Directors' Remuneration report

Annual Statement

Dear shareholder

There is currently no Chair of the Remuneration Committee, following the retirement of Jennifer Laing, who stepped down from the Board in February 2019. The Board intends to remedy this situation as soon as is practicable. I have been nominated, on behalf of the Board, to make this statement in respect of the Directors' Remuneration report for the period ended 30 March 2019.

Gavin Darby

Following discussions between the Board and Gavin Darby it was announced on 13 November 2018 that he would step down as CEO of the Company, with effect from 31 January 2019, having served as CEO for six years. The Committee exercised discretion to treat Mr Darby as a 'good leaver' in relation to his leaving arrangements (which were made available following his departure on the Group's website) and full details are provided on page 53. All payments were made pursuant to the terms of his service agreement and in line with the Directors' Remuneration Policy and applicable share plan rules.

Alastair Murray

Alastair Murray was appointed Acting CEO on 1 February 2019, in addition to his current role of Chief Financial Officer, on a temporary basis whilst the Board conducts a search process for a new CEO. In recognition of this significant additional responsibility, it was agreed that Alastair would receive an additional monthly salary supplement of £20,000 (which does not count towards pension, annual bonus or long-term incentives) whilst he carries out this role.

Annual Bonus performance outcome for 2018/19

The Committee reviewed the performance of both executive directors over the financial period and assessed the extent to which their annual bonus goals had been achieved. The Group delivered a strong performance in 2018/19 with Trading profit up 4.5% and Net debt reduced significantly from £496.4m to £469.9m, both ahead of market expectation.

In addition, the Committee assessed the executive directors' strategic and personal goals and it was agreed that a significant proportion of these had been successfully achieved. Following the review the Committee assessed that, based on performance over the year, a bonus of 60.0% of opportunity for Mr Darby (reduced pro rata for his period of service) and of 53.0% of opportunity for Mr Murray was appropriate. Full details of the assessment are set out on pages 53 to 55.

One-third of any annual bonus payment to Mr Murray will be made in the form of shares deferred for a three-year period under the Deferred Bonus Plan (DBP), details of the DBP are set out on page 56. The time pro-rated bonus payable to Mr Darby will be paid fully in cash, in accordance with the 'Policy on payment for loss of office' (see page 50).

Annual Bonus for 2019/20

The Committee reviewed the structure of the annual bonus scheme during the year and has made a number of changes to simplify the performance measure and their weightings, whilst maintaining alignment with the delivery of the Group's strategy. As a result, the personal element of bonus has been removed and the weighting for Strategic measures increased to 50%. In addition, the overall number of Strategic objectives has been reduced. These changes are all within the Company's existing Remuneration Policy.

Annual Bonus performance measures	2018/19	2019/2020
Financial	50%	**50%**
Strategic	35%	**50%**
Personal	15%	**–**

LTIP

The Committee assessed the performance conditions for the 2016 LTIP award and, following this assessment, the award has lapsed in full. The targets for the annual bonus and LTIP awards for 2019/20 are aligned with the Group's strategic priorities and this is illustrated in the table opposite. Further details of the measures for 2019/20 are provided on page 57.

Salary

The Committee approved a salary increase for 2018/19 of 2.0% for Mr Murray, in line with the increase for all colleagues not involved in collective bargaining.

Remuneration Policy

In line with regulatory requirements, the Committee will be reviewing the Company's Remuneration Policy during the year and the new Remuneration Policy will be put to shareholders at the AGM in 2020.

Voting at the AGM

The Company received a significant vote against the Remuneration Report at the AGM in July 2018. This was the result of certain shareholders opposing a number of resolutions at the meeting, rather than an issue specifically directed at the Company's Remuneration Policy. As highlighted in the Chairman's Statement on page 03, the Board continues to give careful consideration to the views of all shareholders and continues to look at strategic options which may accelerate the creation of shareholder value.

2018 UK Corporate Governance Code

Following the publication of the UK Governance Code in 2018, the Committee is undertaking a review of remuneration arrangements in light of the new requirements.

On behalf of the Board
14 May 2019

Richard Hodgson
Non-executive director

Overview of remuneration and link to strategy

The focus of our remuneration strategy is on rewarding performance – the majority of executive remuneration (approximately 70% at maximum) is variable and only payable if demanding performance targets are met. The performance measures are firmly linked to our strategy and ultimately aligned with shareholders' interests to deliver earnings growth and improved shareholder value in the medium-term. The majority of variable pay is payable in the form of shares.

The following table summarises the performance measures for executive directors' annual bonus and LTIP arrangements and how they are aligned with our strategy (see our business model and strategy on pages 04 and 06).

Strategic priority	Group KPIs (see pages 08 and 09)	Annual Bonus Goals (see page 56)	LTIP targets (see page 57)
Drive revenue growth	Group revenue Trading profit Branded market share	Trading profit Strategic objectives	Adjusted EPS
Cost control & efficiency	SG&A as a % of Group revenue	Net debt Strategic objectives	
Cash generation	Free cash flow	Net debt Strategic objectives	
Reducing Net debt	Net debt/EBITDA	Net debt Strategic objectives	
Delivering shareholder value		Strategic objectives	Relative TSR
Being responsible and sustainable	Health and safety Healthier choices Environmental (see pages 18 to 25)	Strategic objectives	

Share ownership and retention periods

To align executive directors' interests with those of shareholders they are expected to retain 50% of shares from vested awards under the DBP and the LTIP (other than sales to settle any tax or NICs due) until they reach a value at least equal to their annual salary (valued at the time of purchase or vesting). In addition, to encourage a focus on the long-term sustainable development of the business, retention periods have been introduced for both the annual bonus scheme and Long-Term Incentive Plan. One-third of any annual bonus award is deferred into shares for three years under the Deferred Bonus Plan. In addition, any shares which vest under LTIP awards granted since 2018 will be deferred for a further two-year period.

Performance period
Retention period

Risk, discretion and judgement

The Committee seeks to ensure that targets for annual bonus and long-term incentives are aligned with the Group's strategy and the long-term sustainable development of the business. Targets are reviewed to ensure they reflect the overall risk appetite set by the Board and do not encourage inappropriate behaviours or excessive risk taking.

The Committee retains discretion to override formulaic outcomes produced by the performance conditions where, in the Committee's view, they do not reflect the performance of the business over the period, individual performance or where events happen that cause the Committee to determine the conditions are unable to fulfil their original intended role.

Malus and clawback

Recovery provisions apply to both the cash and share elements of the annual bonus plan and recovery and withholding provisions apply to the LTIP.

Non-executive directors

Fees payable to non-executive directors are determined by the Board. The level of fee is set in the context of the time commitment and responsibilities required by the role. As a result, additional fees are payable to the Chairs of the Audit and Remuneration committees and also for the role of Senior Independent Director. These are reviewed on an annual basis, no change has been made to the basic NED fee since 2009.

Senior management and the wider workforce

Remuneration for executive directors is set within the wider context of the Group's remuneration policy for the wider workforce. The key differences of quantum and structure in pay arrangements across the Group reflect the different sizes of roles and levels of accountability required for the role and that executive directors and senior management have a much greater emphasis on performance-based pay through the annual bonus and the LTIP.

Salaries for management grades are normally reviewed annually (currently in July each year) and take account of both business and personal performance. Specific arrangements are in place at each site and these may be annual arrangements or form part of a longer-term arrangement and the Board is kept regularly updated on these arrangements.

The Committee reviews the level of salary increases for colleagues not involved in collective bargaining and also reviews and approves the annual bonus plan for the general management population. Financial objectives for executive directors and the management population are aligned and strategic objective cascaded down the management structure. During the year, the Committee approved changes to the management scheme to make it more competitive and aid recruitment and retention. Senior management participate in long-term incentive arrangements reflecting their contribution to Group performance and enhancing shareholder value. All employees are encouraged to own shares in the Company via the Sharesave Plan and executive directors through our shareholding guidelines. In line with the recommendations of the new UK Governance Code, published in 2018, the Committee is currently reviewing how it engages with colleagues across the business.

Directors' Remuneration report

Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the AGM held on 20 July 2017 (98.8% of votes cast being in favour) and became effective from that date. The approved policy can be found in the 2016/17 annual report and on the Group's website. The text set out below is included to assist with the understanding of the Annual Report on Remuneration for the 52 weeks ended 30 March 2019 and has been updated to reflect 2018/19 pension limits, the current salary review date and current composition of the Board. In addition, the scenario chart on page 49 has been updated to reflect current remuneration levels. There are no proposals to amend the Directors' Remuneration Policy at the 2019 AGM.

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

	Link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Provides an appropriate level of fixed income. Set at levels to attract and retain talented individuals with reference to the Committee's assessment of: • The specific needs of the Group by reference to the size and complexity of the business, acknowledging the Group is currently in a turnaround situation; • The specific experience, skills and responsibilities of the individual; and • The market rates for companies of comparable size and complexity and internal Company relativities.	Normally reviewed annually (currently with effect from 1 July) in conjunction with those of the wider workforce.	Salaries for the relevant year are detailed in the Annual Report on Remuneration. Whilst the Company does not have a cap on salaries, increases are normally expected to be in line with increases across the management grades, subject to particular circumstances such as a significant change in role, responsibilities or organisation. An explanation of differences in remuneration policy for executive directors compared with other employees is set out later in this Directors' Remuneration Policy.	Group performance is taken into consideration when determining an appropriate level of base salary increase for the Group as a whole and personal performance is taken into account when determining an appropriate level of base salary increase for the executive. **Performance period:** N/A.
Benefits	Help to recruit, retain and promote the efficient use of management time.	The Company typically provides the following benefits: • Company car or cash allowance in lieu of company car. The Company provides an executive driver service, as and when appropriate, to allow the CEO to work while commuting to business appointments; • Private health insurance; • Life insurance; • Telecommunication services; • Professional memberships; • Allowance for personal tax and financial planning; and • Other ancillary benefits, including relocation expenses (as required).	There is currently no maximum level, however, the provision and level of allowances and benefits are considered appropriate and in line with market practice.	N/A. **Performance period:** N/A.
Pension	To offer market competitive levels of benefit and help to recruit and retain and to recognise long-term commitment to the Group.	Executive directors receive an allowance in lieu of pension provision which is subject to periodic review or may participate in the Group's defined contribution scheme on the same basis as all other new employees. Executive directors may also salary sacrifice additional amounts into this scheme but will not receive any additional contribution from the Group. Only basic pay is pensionable.	The maximum contribution of allowance for executive directors is 20% of basic salary. The level of contribution or allowance for the current executive director is as follows: The Company contributes 7.5% of basic pay up to an Earnings Cap (£160,800 for 2018/19, but increasing each April in line with the Retail Prices Index) and pays a salary supplement (£24,348 for 2018/19), which increases each April in line with the Retail Prices Index).	N/A. **Performance period:** N/A.

	Link to strategy	Operation	Maximum opportunity	Performance measures
Annual Bonus	Designed to incentivise delivery of annual financial and operational goals and directly linked to delivery of the Group's strategy.	An annual bonus is earned based on performance against a number of performance measures which are linked to the Group's strategy. Maximum of two-thirds of the bonus is paid in cash and a minimum of one-third deferred into shares under the Premier Foods Deferred Bonus Plan ('DBP') which are released after three years subject to continued employment. The rules of the DBP contain a dividend equivalent provision enabling payments to be made (in cash or shares) at the time of vesting, in an amount equivalent to the dividends that would have been paid on the participant's vested shares between the date of grant of the relevant award and the date of vesting. Recovery provisions apply for the cash and share elements.	Maximum (as a percentage of salary): • CEO: 150% • CFO: 105%	Performance conditions are designed to promote the delivery of the Group's strategy and can be made up of a range of: Financial targets (e.g. turnover, trading profit and cash flow) representing not less than 50% of the total bonus opportunity, subject to the delivery of a threshold level of trading profit; Short to medium-term strategic targets including financial and non-financial Key Performance Indicators, subject to the delivery of a threshold level of profitability; and Personal performance representing not more than 20% of the total bonus opportunity. No more than 20% of the bonus will vest for threshold performance with full vesting taking place for equalling or exceeding the maximum target. Specific details of the performance measures for the relevant year can be found in the Annual Report on Remuneration to the extent that they are not commercially sensitive. **Performance period:** One year
Long-Term Incentive Plan (LTIP)	The Premier Foods Long-Term Incentive Plan ('LTIP') provides a clear link to our strategic goal of returning to profitable growth with sustainable share price growth over the long-term.	Annual grant of Performance Share Awards. Performance Share Awards are the conditional award of shares or nil cost options which normally vest after three years, subject to performance conditions. Awards under the LTIP, including the determination of any relevant performance conditions, will be considered and determined on an annual basis at the discretion of the Committee. The rules contain a dividend equivalent provision enabling payments to be made (in cash or shares) at the time of vesting, in an amount equivalent to the dividends that would have been paid on the participant's vested shares between the date of grant of the relevant award and the date of vesting. Recovery and withholding provisions apply.	Maximum individual limit of 200% of salary. The current award level for the CFO is 150% of salary.	Performance conditions are based on a range of targets focused on the delivery of increased shareholder value over the medium to long-term. Currently these include a combination of total shareholder return and adjusted earnings per share. No more than 20% of the LTIP award will vest for threshold performance with full vesting taking place for equalling or exceeding the maximum target. **Performance period:** Three years **Holding period:** Two years (post vesting)
Sharesave Plan	To offer all employees the opportunity to build a shareholding in a simple and tax-efficient manner.	The Company's Sharesave Plan is an HMRC compliant scheme which is usually offered annually to all employees. The key terms of the plan will only be changed to reflect HMRC changes.	Participants may save up to the statutory limit (currently £500 per month but subject to any lower limit set by the Committee) over a three year period, following which they have the opportunity to buy Company shares at a price set at the beginning of the savings period.	None, other than continued employment **Performance period:** Three years.

Directors' Remuneration report

	Link to strategy	Operation	Maximum opportunity	Performance measures
Shareholding guidelines	To align executives' interests with shareholders.	Executive directors are expected to retain 50% of shares from vested awards under the DBP and the LTIP (other than sales to settle any tax or NICs due) until they reach their guideline multiple of salary in shares (which is currently 100% of salary). The Committee will review progress against the guidelines (which are set out in the Annual Report on Remuneration) on an annual basis.	N/A.	N/A. **Performance period:** N/A.
Non-executive director fees	Provides an appropriate level of fixed fee to recruit and retain individuals with a broad range of experience and skill to support the Board in the delivery of its duties. Fees are reviewed annually.	The remuneration of non-executive directors is determined by the Chairman and executive directors. The remuneration of the Chairman is determined by the Remuneration Committee. Includes a Chairman's fee and standard non-executive fee. Additional fees are payable for additional responsibilities, for example the roles of Committee Chairs and the Senior Independent Director. Any reasonable business-related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed.	Increases are normally expected to be in line with the market, taking into account increases across the Group as a whole, subject to particular circumstances such as a significant change in role, responsibilities or organisation. The current aggregate maximum under the Company's Articles of Association for the Chairman and the non-executive directors is £1,000,000.	N/A. **Performance period:** N/A.

1. Notes to the policy table

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

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

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

Choice of performance measures and approach to target setting

The Committee reviews the performance measures used in the incentive arrangements on an annual basis to ensure that they remain appropriate and aligned to the delivery of the annual business plan and Group strategy. Currently the annual bonus measures consist of financial targets (50%) and strategic objectives (50%). This approach is adopted in order to link pay to the delivery of overall Group performance measured across a balance of key strategic aims. The targets will be set by reference to internal budgeting and strategic plans.

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

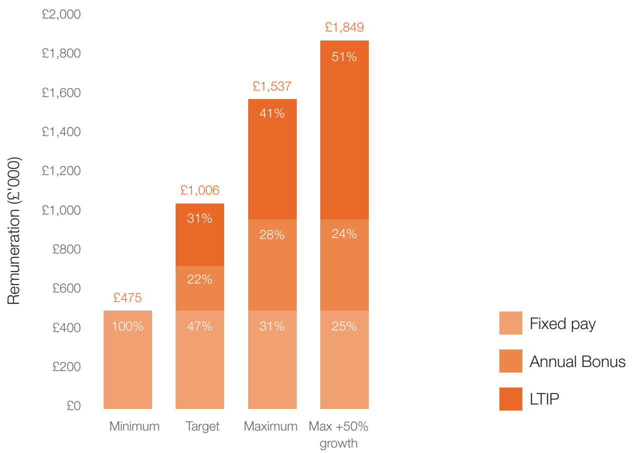
In addition, the Committee also retains the discretion within the policy to amend the existing performance conditions for the incentive plans if events happen that cause it to determine that the conditions are unable to fulfil their original intended purpose.

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

2. Remuneration scenarios and weighting

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

Chief Financial Officer



Notes:

1. As the DBP is a portion of Annual Bonus it is included within this segment.
2. The executive directors can participate in the Sharesave Plan on the same basis as other employees. For simplicity, the value that may be received from participating in the Sharesave Plan has been excluded from the scenario charts.
3. Assumptions when compiling the charts are:
   Minimum = fixed pay only (base salary, benefits and pension).
   Target = fixed pay plus 50% of Annual Bonus payable and 50% of LTIP vesting.
   Maximum = fixed pay plus 100% of Annual Bonus payable and 100% of LTIP vesting.
   Maximum +50% growth = fixed pay plus 100% of Annual Bonus payable and 100% of LTIP vesting at a 50% higher share price than when the LTIP was awarded.

3. Service contracts

The current executive director has a rolling service contracts. The current executive director's service contract contains the key terms shown in the table below. In the event that any additional executive directors are appointed, it is likely that their service contracts will contain broadly similar terms.

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

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

4. External directorships

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

Directors' Remuneration report

5. Policy on payment for loss of office

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

- The executive directors have rolling contracts with 12 months' notice periods.
- The Company may elect to terminate employment immediately in circumstances where it considers it to be appropriate by making a payment in lieu of notice equivalent to the executive director's salary, pension and benefits for the notice period in two equal instalments (the first within 28 days of termination and the second six months following the date of termination). These payments are subject to the executive director's duty to mitigate his loss by finding alternative employment. If the executive director finds an alternative position, future payments will be reduced by the amount of remuneration received by the executive director pursuant to that alternative remunerated position.
- Salary, pensions and benefits will generally not be paid to a 'bad leaver' in lieu of notice. The Company may terminate an executive director's employment without notice (or payment in lieu) in certain circumstances, including where he commits an act of dishonesty, is guilty of gross misconduct or a serious breach of his service agreement.
- A time pro-rated bonus (where relevant in respect of that bonus year) may be payable (and for the former CEO was payable) for the period of active service from the start of the bonus year to the date on which the director's employment terminates for 'good leavers'. Any unpaid bonus for the preceding completed bonus year may also be payable (and for the former CEO was payable) to a 'good leaver'. The amount of such bonus will be determined at the discretion of the Committee taking into account performance. Any bonus payable could, at the discretion of the Remuneration Committee, be paid entirely in cash. There is no entitlement to any bonus (in respect of that or any previous bonus year) following notice of termination (or cessation of employment) for 'bad leavers' and they will not receive any bonus in such circumstances.
- Any share-based entitlements granted to an executive director under the Company's share plans will be determined based on the relevant plan rules or award agreement. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, injury, redundancy (not in respect of the DBP), transfer of the employing company or business out of the Group or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status can be applied. The 'good leaver' treatment under the various plans is as follows:
  - DBP and LTIP awards will vest on the normal vesting date (unless the Remuneration Committee decides that the awards should vest on the date of cessation) subject to, in the case of LTIP awards, performance conditions (measured over the original time period or a shorter period where the LTIP awards vest on cessation of employment) and are reduced pro-rata to reflect the proportion of the period from grant actually served. The Remuneration Committee has the discretion to disapply time pro-rating if it considers it appropriate to do so. However, it is envisaged that this would only be applied in exceptional circumstances. In determining whether an executive should be treated as a 'good leaver' or not, the Committee will take into account the performance of the individual and the reasons for their departure.
  - The Company may enable the provision of outplacement services to a departing executive director, where appropriate.
  - Where it is necessary to discharge an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment the Committee may make a payment to a departing executive director.
  - In the event of change of control of the Company, if the Company gives notice to terminate or the executive director is constructively dismissed, his employment shall terminate immediately and he will be entitled to a payment in lieu of notice equivalent to the executive director's salary, pension and benefits for the 12 month notice period. Any share-based entitlements will be dealt with in accordance with the rules of the relevant schemes.

6. Recruitment policy

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

Reward element	Detailed terms
Base salary	In line with the above Directors' Remuneration Policy table. However, includes discretion to pay lower base salary with incremental increases as new appointee becomes established in the role.
Pension and benefits	In line with the above Directors' Remuneration Policy table.
Performance based pay	Executive directors are entitled to participate in the Company's Annual Bonus, DBP and Long-Term Incentive Plans in line with the above Directors' Remuneration Policy table. The maximum variable pay for the CEO will be 350% of the base salary and 255% of base salary for the CFO and other directors. In its discretion the Committee may set different performance measures to apply to awards made in the year of appointment if it considers that to be appropriate.
Buy outs	In order to facilitate external recruitment of executive directors, it may be necessary for the Committee to consider buying out existing incentive awards which would be forfeited on the individual leaving their current employment. The Committee would seek, where possible, to provide a buy-out structure which was consistent with the forfeited awards in terms of quantum, vesting period and performance conditions. The buy out award may necessitate the use of the flexibility in the Listing Rules to make such awards outside the existing LTIP.

Notes:

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

7. Consideration of employees/wider Group

In line with current market practice, the Group does not actively consult with employees on executive remuneration. However, the Committee is kept updated during the year on salary increases within the Group, and the level of annual bonus awards, as well as overseeing participation in long-term incentives for below Board level senior management. As a result, the Committee is aware of how typical employee total remuneration compares to the potential total remuneration packages of executive directors. The Group HR Director is a regular attendee at meetings of the Remuneration Committee and is able to brief the Committee on meetings which have been held with employee representative bodies.

Differences in Remuneration Policy for executive directors compared to other employees

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

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

8. Consideration of shareholders' views

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

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

Directors' Remuneration report

Annual Report on Remuneration

An advisory vote on this Annual Report on Remuneration will be put to shareholders at the AGM on 17 July 2019.

Single figure table for total remuneration (audited)

Single figure for the total remuneration received by each executive director for the 52 weeks ended 30 March 2019 (2018/19) and 31 March 2018 (2017/18).

	Gavin Darby		Alastair Murray	
	2018/19 £'000	2017/18 £'000	**2018/19 £'000**	2017/18 £'000
Salary	**583**	700	**416**	408
Salary supplement	**–**	–	**40**	–
Taxable benefits	**17**	22	**27**	24
Pension	**117**	140	**36**	35
Annual Bonus	**525**	368	**232**	153
Share based awards	**–**	–	**–**	–
Total	**1,242**	1,230	**751**	620

Gavin Darby

Mr Darby received a basic salary of £700,000 per annum and a salary supplement in lieu of pension of 20% of base salary on a pro rata basis for the period up to 31 January 2019. Mr Darby received a pro rata bonus of £525,500 for the financial period to 31 January 2019. Benefits were provided for the period up to 31 January 2019 relating to the provision of an executive driver service, private health insurance and annual medical assessment.

Alastair Murray

Mr Murray received a basic salary for the period of £416,201 per annum and an annualised supplement in lieu of pension of 7.5% of the Earnings Cap (£160,800 for the 2018/19 tax year) which equates to £12,060 for the period together with an additional RPI adjusted pensions supplement of £24,348. He was appointed Acting CEO on 1 February 2019, in addition to his current role of Chief Financial Officer, on a temporary basis whilst the Board conducts a search process for a new CEO. In recognition of this significant additional responsibility, it was agreed that Mr Murray would receive a monthly salary supplement of £20,000 (which does not count towards pension, annual bonus or long-term incentives) whilst he carries out this role.

Mr Murray received a bonus of £231,615 for the financial period. Benefits related to the provision of a company car, use of an executive driver service (following his appointment as Acting CEO) and private health insurance. In line with the current Remuneration Policy, one-third of his annual bonus award will be in the form of shares deferred for three years.

Full details of the annual bonus performance assessments for Mr Darby and Mr Murray are set out on pages 53 to 55.

Base salary and fees (executive directors) (audited)

The Committee sets base salary by reference to the size and complexity of the business based on factors such as revenue, market share, and total enterprise value rather than just market capitalisation, which can be volatile as a result of the Group's capital structure. Given the challenges facing the business in 2013, the Board felt it was important to appoint a CEO and CFO with significant experience to lead the Company through a period of significant change and consequently their salaries were set at the upper quartile for the FTSE 250. The business turnaround has involved the establishment of a joint venture for the Hovis bread business and the completion of a successful restructuring of our financial structure with the introduction of a new smaller lending group, an equity raise, the diversification of funding through a high-yield bond and also the completion of a new agreement with the Group's pension trustees. In addition, a new senior management team was brought in to lead the business. The Committee is mindful of these salaries when considering pay increases and elements of variable pay which are based on multiples of salary.

In line with the salary increase to all employees not involved in collective bargaining, the Committee approved a 2.0% salary increase for the CEO and CFO for 2018/19 (which took effect on 1 April 2018). Gavin Darby elected not to take a salary increase and therefore his salary remained unchanged from his appointment in 2013. The Company has moved the annual salary review date from 1 April to 1 July so that it takes place after the completion of the Group's annual performance review. The Committee reviewed the proposals for 2019/20 and approved an increase of 2.5% to Mr Murray's CFO salary, in line with all employees not involved in collective bargaining with effect from 1 July 2019. In this transitional year, the increase will be backdated to 1 April 2019.

Executive director	**Salary from 1 April 2018**	Change	Salary from 1 April 2017
Gavin Darby	**£700,000**	–	£700,000
Alastair Murray	**£416,201**	+2.0%	£408,040

Payments for loss of office and payments to former directors (audited)

Payments for loss of office in the year totalled £498,654 (2017/18: nil) and no other payments were made to former directors. This consisted of £461,779 paid to Mr Darby (see below for further details). In addition £20,000 was paid to Ian Krieger and £16,875 was paid to Jennifer Laing, in lieu of notice, following their departure from the Board.

The Committee exercised discretion to pay Mr Darby £863,557 in lieu of his 12-month notice period in respect of salary, contractual benefits and pension supplement. This will be paid in two equal instalments (the first was paid immediately following Mr Darby's resignation as a Director and the second payment of £431,779 will be made six months following the resignation date). In the event of him becoming otherwise employed or engaged before the second payment is made, it will be reduced by the amount received (or to be received over the next six months) in respect of such employment or engagement, save for the potential for one permitted non-executive directorship, as contemplated by his service agreement. In addition, the Company agreed to make a payment of £20,000 for advisory services provided to Mr Darby following his departure and a payment of £10,000 (excluding VAT) towards legal fees incurred in connection with his departure.

The Remuneration Committee exercised its discretion to treat Mr Darby as a 'good leaver' in relation to his annual bonus, Long-Term Incentive Plan and Deferred Bonus Plan awards.

As a result, he was eligible to receive a pro rata bonus in respect of time served in the financial year ended 30 March 2019.

Awards under the Premier Foods Long-Term Incentive Plan will, in accordance with the Company's Remuneration Policy and the rules of the Plan, after a time pro rata reduction to reflect the period of time served during the applicable vesting period, vest on the normal vesting dates, subject to satisfaction of the applicable performance conditions at the end of the performance period. The value of any shares that may vest will be calculable at the relevant dates of vesting.

An award under the Premier Foods Deferred Bonus Plan (over 299,291 shares arising from the 2017/18 bonus award) will, in accordance with the Directors' Remuneration Policy, vest on the normal vesting date in full without time pro-rating. The value of the shares will be calculable at the date of vesting. The Remuneration Committee exercised its discretion to disapply time pro-rating in respect of the award.

In accordance with the rules of the Sharesave plan, Mr Darby's Sharesave options lapsed when his employment ended.

Annual Bonus (executive directors) (audited)

Each year, the Committee sets individual performance targets and bonus potentials for each of the executive directors. Annually, the Committee reviews the level of achievement against the performance targets set and, based on the Committee's judgement, approves the bonus of each executive director. Annual bonus payments are not pensionable.

Performance assessment for 2018/19

The Committee undertook a full and detailed review of the performance of each executive director against the targets set at the start of the period. As well as the specific targets, the Committee also considered the financial performance of the business as a whole as well as an assessment of the market in which the Group operates.

As discussed in the Chairman's statement and Chief Executive's review on pages 03 and 05, the Group delivered a strong overall performance in 2018/19 with Trading profit up +4.5% to £128.5m and Net debt reduced significantly from £496.4m to £469.9m, both ahead of market expectation.

When assessing performance against the Financial target for Net debt, the Committee and management agreed it would be appropriate to adjust the outcome for the year to reflect the partial repayment of a loan note from the Group's Associate company, Hovis (see page 15) and this reduced the final assessment from 10% to 8%.

The Committee reviewed performance against each of the Strategic targets (also subject to a financial underpin) and the Personal targets and the extent to which they were achieved. Following the review, the Committee assessed that, based on performance over the year, a bonus of 60.0% of opportunity for Mr Darby (reduced pro rata for his period of service) and of 53.0% of opportunity for Mr Murray was appropriate. Further details of the specific Financial, Strategic and Personal targets and the performance outcome are set out in the tables on pages 54 and 55. Individual weightings have been provided for each Strategic objective. One-third of any annual bonus payment to Mr Murray will be made in the form of shares deferred for a three-year period under the Deferred Bonus Plan (DBP), details of the DBP are set out on page 56. The time pro-rated bonus payable to Mr Darby will be paid fully in cash, in accordance with the 'Policy on payment for loss of office' (see page 50).

Directors’ Remuneration report

Gavin Darby (audited)

Performance measure	Annual Bonus Target	Stretch	Performance outcome	Weighting	Performance (% of max bonus)
Financial objectives (subject to a Trading profit underpin of £125.0m)					
Trading profit	£128.5m	£136.5m	£128.5m	40.0%	**20.0%**
Net debt	£485.1m	£470.0m	£469.9m	10.0%	**8.0%**
				50.0%	**28.0%**

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Short to medium-term Strategic objectives (subject to a Trading profit underpin of £125.0m)			
Business Development	Rationalised margins across the business and entered new Caribbean market, however, overall performance below expectation.	10.0%	**5.0%**
Strategic Partnerships	Successfully developed Nissin and Mondelēz International relationships with significant increase in Nissin Cup Noodle and Soba Noodles distribution and the launch of *Cadbury* cake in South Africa.	10.0%	**5.0%**
Knighton Foods	Continued turnaround of Knighton Foods business with new three-year plan.	10.0%	**7.5%**
Cost and efficiency	Successful implementation of Phase two of logistics transformation project but with significant implementation challenges during Phase three, impacting customer service and sales performance. Following completion of the consolidation exercise, customer service levels have returned to normal.	5.0%	**0.0%**
		35.0%	**17.5%**
Personal objectives			
ELT succession plans	Succession plans for ELT and senior leadership team shared with the Board.		
Stakeholder engagement	Joined the new Secretary of State Food and Drink Sector Council and progressed health and wellness agenda. Introduced new sustainability framework with KPIs.		
		15.0%	**14.5%**
	Final outcome	100%	**60.0%**

Alastair Murray (audited)

Performance measure	Target	Annual Bonus Stretch	Performance outcome	Weighting	Performance (% of max bonus)
Financial objectives (subject to a Trading profit underpin of £125.0m)					
Trading profit	£128.5m	£136.5m	£128.5m	40.0%	**20.0%**
Net debt	£485.1m	£470.0m	£469.9m	10.0%	**8.0%**
				50.0%	**28.0%**

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Short to medium-term Strategic objectives (subject to a Trading profit underpin of £125.0m)			
Corporate development opportunities	Completed review of strategic options and managed potential *Ambrosia* sale process. Successful completion of initiatives to ensure continued debt reduction and delivery of our Net debt/EBITDA target.	9.0%	**6.0%**
Knighton Foods	Continuation of Knighton stabilisation and turnaround plan.	9.0%	**3.0%**
Logistics consolidation	Phase two of logistics transformation project completed but operational difficulties during Phase three resulted in financial performance being adversely affected and realisation of cost reduction targets delayed.	8.0%	**0.0%**
Corporate development	Negotiated extension to the Group's revolving credit facility, extending maturity from December 2020 to December 2022 and successfully issued new five-year £300m Senior Secured fixed rate notes due 2023.	9.0%	**6.0%**
		35.0%	**15.0%**
Personal objectives			
Shared service centre and operational efficiency	Introduction of robotics project within shared financial service centre and delivery against a number of KPIs.		
IT System Security	Strengthened IT security systems across the Group following review with the Board.		
Organisational development	Reviewed and strengthened capability within the head office finance team and implemented action plan arising from colleague engagement survey.		
		15.0%	**10.0%**
	Final outcome	100%	**53.0%**

Directors' Remuneration report

Annual bonus measures for 2019/20

As discussed in the Annual Statement on page 44, during the year the Committee agreed to simplify the weightings for the annual bonus performance measures.

The performance measures are linked to the Group's strategy to focus on revenue growth, cost efficiency and cash generation with the aim to deleverage the business. Trading profit and Net debt are both Group KPIs (see page 08). Strategic objectives are focused on commercial opportunities to drive sales, generate cost savings and improve free cash flow. The Board considers the Financial targets and certain of the Strategic objectives to be commercially sensitive but has agreed that the targets will be disclosed as part of the performance assessment in next year's annual report. The Financial and Strategic targets both contain Trading profit underpins.

One-third of any annual bonus awarded in respect of the 2019/20 financial year will be deferred in shares for three years under the Deferred Bonus Plan.

Alastair Murray	
Maximum opportunity as a % of salary	105%

Performance measure	Weighting
Financial objectives (subject to a Trading profit underpin)	
Trading profit	40%
Net debt	10%
	50%
Strategic objectives (subject to a Trading profit underpin)	
• Strategic review • Business development opportunities • Logistics transformation	
	50%
	100%

Deferred Bonus Plan (DBP)

One-third of any annual bonus payment awarded to executive directors is made in the form of shares. These shares are awarded under the terms of the DBP which was approved by shareholders in July 2017. Awards will normally be made within six weeks following the announcement of the Group's full year results in the form of nil cost options. The awards will normally vest on the third anniversary of grant and, if awarded in the form of nil cost options, will then be exercisable up until the tenth anniversary of grant. The shares are subject to forfeiture and clawback provisions. Details of the DBP awards granted on 8 August 2018 are set out below:

	2017/18 Annual Bonus	Bonus deferral (one-third)	Shares awarded	Deferral period
Gavin Darby	£367,500	£122,500	299,291	08.08.18 – 08.08.21
Alastair Murray	£152,954	£50,985	124,565	08.08.18 – 08.08.21

Deferred Share Bonus Plan (DSBP)

Alastair Murray participated in the DSBP which operated alongside the Annual Bonus plan with a maximum opportunity of 30% of salary. Awards were based on the achievement of a range of Company-wide financial and strategic targets set at the start of each financial period. Any bonus earned was converted into shares following the announcement of the results for the financial period and deferred for a period of two years. The shares for these awards were sourced in the market and are subject to forfeiture over the period of deferral.

In order to simplify remuneration arrangements Alastair Murray's entitlement under the DSBP has been combined with his annual bonus going forward and therefore no further awards will be made under this plan. The one outstanding award of 157,560 shares (see table on page 58) vested on 2 June 2018.

Long-Term Incentive Plan (LTIP)

The current LTIP was approved by shareholders in 2011; awards can be made as either performance shares or matching shares. In 2017 the Committee reviewed the use of the matching shares and concluded that they were no longer common practice in the market and therefore no further awards will be made as matching shares under the LTIP.

Performance assessment for the 2016 LTIP award

The performance conditions for the 2016 LTIP award were based on a relative TSR condition (comprising two-thirds of the award) and an adjusted EPS condition (comprising one-third of the award). The Committee assessed the two performance conditions in May 2019 and concluded that the targets had not been met and consequently the 2016 LTIP award has lapsed.

LTIP award for 2018/19 (audited)

Details of the LTIP award granted on 8 August 2018 are set out below.

	Basis of award	Max value on award date	Performance period
Gavin Darby	200%	£1,400,000	01.04.18 – 31.03.21
Alastair Murray	150%	£624,302	01.04.18 – 31.03.21

		Targets		
Performance measure	Weighting	Below threshold	Threshold	Stretch
Relative TSR[1]	2/3	< Median	Median	Upper quartile
Adjusted EPS[2]	1/3	< 8.4p	8.4p	9.8p
% of relevant portion of award vesting[3]		0%	20%	100%

1. Measured against the constituents of the FTSE All Share Index (excluding investment trusts) around the start of the period.
2. 2017/18 base year adjusted EPS was 7.6p.
3. Straight-line vesting between threshold and stretch.

LTIP award for 2019/20

For the 2019/20 award the Committee proposes to use the same measures as the 2018/19 LTIP award, i.e. a relative TSR condition (comprising two-thirds of the award) and an adjusted EPS condition (comprising one-third of the award), which is aligned with the Company's focus on revenue, cost efficiency and cash generation in order to reduce Net debt and improve shareholder return over the medium-term. The Committee believes that these measures are fully aligned with the interests of shareholders and that awards will only vest following the achievement of stretching performance targets.

The TSR condition requires at least a median ranking to be achieved for 20% of this part of the award to vest, with full vesting taking place for an upper quartile ranking against the constituents of the FTSE All Share Index (excluding investment trusts). The Committee considers that the FTSE All Share Index is an appropriate index to use as it includes a wide range of companies, including the members of the FTSE Small Cap Index. The Compound Annual Growth Rate (CAGR) for the adjusted EPS target ranges from 5.9% to 9.3%. The Committee considers the targets to be challenging, particularly in the context of current growth levels in the markets in which we operate. Further details of all outstanding LTIP awards are provided in the table on page 58.

	Basis of award	Max value on award date	Performance period
Alastair Murray	150%	£624,302	01.04.18 – 31.03.21

		Targets		
Performance measure	Weighting	Below threshold	Threshold	Stretch
Relative TSR[1]	2/3	< Median	Median	Upper quartile
Adjusted EPS[2]	1/3	< 10.1p	10.1p	11.1p
% of relevant portion of award vesting[3]		0%	20%	100%

1. Measured against the constituents of the FTSE All Share Index (excluding investment trusts) around the start of the period.
2. 2018/19 base year adjusted EPS was 8.5p.
3. Straight-line vesting between threshold and stretch.

Dilution limits

Awards under certain executive and all-employee share plans may be satisfied using either newly issued shares or shares purchased in the market and held in the Group's Employment Benefit Trust (which held 381,850 shares as at 30 March 2019). The Group complies with the Investment Association guidelines in respect of the dilutive effect of newly issued shares. The current dilutive impact of share awards over a 10-year period is approximately 2.5%.

Pension payments

The table below provides details of the executive directors' pension benefits:

	Cash in lieu of contributions to DC-type pension plan £'000
Gavin Darby	117
Alastair Murray	36

Executive directors have the right to participate in the Group's defined contribution ('DC') pension plan or elect to be paid some, or all, of their contributions in cash. Mr Darby and Mr Murray receive all of their contributions in cash and neither participates in the Group's DC pension plan.

Directors' Remuneration report

Share ownership guidelines and share interests table (audited)

To align executive directors' interests with those of shareholders, they are expected to retain 50% of shares from vested awards under the DBP, the DSBP and the LTIP (other than sales to settle any tax or NICs due) until they reach a value at least equal to their annual salary (valued at the time of purchase or vesting). The following table shows executive directors' interests in Company shares. Awards under the LTIP are subject to a three-year vesting period and will only vest if stretching performance conditions are met. In July 2017 the Company adopted a two-year holding period post vesting. The figures shown represent the maximum number of shares a director could receive following the end of the vesting period if all performance targets were achieved in full.

Share ownership guidelines and share interest table (audited)

	Shares owned as at 30 March 2019	Shares owned as at 31 March 2018	Extent to which share ownership guidelines met	Unvested share interests under LTIP Awards	Unvested share interests under DBP Awards	Sharesave Awards	**Total**
Gavin Darby[1]	**5,601,595**	5.601,595	471%	5,349,359	299,291	–	**11,250,245**
Alastair Murray	**392,878**	309,522	69%	4,471,110	124,565	24,732	**5,013,285**

1. Held in the name of Mr and Mrs Darby. Mr Darby stepped down as CEO on 31 January 2019 and the shareholding information reflects the position at that date.

Executive share awards (audited)

	Date of grant	Balance as at 1 April 2018	Awarded in the year	Exercised in the year	Lapsed in the year	**Balance as at 30 March 2019**	Option price	Share price on date of grant	Share price on date of exercise	Vesting date	Maximum expiry date
Gavin Darby											
LTIP [1,2]	11.06.15	3,294,117	–	–	3,294,117	**–**	–	42.00	–	31.03.18	10.06.22
	03.06.16	3,294,117	–	–	370,024	**2,924,093**	–	42.50	–	31.03.19	02.06.23
	13.06.17	3,444,034	–	–	1,568,041	**1,875,993**	–	40.50	–	31.03.20	12.06.24
	08.08.18	–	3,420,473	–	2,871,200	**549,273**	–	41.20	–	31.03.21	07.08.25
DBP	08.08.18	–	299,291	–	–	**299,291**	–	41.20	–	08.08.21	08.08.28
Sharesave Plan [4]	15.12.15	16,906	–	–	16,906	**–**	31.94	–	–	01.02.19	01.08.19
	20.12.16	7,826	–	–	7,826	**–**	34.50	–	–	01.02.20	01.08.20
		10,057,000	3,719,764	-	8,128,114	**5,648,650**					
Alastair Murray											
LTIP [1]	11.06.15	1,782,352	–	–	1,782,352	**–**	–	42.00	–	31.03.18	10.06.22
	03.06.16	1,440,141	–	–	–	**1,440,141**	–	42.50	–	31.03.19	02.06.23
	13.06.17	1,505,682		–	–	**1,505,682**	–	40.50	–	31.03.20	12.06.24
	08.08.18	–	1,525,287	–	–	**1,525,287**	–	41.20	–	31.03.21	07.08.25
DBP	08.08.18	–	124,565	–	–	**124,565**	–	41.20	–	08.08.21	08.08.28
DSBP [3]	03.06.16	157,560	–	157,560	–	**–**	–	42.50	–	02.06.18	02.12.18
Sharesave Plan [4]	15.12.15	16,906	–	–	–	**16,906**	31.94	–	–	01.02.19	01.08.19
	20.12.16	7,826	–	–	–	**7,826**	34.50	–	–	01.02.20	01.08.20
		4,910,467	1,649,852	157,560	1,782,352	**4,620,407**					

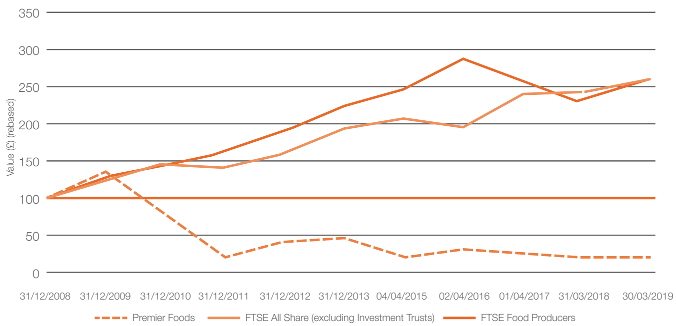
1. The Remuneration Committee concluded that the performance conditions for the 2016 LTIP had not been met and consequently the award lapsed in full on 9 May 2019.
2. The shares shown as lapsed under Mr Darby's 2016, 2017 and 2018 LTIP awards illustrate the impact of time pro-rating following cessation of his employment on 31 January 2019.
3. Mr Murray exercised an option over 157,560 shares under the Deferred Share Bonus Plan on 20 September 2018. 74,204 shares were sold at a price of 42.25p to cover tax and NI and the remaining 83,356 shares were retained.
4. The Sharesave Plan is an HMRC tax advantaged scheme under which option prices for awards may be set at up to a 20% discount to the market value of shares immediately prior to the date the offer is made. Executive directors are eligible to participate in the Group's Sharesave Plan on the same basis as all other eligible employees. Mr Darby's outstanding Sharesave awards lapsed on the cessation of his employment on 31 January 2019.

Share ownership for the wider Group

The Committee recognises the importance of aligning colleagues interests with those of shareholders and encourages share ownership in order to increase focus on the delivery of shareholder return. All members of the ELT participate in the LTIP. Participation in the Sharesave Plan currently represents approximately 25% of colleagues.

Total shareholder return

The market price of a share in the Company on 29 March 2019 (the last trading day before the end of the financial period) was 36.40 pence; the range during the financial period was 46.85 pence to 30.00 pence.



Source: FactSet

This graph shows the value, by 30 March 2019, of £100 invested in Premier Foods plc on 31 December 2008, compared with the value of £100 invested in the FTSE Food Producers Index and FTSE All Share Index (excluding Investment Trusts) on the same date. The Committee considers these to be the most appropriate comparator indices to assess the performance of the Group. The other points plotted are the values at intervening financial year-ends.

Chief Executive's single figure for total remuneration

The table below shows the single figure for total remuneration and the annual bonus and LTIP vesting as a percentage of maximum opportunity for the financial period and the previous nine financial periods. The figures for 2014/15 represent a 15-month period.

Year	CEO	Single Figure for total remuneration	Annual bonus as a % of maximum	LTIP vesting as a % of maximum
2018/19	Alastair Murray[1]	£158,297	53.0%	–
2018/19	Gavin Darby[1]	£1,241,708	60.0%	–
2017/18	Gavin Darby	£1,229,383	35.0%	–
2016/17	Gavin Darby	£862,455	–	–
2015/16	Gavin Darby	£1,750,933	57.0%	–
2014/15	Gavin Darby	£1,736,749	23.4%	–
2013	Gavin Darby	£1,405,753	16.0%	–
	Michael Clarke	£1,122,795	–	–
2012	Michael Clarke	£1,699,575	66.0%	–
2011	Michael Clarke	£2,277,070	–	–
	Robert Schofield	£895,485	–	–
2010	Robert Schofield	£715,052	10.0%	–
2009	Robert Schofield	£929,967	29.0%	–

1. Mr Darby stepped down as CEO on 31 January 2019 and Mr Murray was appointed Acting CEO, in addition to his role as Chief Financial Officer, with effect from 1 February 2019. For Mr Murray the figure was calculated as his pro rata CFO salary, pension, bonus and benefits plus his £20,000 monthly salary supplement for the period he was Acting CEO. Full details of the single figure for total remuneration are set out on page 52.

Percentage change in CEO pay

For the purpose of this table, pay is defined as salary, benefits and annual bonus. The figure for the CEO is a combination 10 months pro rata salary for Mr Darby and 2 months pro rata CFO salary for Mr Murray plus the monthly salary supplement for the period Mr Murray was Acting CEO. The average pay of management grades (approximately 400 employees) is used for the purposes of comparison as they are members of the Group's Annual Bonus plan.

	CEO		Management grades	
	% Change 2018/19	% Change 2017/18	**% Change 2018/19**	% Change 2017/18
Base salary	**-1.1%**	0%	**+2.0%**	+2.0%
Benefits	**0%**	0%	**0%**	0%
Annual bonus	**+53.2%**	–	**+111.2%**	–11.3%

GOVERNANCE

Directors' Remuneration report

Relative importance of spend on pay

The following table sets out the amounts and percentage change in total employee costs. The figure for 2018/19 includes GMP equalisation costs of £41.5m, for further information see note 6 on page 87. The terms of our current banking facility contain restrictions on the payment of dividends. Free cash flow and Net debt have therefore been included as additional indicators. Cash flow demonstrates the cash available to reinvest in the business and service debt payments and Net debt highlights the importance of organically deleveraging the business to a point at which dividend payments can be resumed under the Group's banking arrangements (see KPIs on page 08).

	2018/19	2017/18	Improvement/ Deterioration
Total employee costs	£202.3m	£149.8m	+35.0%
Free cash flow	£29.2m	£28.8m	+1.4%
Net debt	£469.9m	£496.4m	+5.3%

Non-executive directors (audited)

Single figure for the total remuneration received by each non-executive director for the financial periods ended 30 March 2019 and 31 March 2018.

Director	Basic fee	Committee Chair fee	SID fee	Total fees 2018/19	Total fees 2017/18
Keith Hamill	235,000	–	–	235,000	117,500
Simon Bentley[2]	4,988	–	–	4,988	–
Richard Hodgson	57,000	–	–	57,000	57,000
Shinji Honda[1]	–	–	–	–	–
Orkun Kilic[1]	–	–	–	–	–
Pam Powell	57,000	–	–	57,000	57,000
Daniel Wosner[1]	–	–	–	–	57,000
Former directors					
David Beever[3]	265,000	–	–	–	161,610
Ian Krieger[4]	52,250	11,916	9,167	73,333	80,000
Jennifer Laing[4]	52,250	9,625	–	61,875	67,500

1. Messrs Honda, Kilic and Wosner are appointed pursuant to relationship agreements with our three largest shareholders and do not receive a fee for their roles as non-executive directors. Mr Wosner served as a non-executive director from March 2017 to March 2018 and during this period he received a basic NED fee of £57,000.
2. Mr Bentley was appointed Chair of the Audit Committee on 28 March 2019 and will receive an additional fee of £13,000 per annum from that date.
3. David Beever retired from the Board on 9 November 2017.
4. Ian Krieger and Jennifer Laing both stepped down from the Board in February 2019 and received a payment of £20,000 and £16,875, respectively, in lieu of notice, as set out under payments for loss of office on page 53.

Non-executive directors' fees

The fees of our non-executive directors (NEDs) are set out below. A review of non-executive directors' fees was last undertaken in February 2018 and no increase to fees was recommended.

NED Fees	30 March 2019	Change	31 March 2018
Chairman fee	£235,000	–	£235,000
Basic NED fee	£57,000	–	£57,000
Additional remuneration:			
Audit Committee Chairman fee	£13,000	–	£13,000
Remuneration Committee Chairman fee	£10,500	–	£10,500
Senior Independent Director fee	£10,000	–	£10,000

Non-executive directors' terms of appointment

All non-executive directors have entered into letters of appointment/amendment as detailed in the table below. The appointments are subject to the provisions of the Companies Act 2006 and the Company's Articles. Terms of appointment are normally for three years or the date of the AGM immediately preceding the third anniversary of appointment. Non-executive directors' continued appointments are evaluated annually, based on their contributions and satisfactory performance. Following the expiry of a term of appointment, non-executives may be reappointed for a further three-year period. The terms of appointment for Mr Honda, Mr Kilic and Mr Wosner are governed by the terms of the relationship agreements between the Company and Nissin, Paulson and Oasis, respectively.

NED	Date of original appointment	Expiry of current appointment/ amendment letter	Notice period
Keith Hamill	1 October 2017	AGM 2020	6 months
Simon Bentley	27 February 2019	AGM 2021	3 months
Richard Hodgson	6 January 2015	AGM 2020	3 months
Shinji Honda	23 March 2018	–	–
Orkun Kilic	27 February 2019	–	–
Pam Powell	7 May 2013	AGM 2019	3 months
Daniel Wosner	27 February 2019	–	–

Non-executive directors' interests in shares (audited)

NED	Ordinary shares owned as at 30 March 2019	Ordinary shares owned as at 31 March 2018
Keith Hamill	**266,666**	266,666
Simon Bentley[1]	**–**	–
Richard Hodgson	**–**	–
Shinji Honda	**–**	–
Orkun Kilic[1]	**–**	–
Pam Powell	**160,366**	160,366
Daniel Wosner[1]	**72,850**	72,850
Former directors		
Ian Krieger[2]	**504,000**	504,000
Jennifer Laing[2]	**54,802**	54,802

1. Messrs Bentley, Kilic and Wosner were appointed as non-executive directors on 27 February 2019.
2. Mr Krieger and Ms Laing stepped down as non-executive directors on 27 February 2019.

The Committee

Details of the Committee members and meeting attendance are set out on pages 32 and 33. Jennifer Laing stepped down as Remuneration Committee Chair and as a non-executive director on 27 February 2019. There is currently no Chair of the Remuneration Committee but the Board intends to remedy this situation as soon as is practicable. Throughout the financial period all members of the Committee have been independent. In addition, the Chairman, CEO, HR Director and Aon plc ('Aon') attended by invitation. In accordance with the Committee's terms of reference, no one attending a Committee meeting may participate in discussions relating to his/her own terms and conditions of service or remuneration. Over the course of the year the Committee held four meetings.

Advisers

The Executive Compensation practice of Aon has been appointed as advisers to the Committee. During the year, Aon provided advice in connection with executive remuneration arrangements. Aon are signatories of the Remuneration Consultants Company Code of Conduct. The trustees of the Company's pension schemes have appointed Aon to act as Administrators and Actuary to the schemes and, in the case of the RHM pension scheme, to act as Investment Advisers. Aon operates independently of the pension teams and the Committee is satisfied there is no conflict of interest. Aon received fees of £40,255 (2017/18: £28,166) in respect of their advice to the Committee during the financial period.

Role of the Remuneration Committee

The Committee has been delegated authority by the Board to approve the overall design of the Remuneration Policy for executive directors and senior management, to agree the terms of employment including recruitment and termination terms of executive directors, approve the design of all share incentive plans and recommend appropriate performance measures and targets for the variable element of remuneration packages and determine the extent to which performance targets have been achieved. The Committee's terms of reference are available on the Group's website.

During the financial period the Committee discussed the following:

- Reviewed the voting results for the 2018 Directors' Remuneration Report;
- Reviewed the 2018/19 Annual Bonus plan for management at below Board level;
- Reviewed and recommended executive directors' and senior managers' annual bonuses in respect of the financial period and set the targets for the 2019/20 annual bonus in accordance with the strategic objectives of the Group;
- Granted the 2018 awards under the Company's all-employee and executive share plans and agreed the targets for awards due to be made in 2019;
- Reviewed and approved the termination payments for Gavin Darby who stepped down as CEO and a director during the year; and
- Discussed developments in best practice with regard to remuneration policy and disclosure.

External appointments

The Board is open to executive directors who wish to take on a non-executive directorship with a publicly quoted company in order to broaden their experience and they may be entitled to retain any fees they receive. However, any such appointment would be reviewed by the Board on a case-by-case basis. The current executive director does not hold any external appointments with publicly quoted companies.

Statement of voting at Annual General Meeting

As referred to on page 44, there was a significant vote against the Directors' Remuneration Report at the AGM in 2018, full details of the voting on the resolutions are set out below.

	Approval of Directors' Remuneration Report 2017/18	% of votes cast	Approval of the current Directors' Remuneration Policy	% of votes cast
Date of AGM	18 July 2018		20 July 2017	
Votes for	451,896,084	74.77%	540,647,973	98.82%
Votes against	152,454,204	25.23%	6,432,867	1.18%
Total votes cast	604,350,288	100%	547,080,840	100%
Votes withheld	51,932,255		3,797,166	

The Directors' Remuneration Report was approved by the Board on 14 May 2019 and signed on its behalf by:

Richard Hodgson
Non-executive director

GOVERNANCE