our shareholders, a single figure for the total remuneration due, or which will become due, to each Director is disclosed.

Name of Director		Fees/basic salary £	Taxable benefits £	Personal pension contributions £	Bonus £	Bonus taken as pension contribution £	Total bonus £	Long Term Incentive Plan £	Share incentive plan matching share contribution £	Loss of office ¹ £	Total £
Executive											
R. A. FitzGerald	2017	168,621	3,126	16,862	5,710	–	5,710	–	1,800	–	196,119
	2016	168,621	1,981	16,862	–	–	–	–	1,800	–	189,264
S. K. W. Lam	2017	168,621	1,819	16,862	5,710	–	5,710	–	1,800	–	194,812
	2016	168,621	1,295	16,862	–	–	–	–	1,800	–	188,578
D. Hetherton (retired 18 Nov 2016)	2017	139,113	881	45,873	–	–	–	–	–	58,000	243,867
	2016	109,964	1,375	39,106	–	326	326	–	1,800	–	152,571
G. J. B. Jackson	2017	91,307	2,711	45,625	–	10,000	10,000	–	1,800	–	151,443
	2016	–	–	–	–	–	–	–	–	–	–
M. J. W. Rushton	2017	155,295	2,486	10,870	86,657	–	86,657	–	1,800	–	257,108
	2016	155,295	1,768	10,870	–	–	–	–	1,800	–	169,733
Non-Executive											
H. M. Lim	2017	–	–	–	–	–	–	–	–	–	–
	2016	–	–	–	–	–	–	–	–	–	–
C. Bouch (appointed 31 March 2017)	2017	146	–	–	–	–	–	–	–	–	146
	2016	–	–	–	–	–	–	–	–	–	–
M. J. Wright ²	2017	–	–	–	–	–	–	–	–	–	–
	2016	–	–	–	–	–	–	–	–	–	–
D. M. Gelber	2017	41,930	–	–	–	–	–	–	1,800	–	43,730
	2016	41,412	–	–	–	–	–	–	1,800	–	43,212
R. A. Elliott	2017	27,778	–	–	–	–	–	–	1,800	–	29,578
	2016	27,435	–	–	–	–	–	–	1,800	–	29,235
Total	2017	792,811	11,023	136,092	98,077	10,000	108,077	–	10,800	58,000	1,116,803
	2016	671,348	6,419	83,700	–	326	326	–	10,800	–	772,593

Executives can elect to sacrifice fixed or variable remuneration into a pension scheme of their choice.

¹ Retirement payments to D. Hetherton which are further disclosed under Loss of office payments. D. Hetherton retired on 18 November 2016.

² M. J. Wright received fees of £26,852 through Charles Russell Speechlys LLP, of which he is a Partner.

Annual bonus for the year ended 31 March 2017

The Group operates a profit sharing pool from which the Executive Directors may receive a discretionary bonus linked to performance. In addition, the Chief Investment Officer, Mark Rushton, received a performance bonus linked to the profitability of the divisions under his responsibility. All bonuses are paid in cash with no deferred component.

Based on the Group's results and profitability, the Committee has awarded discretionary annual bonuses payable in cash to the Executive Directors, including an adjustment of £326 relating to the prior year bonus paid to David Hetherton.

Outstanding share awards

There were no share options outstanding and not vested at 31 March 2017 and 31 March 2016.

Deferred bonus

There are no deferred bonus arrangements in place.

Share Incentive Plan (SIP)

All employees of the Group are eligible to participate in the SIP following three months of service. Employees may use funds from their gross salary up to a maximum of 10% of their gross salary in regular monthly payments (being not less than £10 and not greater than £150) to acquire Ordinary Shares in the Company (Partnership Shares). Partnership Shares are acquired monthly. For every Partnership Share purchased, the employee receives one matching share. All shares to date awarded under this scheme have been purchased in the market by the Trustees and it is the intention of the Board to continue this policy in the year to March 2018.

Share schemes under which no awards were made in 2017

Awards under the 2006 Share Option Scheme have been historically granted to Directors; but the scheme has expired and no awards are outstanding for future vesting. Awards have not been made under the Scheme since 2006.

Directors' shareholding and share interests (audited information)

The interests of the Directors and their connected persons in the share capital of the Company are shown in the table below.

Director	Beneficially owned at 31 March 2016	Beneficially owned at 31 March 2017	Beneficially owned at 30 June 2017
R. A. FitzGerald	285,330	295,617	297,885
S. K. W. Lam	433,222	444,727	446,995
M. J. W. Rushton	108,628	118,480	120,748
G. J. B Jackson	–	8,790	11,058
D. Hetherton ¹	746,311	–	–
R. A. Elliott	465,549	276,831	279,097
D. M. Gelber	132,467	143,898	146,166
C. Bouch	–	10,500	10,500
M. J. Wright	16,129	16,129	16,129

¹ D. Hetherton retired as a Director on 18 November 2016.

Share Incentive Plan

The Company also operates the Walker Crips Group Plc Share Incentive Plan (SIP). Participants in the SIP are entitled to purchase up to a prescribed number of new Ordinary Shares in the Company at the end of each month. A total of 718,920 (2016: 664,425) new Ordinary Shares were issued to the 129 employees who participated in the SIP during the year. At 31 March 2017, 3,037,219 shares were held in the SIP on their behalf. There were no forfeited shares not allocated to any specific employee.

Matching shares awarded to Directors under the SIP are as follows:

Director	31 March 2016	31 March 2017
R. A. FitzGerald	35,669	23,723
S. K. W. Lam	33,799	37,915
M. J. W. Rushton	16,129	20,244
D. Hetherton ¹	20,680	–
G. J. B Jackson	–	4,395
D. M. Gelber	34,036	38,152
M. J. Wright	–	–
R. A. Elliott	32,436	36,552
C. Bouch	–	–

¹ D. Hetherton retired as a Director on 18 November 2016.

Material contracts with Directors

Other related parties include Charles Russell Speechlys, in which M. J. Wright, Non-Executive Director, is a Partner. Charles Russell Speechlys provides certain legal services to the Group on normal commercial terms and the amount paid and expensed during the year was £324,000 (2016: £60,000).

In addition, commission of £8,562 (2016: £3,965) was earned by the Group from Phillip Securities (HK) Limited (a Phillip Brokerage Pte Limited company, where H. M. Lim is a shareholder) having dealt on standard commercial terms. Additionally, some custody services are provided by Phillip Securities Pte Ltd (in Singapore where H. M. Lim is a Director), again all on standard commercial terms.

Total pension entitlements

There are no defined-benefit Company pension schemes in operation. The Company contributes a percentage of the Executive Directors' basic salaries into personal pension arrangements of their choice. In addition, salary sacrifice may be exercised in favour of additional pension contributions.

Death-in-service benefits

Executive Directors are eligible for death-in-service benefit cover which is equal to four times the Director's fixed remuneration.

Payments within the year to past Directors

There have been no disclosable payments made to Directors after they have left office during the year.

Loss of office payments

There were £58,000 of loss of office payments made in the year ended 31 March 2017 (2016: £nil). These payments were made to David Hetherington in relation to his retirement in November 2016.

Percentage increase in the remuneration of the Chief Executive

	2016 £	2017 £	Change
Chief Executive			
– salary	168,621	168,621	0%
– bonus	–	5,710	100%
Average per employee (£)			
– salary	35,905	35,074	(2.3)%
– bonus	5,988	5,234	(12.6)%

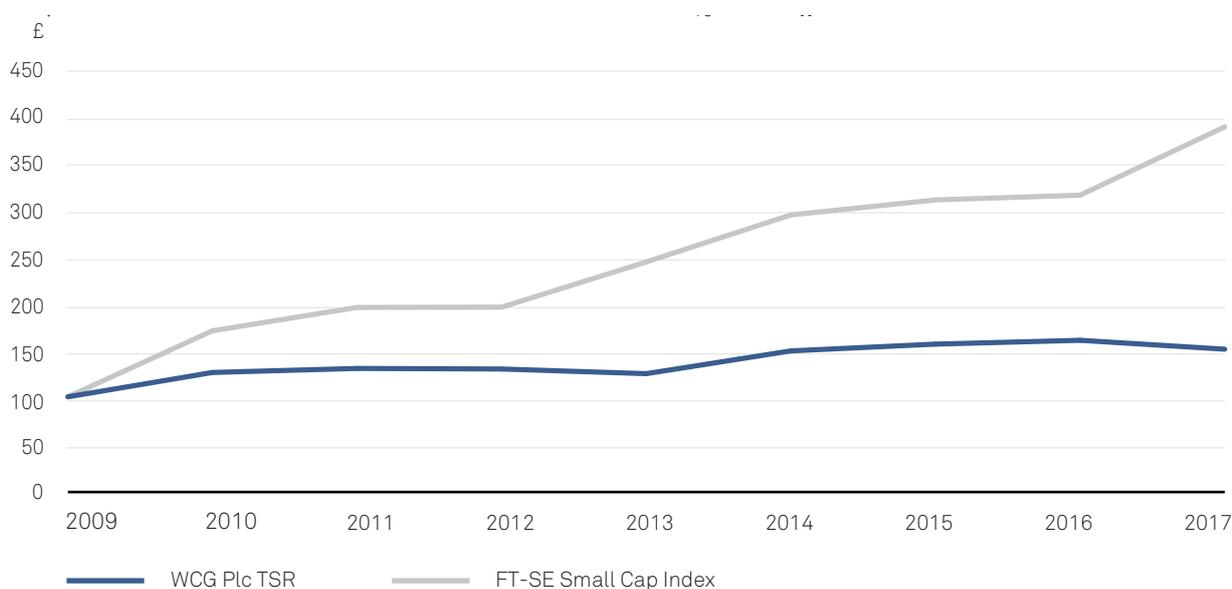
The table above shows the movement in salary and annual bonus for the Chief Executive between the current and previous financial year compared to that of the average employee. The Committee has chosen this comparator and it feels that the comparison of basic salary provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill, which is distorted by movements in the number of employees. More junior staff receive a base salary and, in some cases, pension contributions. As such a comparison of the movement in benefits for the Chief Executive and the average employee was not considered to be meaningful and has not been included.

Performance graph

The graph below shows a comparison between the Company's total shareholder return (TSR) performance compared with the companies in the FTSE Small Cap Index. The graph compares the value, at 31 March 2017, of £100 invested in Walker Crips Group plc on 31 March 2009 with the value of £100 invested over the same period in the FTSE Small Cap Index. This Index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other small UK public companies.

After the sale of our asset management and corporate finance subsidiaries in 2012 and 2013 respectively, the Group has gradually expanded and has reshaped the business model into two core profitable divisions.

Total shareholder return compared to FTSE Small Cap Index



The table below shows the total remuneration figure for the Chief Executive during each of those financial years. The total remuneration figure includes the annual bonus which was awarded based on performance in those years. No long-term incentive awards were made to the highest paid Executive Director during the period.

	Year ended 31 March					
	2012	2013	2014	2015	2016	2017
Total remuneration	£174,512	£267,934	£186,769	£187,176	£189,264	£196,119

Relative importance of the spend on pay

The table below shows the movement in spend on staff costs versus that in dividends.

	2016 £000	2017 £000	Increase
Staff costs	10,160	10,528	3.62%
Dividends paid	657	716	8.98%

Remuneration Committee governance

The Remuneration Committee is governed by formal terms of reference agreed by the Board. The terms of reference were reviewed during the year to ensure they continued to accurately reflect the remit of the Committee. The terms of reference of the Remuneration Committee can be viewed on the Company's website. All of the Committee members are independent Non-Executive Directors.

The members of the Committee during the last financial year and their attendance at the meetings of the Committee are shown in the Report by the Directors on corporate governance matters.

None of the Remuneration Committee members has any personal financial interests (other than as shareholders), conflicts of interest arising from cross directorships or day-to-day involvement in running the business. The Remuneration Committee determines the individual remuneration packages of each Executive Director. The Chief Executive attends meetings by invitation and assists the Committee in its deliberations, except when issues relating to his own remuneration are discussed. No Directors are involved in deciding their own remuneration. The Committee can call for external reports and assistance. Independent legal advice may be sought by the Committee as required.

The Committee reviews the remuneration policy for senior employees below the Board, as well as the policy on pay and conditions of employees throughout the Group. These are considered when determining Executive Directors' remuneration.

During the period, the Committee met twice and a number of issues were considered and discussed, including but not limited to:

- remuneration policy for Executive Directors, including structure and performance criteria for the annual divisional and bonus pool arrangements;
- determination of remuneration;
- approval of compensation arrangements;
- determination of annual incentive payable to Executive Directors in respect of the year to 31 March 2017;
- oversight of remuneration arrangements for senior Executives;
- review of the Company's Pillar 3 remuneration disclosures; and
- review of the Committee's terms of reference.

External directorships

None of the Executive Directors held external directorships during the current and prior year.

How the remuneration policy will be applied for the year from 1 April 2017 onwards

The base salary review in 2017 resulted in a decision to award no increase to the salaries of the Executives.

	Salary as at 31 March 2016	Salary as at 31 March 2017
R. A. FitzGerald	£168,621	£168,621
S. K. W. Lam	£168,621	£168,621
M. J. W. Rushton	£155,295	£155,295
G. J. B Jackson ¹	–	£91,307
D. Hetherton (retired 18 November 2016)	£109,964	–

¹ Excludes salary taken as pension.

Fees for the Chairman and Non-Executive Directors

The Company's approach to setting Non-Executive Directors' fees is detailed in the Policy report. These fees are reviewed periodically by the Board. A summary of current fees for Non-Executive Directors is as follows:

	Year ended 31 March 2017
Chairman	£41,930
Senior Independent Director	£26,852
Audit Committee Chairman (R. A. Elliott)	£27,778
Non-Executive Director (appointed 31 March 2017) (C. Bouch)	£146

D. M. Gelber was appointed as Non-Executive Chairman of the Company by a letter agreement dated 11 May 2007 for a term commencing on 11 May 2007 of not less than two years and thereafter terminable by either party on at least six months' notice in writing or otherwise in accordance with the Company's Articles of Association. His remuneration is now a fee of £41,930 p.a. plus reimbursement of expenses incurred on behalf of the Company, plus a contribution by the Company to his share incentive plan.

M. J. Wright, Senior Independent Director, has a letter of appointment dated 9 July 2000 and accepted on 10 July 2000 for a term of not less than two years commencing on 9 July 2000 and terminable by either party on not less than three months' notice in writing or otherwise in accordance with the Company's Articles of Association. His fees are now £26,852 plus VAT p.a. plus expenses. His fees are payable to Charles Russell Speechlys quarterly in arrears.

H. M. Lim has no formal service agreement with and receives no remuneration from the Company.

R. A. Elliott, Co-Chairman of the Audit Committee, was appointed as a Non-Executive Director on 11 April 2005 by a letter agreement with a right for him to resign immediately in accordance with the Company's Articles of Association. The agreement also provides for Mr Elliott's re-election each year at the Company's Annual General Meeting. His annual remuneration is now £27,778 p.a. plus reimbursement of expenses incurred on behalf of the Company, plus a contribution by the Company to his share incentive plan.

C. Bouch was appointed as a Non-Executive Director and later as Joint Chairman of the Audit Committee by a letter agreement dated 24 March 2017 for a term commencing on 31 March 2017 of not less than three years, save that the appointment is terminable by either party on at least three months' notice in writing or otherwise in accordance with the Company's Articles of Association. His remuneration is a fee of £38,000 p.a. plus reimbursement of other specific expenses incurred on behalf of the Company.

The fees were reviewed by the Board and an increase of 1.50% was agreed effective 1 April 2017.

Directors' contracts are available for inspection at the Annual General Meeting or on appointment at our London head office.

LTIP for the Chief Investment Officer

The Company has presented details of the LTIP arrangements for the Chief Investment Officer. These were set out in the financial statements for the year to 31 March 2012. They are summarised briefly in the Policy report below.

Statement of shareholder voting

At last year's AGM, the Directors' remuneration report received the following proxy votes from shareholders:

2016 AGM		
Votes in favour	7,301,917	99.6%
Votes cast against	3,000	0.1%
Abstentions	28,000	0.3%

Directors' remuneration policy report – to be approved by shareholders at the 2017 AGM

This Directors' remuneration policy will be put to a binding shareholder vote at the AGM on 6 September 2017 and, if approved, will be effective from that date.

Scope

- The Remuneration Committee (the Committee) determines the Group's policy on the Board Chairman's Director fees and the remuneration of the Executive Directors and other members of executive management including employees designated as code staff under the FCA remuneration Code. The Committee's terms of reference are available on the Group's website.

Fees policy for the Board Chairman and other Non-Executive Directors

The Board as a whole will determine the remuneration of the Non-Executive Directors, with Non-Executive Directors exempting themselves from discussions and voting.

The Committee takes into account the following objectives in determining the Directors' remuneration policy

- This policy has been designed to support the delivery of WCG strategic business objectives and corporate values, by attracting, retaining and motivating talented Directors and senior management of the calibre to manage the business successfully
- To reward and motivate good and above average performance
- To comply with the requirements of the FCA Remuneration Code

Key principles

- To adopt a structure of fixed and variable remuneration that will take account of Group performance and will motivate Directors and staff to develop and expand the business responsibly
- To avoid creating incentives for excessive risk taking that exceeds tolerated risk levels of WCG or its risk appetite
- To adopt only incentive plans that align with the Group's business strategy
- To make proportionate fixed and variable awards that are governed by this policy which should not prevent WCG from meeting its capital requirements and consolidating its capital base
- To ensure that all types of remuneration arrangement operated by WCG outlined in this policy are regularly reviewed
- Where appropriate to reward exceptional contribution with specific arrangements
- To apply consistency with the general remuneration culture prevalent throughout the Group
- To ensure that WCG does not pay variable remuneration through vehicles that facilitate avoidance of local regulation

The following tables summarise the components and policy for Directors' remuneration packages.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
SALARY	Reflect the value of the individual and their role. Reflect skills, experience over time. Provide an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.	Reviewed annually, effective 1 July. Agreed when results for the previous year have been finalised.	Annual increases are normally in line those provided to the wider employee population unless there is a change in the Director's role or responsibility or there is a significant divergence from market comparatives of similar executive directorship roles.	N/A.
BONUS	Incentive annual delivery of financial and operational goals. Relatively high potential rewards for achieving demanding targets for Group profit before tax which is based on the Board-approved strategy for increasing profit and shareholder value.	Determined after results for the financial year are signed off with Group profit before tax being a primary metric. A discretionary bonus up to 15% of profits is pooled for allocation to the Executive Directors.	There is no maximum but the Committee will exercise its discretion responsibly having regard to the interests of shareholders.	Specific awards agreed on an individual basis consistent with the key principles. A general discretionary award taken from the pool will be allocated based on performance measured over the financial year, including achievement of specific strategic-based objectives and upon profit before tax of the Group for the WCG plc Executive Board. The pool consists of 5% of Group profit before tax in excess of £789,624 and 15% above profit for the year in excess of £1,316,040. The Chief Investment Officer receives a bonus of between 10% and a maximum of 20% of his division's profit before tax.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
LONG TERM INCENTIVE PLAN (LTIP)	Aligned to main strategic objective. Based on subsidiary's measurable key statistics (e.g. NAV growth).	<p>An LTIP is currently in existence for one Executive Director, the CIO, Mark Rushton. Further LTIP awards will not be made to the current Executive Directors unless separately approved by shareholders but may be granted to new Executive Directors.</p> <p>Opportunity to defer growth share award in subsidiary and obtain future matching share award in Parent, which vests after four years.</p> <p>Awards granted under this LTIP will be subject to partial malus and clawback during the vesting period and clawback for four years after vesting. Options can be exercised over a period of four years after vesting.</p>	There is no maximum opportunity.	Performance measured over ten years with an award of 5% of the growth in the value of core businesses of Walker Crips Stockbrokers Limited.
PENSION	Provide modest retirement benefits. Opportunity for Executive to contribute to their own retirement plan.	Contribution to pension scheme of Executive's choice. HMRC-approved salary sacrifice arrangement.	Monthly employer contribution of 5–10% of base salary. Salary sacrifice for employee contribution.	N/A.
OTHER BENEFITS	Provide additional fringe benefit.	<p>Life Assurance – four times basic salary.</p> <p>Medical Insurance for family to age 24. Permanent Health Insurance.</p> <p>Participation in Company Share Incentive Scheme.</p>	Continuous upon recruitment.	N/A.
Non-Executive Directors				
FEES	Reflects the skills and experience brought by the Director and their role.	Fees consist of a base Board fee and fees for Chairmanship of Committees. Account is taken of practice adopted by similar-sized organisations and time commitment.	Fees are reviewed annually but not necessarily increased. Increases are normally in line with inflation.	N/A.
BENEFITS	Provide market-related benefits to Non-Executive Directors.	Benefits include reimbursement of expenditure incurred in connection with their duties.	Reasonable costs.	N/A.

Remuneration Committee discretion

In addition to assessing and making judgements on the meeting of performance targets and the appropriate incentives payable, the Committee has certain operational discretions available that can be exercised in relation to Executive Directors' remuneration including, but not limited to:

- amending performance conditions following a major corporate event or in circumstances in which the Committee considers that the impact of external economic influences is such that the original metrics and/or targets are no longer appropriate or where there is other political uncertainty having a significant impact on the business environment to ensure a fair and consistent assessment of performance;
- deciding whether to apply malus or clawback to an award;
- determining whether a leaver is a 'good leaver'; and
- specific bonuses may be agreed with Executive Directors consistent with the key principles.

Where such discretion is exercised, it will be explained in the next Directors' remuneration report.

Notes to the future policy table

Changes from previous approved policy

The following changes have been made from the policy previously approved by shareholders at the 2014 AGM.

- Introduction of malus and clawback provisions to be applied to remuneration at the discretion of the Committee.

Differences in remuneration for Executive Directors compared to other employees

The approach to remuneration for the Executive Directors is generally consistent with that for employees across the Company as a whole.

The Group applies a consistent remuneration philosophy for employees at all levels.

Fixed pay components for all employees, including specifically for new appointments and promotions to new positions, are benchmarked against relevant market comparators and the Committee takes account of the aggregate rate of base salary increase for all employees when determining increases in fixed pay for Directors. Pension contributions are applicable on the same basis to all employees. All employees are eligible for performance-related annual bonus derived from a bonus pool linked to Group profitability. Certain senior employees (other than the Executive Directors) may become eligible to receive LTIP awards.

Benchmarking

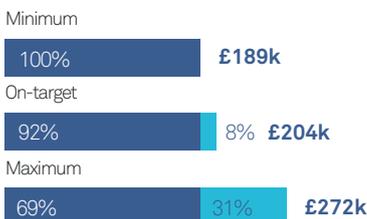
The Committee takes account of market benchmark data when setting total remuneration packages for Executive Directors. Comparisons are made with other FTSE-listed companies of similar size and business profile. Practices in the private client investment management sector, and other related sectors, are also considered. Benchmark data is used by the Committee as a reference point, alongside other factors such as the individual's role and experience, and the relative size of the company and personal performance, rather than as a direct determinant of pay levels.

Performance conditions and targets

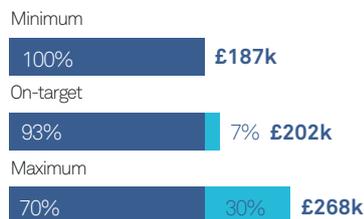
The Remuneration Committee selects the performance metric of profitability because it encourages Executives to drive business strategy.

Performance scenarios

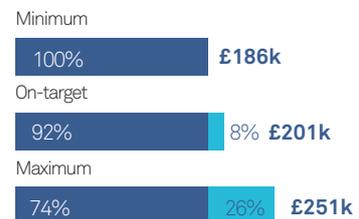
R. A. FitzGerald



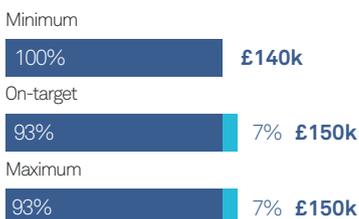
S. K. W. Lam



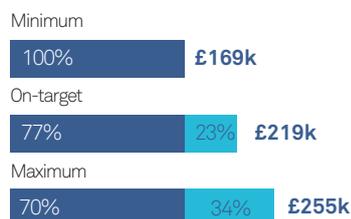
D. Hetherton



G.J.B. Jackson



M. J. W. Rushton



- Total fixed
- Bonus

Assumptions

Fixed pay is based on salary and benefits received in the 2017 financial year.

As there is no maximum or target bonus, we have taken the average of the bonuses paid to each Director over the last five years (or his tenure if shorter) for the on-target value and the highest bonus paid to each Director over that period as the maximum.

How the views of shareholders are taken into account

The Committee will regularly compare the Group's Directors' remuneration policy with shareholder guidelines and takes account of the results of shareholder votes on remuneration.

If any material changes to the remuneration policy are contemplated, the Committee Chairman will consult with major shareholders about these in advance.

Details of votes cast for and against the resolution to approve last year's remuneration report are provided in the Annual report on remuneration section of the Directors' remuneration report. If there is a significant vote against any remuneration resolution, the Committee will endeavour to understand the reasons for the lack of support and to address shareholders' concerns.

Consideration of employment conditions elsewhere in the Group

The Group does not operate formal employee consultation on remuneration. However, employees are able to provide direct feedback on the Group's remuneration policies to their line managers or the Human Resources department. The Committee monitors the effectiveness of the Group's remuneration policy in recruiting, retaining, engaging and motivating employees.

The Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Group, as this would prevent it from recruiting and retaining the necessary talent in a highly competitive employment market.

External Non-Executive Director positions

Executive Directors are permitted to serve as Non-Executive Directors of other companies, on the grounds that this can help to broaden the skills and experience of the Director, provided there is no competition with the Company's business activities and where these duties do not interfere with the individual's ability to perform his duties for the Company.

Where an outside appointment is accepted in furtherance of the Company's business, any fees received are remitted to the Company.

Approach to remuneration for new Executive Director appointments

The remuneration package for a new Executive Director would be set in accordance with the terms and maximum levels of the Group's approved remuneration policy in force at the time of appointment. The Remuneration Committee is conscious of the importance of not paying more than is necessary to secure the best candidate. However, there may be circumstances in which a higher salary than that of the incumbent needs to be offered to attract a new Director into a role. As noted above, the annual bonus is discretionary and there is no maximum variable pay.

The Committee may also offer additional cash and/or share-based elements when it considers these to be in the best interests of the Group and shareholders, for the purpose of replacing awards or potential foreseeable earnings which are forgone by the individual on becoming an Executive Director. This may involve the use of awards made under 9.4.2 of the Listing Rules. In considering any such payments the Committee would take account of the amount of remuneration foregone and the nature, vesting dates and any performance requirements attached to the remuneration foregone.

Shareholders will be informed of any such payments and the rationale for these.

For an internal appointment, any deferred pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, ongoing remuneration obligations existing prior to appointment may be permitted to continue where this is considered to be in the best interests of the Group and shareholders.

For external and internal appointments, the Company may meet certain relocation expenses as appropriate.

Service contracts, letters of appointment and loss of office payments

Service contracts normally continue until the Director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. The Company's policy is for Executive Directors' notice periods to be limited to six months by either party. The incumbent CEO, Rodney FitzGerald, has a notice period of 12 months.

If the employing Company wrongfully terminates the employment of an Executive Director without giving the period of notice required under the contract, the Executive Director would be entitled to claim recompense for up to six or the agreed term of months' total fixed pay (i.e. salary and benefits).

Where an Executive Director is considered by the Committee to be a 'good leaver', circumstances in which the individual leaves because of retirement, redundancy, ill-health, death or disability, or otherwise at the Committee's discretion, the Committee may consider a discretionary award of annual variable pay, subject to performance, in respect of the portion of any financial year that the individual has been working with the Company, although not for the period of any notice or 'garden leave'.

In the event of a change of control of the Company there is no enhancement to these terms.

Legacy arrangements

For the avoidance of doubt, the Directors' remuneration policy includes any arrangements entered with a Director before 28 June 2012 that is unchanged since that date. Any other remuneration or termination payments made to a Director during the currency of this policy will be consistent with the terms of this policy. Details of any payments to former Directors will be set out in the implementation section of this report as they arise.

Approval

This report was approved by the Board of Directors on 17 July 2017.

Signed on its behalf by:

A handwritten signature in black ink, consisting of several loops and a trailing line, positioned above the printed name.

D. M. Gelber
Remuneration Committee Chairman

17 July 2017