

Directors' Remuneration report

Committee Chairman's Letter

Dear shareholder,

On behalf of your Board, I am pleased to present the Directors' Remuneration report for the period ended 31 March 2018.

2017 Directors' Remuneration Policy

At the AGM last year we proposed a new three year Remuneration Policy and this received strong shareholder approval, with 98.8% of votes cast in favour.

Performance outcome for 2017/18

The Committee reviewed the CEO's and CFO's performance over the financial period and assessed the extent to which their annual bonus targets had been achieved. Following a difficult trading period in 2016/17 the Group delivered a strong performance in 2017/18 with revenue and Trading profit up 3.6% and 5.1%, both ahead of market expectation. Net debt, a key metric for the Group, reduced significantly from £523.2m to £496.4m. In addition, a significant proportion of the executive directors' strategic and personal

objectives were also achieved. Following the review the Committee assessed that, based on performance over the year, a bonus of 59.5% of opportunity for Mr Darby and of 59.0% of opportunity for Mr Murray was appropriate. However, for reasons of affordability, it was agreed between the Committee and the executive directors, that the bonus payments to both Mr Darby and Mr Murray would be capped at 35% of opportunity. Accordingly, a bonus of £367,500 was approved for Mr Darby and a bonus of £152,954 was approved for Mr Murray. Full details of the assessment are set out on pages 48 to 50.

Following the approval of the 2017 Remuneration Policy, one third of any annual bonus payment to executive directors will be made in the form of shares deferred for a three year period, details of the Deferred Bonus Plan are set out on page 51.

The Committee assessed the performance conditions for the 2015 LTIP award and, following this assessment, the award has lapsed in full.

Arrangements for the coming period

The targets for the annual bonus and LTIP awards for 2018/19 are aligned with the Group's strategic priorities and this is illustrated in the table below. Further details of the measures for 2018/19 are provided on page 51.

The Committee approved a salary increase of 2.0% for colleagues not involved in collective bargaining for 2018/19 and the same salary increase was approved for the CEO and CFO. Gavin Darby has again elected not to take a salary increase and therefore his salary remains unchanged since his appointment in 2013.

I look forward to your continuing support.

Jennifer Laing

Remuneration Committee Chairman
15 May 2018

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 to 07).

Annual Bonus Measures	Objective	Strategic priority	
Trading profit	Profitable growth/increase in earnings	<ul style="list-style-type: none"> Driving revenue growth 	
Strategic objectives focused on commercial opportunities		<ul style="list-style-type: none"> International expansion Strategic partnerships 	
Net debt & cash management	Debt reduction	<ul style="list-style-type: none"> Cash generation Reducing our Net debt to EBITDA ratio to below 3.0x 	
Personal objectives	Developing stakeholder relationships	<ul style="list-style-type: none"> Being a responsible and sustainable business 	
LTIP Measures	Objective	Strategic priority	
Adjusted EPS	Profitable growth/increase in earnings	<ul style="list-style-type: none"> Driving revenue growth 	
Relative TSR	Share price growth	<ul style="list-style-type: none"> Delivering shareholder return over the medium term 	

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 31 March 2018 and has been updated to reflect 2017/18 pension limits and the current non-executive directors and the scenario charts on page 47 has been updated to reflect current remuneration levels. There are no proposals to amend the Directors' Remuneration Policy at the 2018 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	<p>Provides an appropriate level of fixed income.</p> <p>Set at levels to attract and retain talented individuals with reference to the Committee's assessment of:</p> <ul style="list-style-type: none"> 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. 	<p>Normally reviewed annually (currently with effect from 1 April) in conjunction with those of the wider workforce.</p>	<p>Salaries for the relevant year are detailed in the Annual Report on Remuneration.</p> <p>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.</p>	<p>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.</p> <p>Performance period: N/A.</p>
Benefits	<p>Help to recruit, retain and promote the efficient use of management time.</p>	<p>The Company typically provides the following benefits:</p> <ul style="list-style-type: none"> Company car or cash allowance. 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). 	<p>There is currently no maximum level, however, the provision and level of allowances and benefits are considered appropriate and in line with market practice.</p>	<p>N/A.</p> <p>Performance period: N/A.</p>
Pension	<p>To offer market competitive levels of benefit and help to recruit and retain and to recognise long-term commitment to the Group.</p>	<p>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.</p>	<p>The maximum contribution of allowance for executive directors is 20% of basic salary. The current level of contribution or allowance for the current executive directors is as follows:</p> <ul style="list-style-type: none"> CEO: the allowance is 20% of basic salary. CFO: the Company contributes 7.5% of basic pay up to an Earnings Cap (£154,200 for 2017/18, but increasing each April in line with the Retail Prices Index) and pays a salary supplement (£23,389 for 2017/18, which increases each April in line with the Retail Prices Index). 	<p>N/A.</p> <p>Performance period: N/A.</p>

Directors' Remuneration report

	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.	<p>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.</p> <p>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.</p> <p>Recovery provisions apply for the cash and share elements.</p>	<p>Maximum (as a percentage of salary):</p> <ul style="list-style-type: none"> • CEO: 150% • CFO: 105% 	<p>Performance conditions are designed to promote the delivery of the Group's strategy and can be made up of a range of:</p> <ul style="list-style-type: none"> • 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. <p>No more than 20% of the bonus will vest for threshold performance with full vesting taking place for equalling or exceeding the maximum target.</p> <p>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.</p> <p>Performance period: One year</p>
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.	<p>Annual grant of Performance Share Awards.</p> <p>Performance Share Awards are the conditional award of shares or nil cost options which normally vest after three years, subject to performance conditions.</p> <p>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.</p> <p>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.</p>	<p>Maximum individual limit of 200% of salary.</p> <p>Currently award levels are (as a percentage of salary):</p> <ul style="list-style-type: none"> • CEO: 200% • CFO: 150% 	<p>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.</p> <p>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.</p> <p>Performance period: Three years Holding period: Two years (post vesting)</p>
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 a 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.	<p>None, other than continued employment</p> <p>Performance period: Three years.</p>

	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. 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. The majority of annual bonus measures will be focused on financial performance with the remainder linked to individual performance and/or strategic objectives. 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 for the financial and strategic measures and key objectives identified by the Committee for the personal performance measures.

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.

Directors' Remuneration report

2. Remuneration scenarios and weighting

The charts showing executive director remuneration at different levels of performance are set out on page 47.

3. Service contracts

Executive directors have rolling service contracts. The current executive directors' service contracts contain the key terms shown in the below table. 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 agreements do not provide for any enhanced payments in the event of a change of control of the Company.
Notice period	Standard notice periods are set at 12 months from the executive directors and Company.
Payment in lieu of notice	<p>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.</p> <p>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.</p> <p>There is no entitlement to a pro rata bonus payment in lieu of notice.</p>

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 Shinji Honda whose appointment is governed by the Relationship Agreement with Nissin Foods Holdings Co., Ltd.

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).

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 current CEO will be 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 current CEO will be 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.

Directors' Remuneration report

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.

Footnotes:

- 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.
- 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 April 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 linked to the delivery of efficiency targets.

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.

Annual Report on Remuneration

An advisory vote on this Annual Report on Remuneration will be put to shareholders at the AGM on 18 July 2018.

Single figure table for total remuneration (audited)

Single figure for the total remuneration received by each executive director for the 52 weeks ended 31 March 2018 (2017/18) and 1 April 2017 (2016/17).

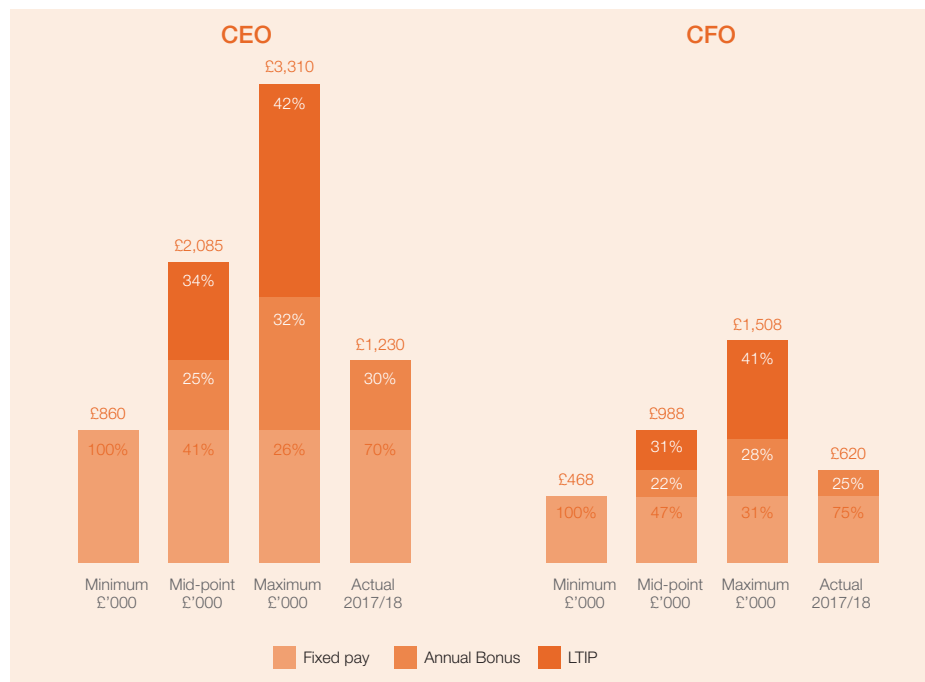
Directors	Salary		Taxable Benefits		Pension		Annual bonus		Share based awards		Total	
	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000
Gavin Darby	700	700	22	22	140	140	368	–	–	–	1,230	862
Alastair Murray	408	408	24	23	35	34	153	–	–	–	620	465

Gavin Darby received a basic salary for the period of £700,000 per annum, a salary supplement in lieu of pension of 20% of base salary and received a bonus of £367,500 for the financial period. Benefits related to the provision of an executive driver service, private health insurance and annual medical assessment.

Alastair Murray received a basic salary for the period of £408,040 per annum and an annualised salary supplement in lieu of pension of 7.5% of the Earnings Cap (£154,200 for the 2017/18 tax year) which equates to £11,568 for the period together with an additional RPI adjusted pensions supplement of £23,389. Mr Murray received a bonus of £152,954 for the financial period. Benefits related to the provision of a company car and private health insurance.

Full details of the annual bonus performance assessment is set out on pages 48 to 50.

Remuneration scenarios and outcome for the year



These charts indicate the level of remuneration that could be earned by executive directors at minimum, mid-point and maximum under the Company's current Directors' Remuneration Policy and, in addition, the actual level of remuneration received for 2017/18.

Footnotes:

- As the DBP is a portion of Annual Bonus it is included within this segment.
- The value of share awards does not include any assumptions on share price movements.
- 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.
- Assumptions when compiling the charts are:

Minimum = fixed pay only (base salary, benefits and pension).

Mid-point = 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

Directors' Remuneration report

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 were 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.

As part of the Group's cost reduction programme it was agreed that there would be no salary increase for employees not involved in collective bargaining in 2017/18 and therefore there was no change to executive directors' salaries in the financial year. In line with the salary increase to all employees not involved in collective bargaining the Committee has approved a 2.0% salary increase for the CEO and CFO for 2018/19 (which took effect on 1 April 2018). Gavin Darby has again elected not to take a salary increase and therefore his salary remains unchanged from his appointment in 2013.

Executive director	31 March 2018	Change	1 April 2017	Change	2 April 2016
Gavin Darby	£700,000	–	£700,000	–	£700,000
Alastair Murray	£416,200	+2.0%	£408,040	–	£408,040

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

There have been no payments to former directors or payments for loss of office in the year (2016/17: nil).

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 2017/18

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 CEO Review on pages 03 and 05 the Group delivered a strong overall performance in 2017/18. Trading profit was £123.0m which represented a 5.1% increase on prior year, however, whilst this was above market expectation it was slightly behind the stretching target set by management at the start of the period. Net debt reduced by £26.8m (5.1%) to £496.4m as a result of strong cash flow management and increased Trading profit and this exceeded the target of £514.2m.

The Committee in addition 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 59.5% of opportunity for Mr Darby and of 59% of opportunity for Mr Murray was appropriate. However, for reasons of affordability, it was agreed between the Committee and the executive directors, that the bonus payments to both Mr Darby and Mr Murray would be capped at 35% of opportunity. Accordingly a bonus of £367,500 was approved for Mr Darby and a bonus of £152,954 was approved for Mr Murray.

Further details of the specific Financial, Strategic and Personal targets and the performance outcome are set out in the tables on pages 49 and 50 for information. Individual weightings have been provided for each Strategic objective.

Following the approval of the 2017 Remuneration Policy one third of any annual bonus payment to executive directors is 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 51.

Gavin Darby (audited)

Performance measure	Target	Stretch	Performance outcome	Weighting	Annual Bonus Performance (% of max bonus)
Financial objectives (subject to Trading profit underpin of £121.8m)					
Trading profit	£125.0m	£128.0m	£123.0m	40%	15.0%
Net Debt	£514.2m	£490.0m	£496.4m	10%	7.5%
				50%	22.5%

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Short to medium-term Strategic objectives (subject to Trading profit underpin of £121.8m)			
Commercial growth opportunities	Successful completion of strategic contract renewal with Mondelez International with increased tenure (to at least 2022), expanded to incorporate 46 countries and the opportunity to access additional brand range.	15.0%	13.0%
	Incremental growth from strategic partnership with Nissin through <i>Batchelors</i> Super Noodle Pots and distribution of Nissin's Soba noodles, initiated test launch of Nissin's Cup Noodle and delivered revenue significantly above target.	10.0%	7.0%
Corporate development	Led review of strategic opportunities which was presented to the Board.	10.0%	4.0%
		35.0%	24.0%

Personal objectives		Weighting	Performance (% of max bonus)
Organisation design	Establishment of single UK BU organisation with revised operational model and delivered annualised SG&A savings of £10m. New management structure has helped to accelerate revenue growth and deliver the business plan.		
Customer relations	Continued development of relationships with major customers through direct engagement of the CEO and senior management team.		
Stakeholder engagement	Leading role as President of the Food and Drink Federation working with the government to shape the approach to key issues facing the food industry, including Brexit and health and wellness. Appointed to the government's Industry Sector Counsel. Initiated the Group's strategy for plastic packaging.		
		15.0%	13.0%
	Final outcome	100%	59.5%

INTRODUCTION

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

Directors' Remuneration report

Alastair Murray (audited)

Performance measure	Target	Stretch	Performance outcome	Weighting	Annual Bonus
					Performance (% of max bonus)
Financial objectives (subject to Trading profit underpin of £121.8m)					
Trading profit	£125.0m	£128.0m	£123.0m	30%	11.0%
Net debt	£514.2m	£490.0m	£496.4m	20%	15.0%
				50%	26.0%

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Short to medium-term Strategic objectives (subject to Trading profit underpin of £121.8m)			
Corporate development	Successfully negotiated new revolving credit facility with extended maturity to December 2020. Re-financed the £210m Senior Secured floating rate notes which extended the maturity until 2022 with no increase in coupon.	10.0%	10.0%
Incremental growth and value creation opportunities	Hovis joint venture – Provided Board level support for a number of major commercial and corporate projects.	5.0%	4.0%
	Knighton business – New CFO recruited and new IT system successfully integrated but overall trading performance below plan.	5.0%	–
Cost and efficiency	SG&A savings of £10m fully implemented with associated organisational restructure now embedded. Net debt reduced by £26.8m through effective control of capex and other discretionary spend.	10.0%	5.0%
Pensions	Integrated Risk Management review completed by the three principal pension schemes. Agreed a de-risking strategy with the RHM trustees which has reduced the overall level of risk whilst maintaining expected asset return.	5.0%	5.0%
		35.0%	24.0%
Personal objectives			
Shared service centre and operational efficiency	Strategy for shared service centre agreed and introduction of robotic process automation initiated.		
Audit and control	New head of Internal Audit successfully inducted into the business and no major control failures reported in the period.		
Business systems	Transfer of IT systems to new third party logistics provider successfully completed and costs control and service level KPIs achieved.		
		15.0%	9.0%
	Final outcome	100%	59.0%

Annual bonus measures for 2018/19

The Committee has determined that the weightings for the annual bonus performance measures will remain the same as last year, split between Financial, Strategic and Personal objectives representing 50%, 35% and 15% of opportunity, respectively.

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 and Personal 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 contain a Trading profit underpin.

One third of any annual bonus awarded in respect of the 2017/18 financial year will be deferred in shares for three years under the Deferred Bonus Plan.

	CEO	CFO
Maximum opportunity as a % of salary	150%	105%
Performance measure	Weighting	Weighting
Financial objectives (subject to a Trading profit underpin)		
Trading profit	40%	40%
Net debt	10%	10%
	50%	50%

Short to medium-term Strategic objectives (subject to a Trading profit underpin)

CEO	35%
-----	-----

- Business development opportunities to deliver incremental growth.
- Delivery of value creation initiatives through relationships with our strategic partners.
- Develop business turnaround plan for Knighton Foods business.

CFO	35%
-----	-----

- Corporate development opportunities to deliver incremental growth.
- Strategic cash flow and efficiency opportunities to accelerate debt reduction.
- Completion of logistics consolidation and delivery of targeted savings.

Personal objectives

CEO	15%
-----	-----

Stakeholder management, organisational development and succession planning

CFO	15%
-----	-----

Delivery of cost efficiency KPIs, IT system security resilience and organisational development

	100%	100%
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Deferred Bonus Plan (DBP)

Following the approval of the new Directors' Remuneration Policy in July 2017, one third of any annual bonus payment awarded to executive directors will be 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 claw back provisions.

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 53) will vest 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.

LTIP award for 2017/18 (audited)

Details of the LTIP award granted on 13 June 2017 are set out below.

	Basis of award	Max value on award date	Performance period
Gavin Darby	200%	£1,400,000	01.04.17– 31.03.20
Alastair Murray	150%	£612,060	01.04.17– 31.03.20

Performance measure	Weighting	Targets		
		Below threshold	Threshold	Stretch
Relative TSR ¹	2/3	< Median	Median	Upper quartile
Adjusted EPS ²	1/3	< 7.8p	7.8p	8.7p
% 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. 2016/17 base year adjusted EPS was 7.2p.
3. Straight line vesting between threshold and stretch.

Directors' Remuneration report

LTIP award for 2018/19

For the 2018/19 award the Committee proposes to use the same measures as the 2017/18 LTIP award, i.e. a relative TSR condition (comprising 2/3rds of the award) and an adjusted EPS condition (comprising 1/3rd 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 3.4% to 8.8%. 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 53.

	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%	£624,300	01.04.18 – 31.03.21

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

Performance assessment for the 2015 LTIP award

The performance conditions for the 2015 LTIP award were based on a relative TSR condition (comprising 2/3rds of the award) and an adjusted EPS condition (comprising 1/3rd of the award). The Committee assessed the two performance conditions in May 2018 and concluded that the targets had not been met and consequently the 2015 LTIP award has lapsed.

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 656,780 shares as at 31 March 2018). 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%.

Pension payments

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

	Total contributions to DC-type pension plan £'000	Cash in lieu of contributions to DC-type pension plan £'000
Gavin Darby	–	140
Alastair Murray	12	23

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. Gavin Darby is paid a cash contribution of 20% of salary whilst Alastair Murray participates in the Group's DC pension scheme and receives a cash supplement.

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 31 March 2018	Shares owned as at 1 April 2017	Extent to which share ownership guidelines met	Unvested share interests under LTIP Awards	Unvested shares interests under DSBP Awards	Sharesave Awards	Total
Gavin Darby ¹	5,601,595	5,213,336	471%	10,032,268	–	24,732	15,658,595
Alastair Murray	309,522	309,522	61%	4,728,175	157,560	24,732	5,219,989

1. Held in the name of Mr and Mrs Darby

Executive share awards (audited)

	Date of grant	Balance as at 1 April 2017	Awarded in the year	Exercised in the year	Lapsed in the year	Balance as at 31 March 2018	Option price	Share price on date of grant	Share price on date of exercise	Vesting date	Maximum expiry date
Gavin Darby											
LTIP	25.06.14	2,629,107	–	–	2,629,107	–	–	51.75	–	31.03.17	24.06.21
	11.06.15	3,294,117	–	–	–	3,294,117	–	42.00	–	31.03.18	10.06.22
	03.06.16	3,294,117	–	–	–	3,294,117	–	42.50	–	31.03.19	02.06.23
	13.06.17	–	3,444,034	–	–	3,444,034	–	40.50	–	31.03.20	12.06.24
Sharesave Plan	11.10.13	3,214	–	–	3,214	–	72.79	–	–	01.12.16	01.06.17
	26.09.14	10,404	–	10,404	–	–	34.60	–	37.20	01.12.17	01.06.18
	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
		9,255,691	3,444,034	10,404	2,632,321	10,057,000					
Alastair Murray											
LTIP	25.06.14	1,126,760	–	–	1,126,760	–	–	51.75	–	31.03.17	24.06.21
	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
DSBP	03.06.16	157,560	–	–	–	157,560	–	42.50	–	02.06.18	02.12.18
Sharesave Plan	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
		4,531,545	1,505,682	–	1,126,760	4,910,467					

- All LTIP awards are in the form of performance shares. The Remuneration Committee concluded that the performance conditions for the 2015 LTIP had not been met and consequently the award lapsed in full on 10 May 2018.
- Mr Darby exercised an option over 10,404 shares under the Company's Sharesave Plan on 27 March 2018 and all shares were retained, this resulted in a notional gain on exercise of £270.50. 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.

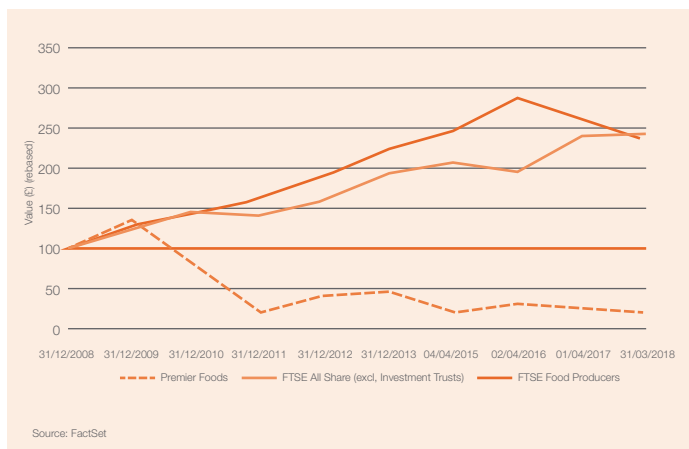
Share ownership for the wider Group

The Committee recognises the importance of aligning colleagues across the business 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. In 2014 all colleagues (excluding the ELT) were given an award of 500 free shares under the Share Incentive Plan and each year colleagues are invited to join the Company's all employee Sharesave Plan. Participation in the Sharesave Plan currently represents approximately 30% of colleagues.

Directors' Remuneration report

Total shareholder return

The market price of a share in the Company on 29 March 2018 (the last trading day before the end of the financial period) was 37.8 pence; the range during the financial period was 36.5 pence to 45.8 pence.



This graph shows the value, by 31 March 2018, 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 eight financial periods. The figures for 2014/15 represents a 15 month period.

Year	CEO	Single figure for total remuneration	Annual bonus as a % of maximum	LTIP vesting as a % of maximum
2017/18	Gavin Darby ¹	£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. Full details of the single figure for total remuneration are set out on page 47.

Percentage change in CEO pay

For the purpose of this table pay is defined as salary, benefits and annual bonus. There has been no increase to the CEO's salary since his appointment in 2013. 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 2017/18	% Change 2016/17	% Change 2017/18	% Change 2016/17
Base salary	0%	0%	+2.0%	0%
Benefits	0%	+16%	0%	0%
Annual bonus	-	-100%	-11.3%	-23%

Relative importance of spend on pay

The following table sets out the amounts and percentage change in total employee costs. 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).

	2017/18	2016/17	Change
Total employee costs	£148.2m	£157.9m	-6.1%
Free cash flow	£28.8m	£15.1m	+90.7%
Net debt	£496.4m	£523.2m	-5.1%

Non-executive directors (audited)

Single figure for the total remuneration received by each non-executive director for the financial periods ended 31 March 2018 and 1 April 2017.

Director	Basic fee	Committee Chair fee	SID fee	Total fees 2017/18	Total fees 2016/17
Keith Hamill ¹	235,000	–	–	117,500	–
Richard Hodgson	57,000	–	–	57,000	57,000
Shinji Honda ²	–	–	–	–	–
Ian Krieger	57,000	13,000	10,000	80,000	80,000
Jennifer Laing	57,000	10,500	–	67,500	67,500
Pam Powell	57,000	–	–	57,000	57,000
Former directors					
David Beever ³	265,000	–	–	161,610	265,000
Tsunao Kijima ²	–	–	–	–	–
Daniel Wosner ⁴	57,000	–	–	57,000	4,750

1. Mr Hamill was appointed as a non-executive director on 1 October 2017 and as Chairman on 9 November 2017.
2. Mr Honda was appointed as a non-executive director on 23 March 2018 as a representative of Nissin in place of Mr Kijima who stepped down as a non-executive director on 23 March 2018 following his decision to retire from Nissin. Neither Mr Kijima nor Mr Honda receive a fee or other remuneration in respect of their roles.
3. Mr Beever retired as a non-executive director on 9 November 2017.
4. Mr Wosner, who was a representative of Oasis, resigned as a non-executive director on 28 March 2018.

Non-executive directors' fees

The fees of our non-executive directors (NEDs) are set out below. Keith Hamill was appointed as Chairman in November 2017 following the retirement of David Beever and his fee was agreed at £235,000. A review of non-executive directors' fees was undertaken in February 2018 and no increase to fees was recommended.

NED Fees	31 March 2018	Change	1 April 2017
Chairman fee	£235,000	-11%	£265,000
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 re-appointed for a further three year period. Mr Honda's appointment is governed by the terms of the relationship agreement with Nissin.

NED	Date of original appointment	Expiry of current appointment/ amendment letter	Notice period
Keith Hamill	1 October 2017	AGM 2020	6 months
Richard Hodgson	6 January 2015	AGM 2020	3 months
Shinji Honda	23 March 2018	–	–
Ian Krieger	1 November 2012	AGM 2018	3 months
Jennifer Laing	1 October 2012	AGM 2018	3 months
Pam Powell	7 May 2013	AGM 2019	3 months

Directors' Remuneration report

Non-executive directors' interests in shares (audited)

NED	Ordinary shares owned as at 31 March 2018	Ordinary shares owned as at 1 April 2017
Keith Hamill ¹	266,666	–
Richard Hodgson	–	–
Shinji Honda ²	–	–
Ian Krieger	504,000	504,000
Jennifer Laing	54,802	54,802
Pam Powell	160,366	160,366

1. Mr Hamill was appointed as a non-executive on 1 October 2017.
2. Mr Honda is Chief Strategy Officer of our largest shareholder, Nissin. It was agreed on appointment that he would not hold shares in the Company.

The Committee

Details of the Committee members and meeting attendance are set out on pages 30 and 31. The Committee Chairman and all current members of the Committee are independent. Mr Wosner was appointed a member of the Committee when he joined the Board in March 2017 but resigned from the Committee in July 2017 in order to ensure the Committee consisted of only independent non-executive directors. In addition, the CEO, HR Director and Aon Hewitt regularly attend 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 five scheduled meetings.

Advisers

Aon Hewitt Limited ('Aon') has been appointed as advisers to the Committee. During the year Aon provided advice in connection with executive remuneration arrangements and the Company's new Remuneration Policy. 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 £28,166 (2016/17: £65,715) 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 2017 Directors' Remuneration Report and the Directors' Remuneration Policy at the AGM;
- Reviewed a new management 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 2018/19 annual bonus in accordance with the strategic objectives of the Group;
- Granted the 2017 awards under the Company's all-employee and executive share plans and agreed the targets for awards due to be made in 2018; 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 directors do not have any external appointments with publicly quoted companies. Gavin Darby is currently President of the Food and Drink Federation.

Statement of voting at Annual General Meeting

Both the Directors' Remuneration Report and the Directors' Remuneration Policy received strong support at the AGM in 2017 with more than 98% of shares voted being in favour. Full details of the voting on the resolutions are set out below.

	Approval of Directors' Remuneration Report 2016/17	% of votes cast	Approval of the current Directors' Remuneration Policy	% of votes cast
Date of AGM	20 July 2017		20 July 2017	
Votes for	544,613,759	98.87%	540,647,973	98.82%
Votes against	6,198,168	1.13%	6,432,867	1.18%
Total votes cast	550,811,927	100%	547,080,840	100%
Votes withheld	66,079		3,797,166	

The Directors' Remuneration Report was approved by the Board on 15 May 2018 and signed on its behalf by:

Jennifer Laing

Chairman of the Remuneration Committee