Directors' remuneration report

Remuneration has an important part to play in realigning our culture and ensuring best practice.

Annual statement by the Chairman of the remuneration committee

"I am pleased to present the report of the Group Remuneration Committee. The first section of the report explains how the Directors' Remuneration Policy (DRP) applied in 2018, and subject to shareholder approval, how the new DRP will be implemented in 2019.

The new DRP is set out in the second section and is for approval at the 2019 AGM. The new Board of the Provident Financial Group concluded that the former short-term targets and reward policy were inappropriate and should be replaced with a balanced scorecard approach with appropriate behavioural and risk management targets, which rewards long-term performance."

Andrea Blance
Remuneration Committee Chairman

The report complies with the provisions of the Companies Act 2006, Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Listing Rules of the Financial Conduct Authority (FCA). The Company also follows the requirements of the UK Corporate Governance Code (Code) published in April 2016. For the new requirements under the revised Code published in July 2018, the Company has reviewed the current practice. Compliance with these new requirements will be disclosed in our Directors' Remuneration Report for 2019.

Annual statement by the Chairman of the remuneration committee *continued*

Board changes

Stuart Sinclair and Rob Anderson stepped down from the Board, and as members of the Committee, with effect from 21 September 2018 and 11 December 2018 respectively. Patrick Snowball was appointed the Board Chairman on 21 September 2018. We also welcomed Paul Hewitt, Elizabeth Chambers and Angela Knight to the Committee with effect from 31 July 2018.

Malcolm Le May was appointed the interim Executive Chairman on 24 November 2017. On 1 February 2018, he was appointed the Chief Executive Officer.

Andrew Fisher, the Finance Director, stepped down from the Board on 3 December 2018, but remained employed by the Company for three months to provide an orderly handover until 4 March 2019, when his employment terminated.

Simon Thomas was appointed the Chief Financial Officer (CFO) and joined the Board on 3 December 2018.

Full details of the Board changes are set out on page 114.

Details of the remuneration earned by Stuart Sinclair, Rob Anderson, Patrick Snowball, Elizabeth Chambers, Angela Knight and Paul Hewitt as non-Executive Directors, and Malcolm Le May, Andrew Fisher and Simon Thomas as Executive Directors, during the year ending 31 December 2018, have been included in the Directors' Remuneration Report.

New Directors' Remuneration Policy (DRP) for shareholder approval at 2019 AGM

The current DRP was approved by over 93% of our shareholders at our AGM in May 2017. The next binding vote on the DRP is not required until 2020. However, after careful consideration, we are proposing several amendments to the current Policy at the 2019 AGM. The amended Policy will apply to awards in respect of 2019 performance year onwards for all Executive Directors. The proposed amendments will bring the Policy in line with best practice and ensure the overall remuneration for the Executive Directors is at a market competitive level. The key proposed changes to the DRP are:

- Reduction in the maximum pension allowance from 30% to 15% for existing Executive Directors. For any future Executive Director appointments from 2019 AGM onwards, pension allowance will be capped at 10%, in line with the allowance available to the workforce;
- Removal of the deferred bonus matching plan from the Policy for future awards;
- Increase in mandatory deferral from one third to 40% of any bonus payable;
- Increase in the maximum annual bonus opportunity from 120% to 175%, recognising the removal of the deferred bonus matching plan, the reduction in pension allowance, the increase in mandatory deferral, and the market levels of maximum annual bonus in other financial services companies;
- Formalisation of a 2-year post-vesting holding period on the Long-term Incentive Scheme (LTIS), creating a "3+2" structure in line with the new UK Corporate Governance Code requirements; and Strengthening of Malus and Clawback provisions.

The amended DRP will be submitted for shareholder approval at the 2019 AGM.

Changes to the UK Corporate Governances Code, and shareholder and proxy voting agency guidelines

We are considering other changes resulting from the new Corporate Governance Code (published in July 2018) and new shareholder guidelines. We will be considering how these changes should impact our executive remuneration practices during the course of 2019, and will include an update on how we have responded to these changes in our Directors' Remuneration Report for 2019.

Performance in 2018

During 2018, the Company has made sound progress in delivering the Group's operational goals for the year with a Group adjusted PBT of £153.5m (82.3% increase from 2017). The Group's capital position and liquidity both remain strong following completion of the rights issue in April 2018 and the re-financing of the £250m senior bonds in June 2018. Vanquis Bank's customer refund programme affecting 1.2 million current and past Repayment Option Plan (ROP) customers is progressing well and is on-track to be substantially completed in early 2019. The home credit business has substantially completed the recovery plan, including the Financial Conduct Authority (FCA) authorisation process.

Annual bonus outcomes in respect of 2018

The CEO was eligible for a maximum bonus of 120% of salary for performance in 2018.

A new balanced scorecard and more formal risk evaluation was introduced to the annual bonus for 2018. For the CEO, 30% of maximum was based on Group adjusted PBT, 20% was based on CET 1 ratio, 50% of maximum was based on Company strategic non-financial and personal objectives. The Group achieved adjusted PBT of £153.5m, which is below the threshold level set by the Committee. Therefore, for Group adjusted PBT, zero percent out of the maximum for this element was awarded. The Group achieved a CET 1 ratio of 29.7%. Therefore, 95% out of the maximum for this element was awarded. The strategic non-financial and personal elements included key qualitative objectives in the areas of: restabilising the Group's financial strength, reviewing and strengthening the Group's culture, improving governance and risk management, implementing our customer strategy, and improving our capabilities in talent and organisation. The Committee assessed performance against these criteria and awarded 100% of the maximum available for these key strategic non-financial and personal objectives, in recognition of the achievements in delivering the ROP restitution, the Rights Issue and Bond refinancing and other key milestones. Malcolm Le May received a total bonus of 69% of maximum for 2018 performance.

The Finance Director, Andrew Fisher was eligible for a maximum bonus of 100% of salary for performance in 2018.

During 2018, the Group had a strategic focus on stabilising and strengthening the financial position through the rights issue and the re-financing of the corporate bond. Therefore, it was appropriate that Andrew Fisher's bonus reflected the key role he played in these financial stabilisation activities. His bonus was based on Group PBT (30% weighting), CET 1 ratio (20% weighting), with the remainder based on Company strategic non-financial targets and personal objectives. Based upon a Group adjusted PBT of £153.5m and a CET 1 ratio of 29.7%, 0% and 95% of the maximum were paid out under each element respectively. The strategic non-financial metrics include: re-financing the corporate bond, supporting the CEO for a successful Rights Issue, managing relationships with the Group's banks and rating agencies, effectively managing the Group's balance sheet, participation in the selection of an appropriate successor and planning the transition to the new CFO, leading the recruitment process and developing formal succession plans for key individuals in the Finance function. Because of the strong performance in these areas, this element of bonus achieved 100% pay-out. Andrew Fisher received a total bonus of 69% of maximum for 2018 performance.

Deferral in respect of 2018 bonus

Under the current Policy, one third of the annual bonus is subject to deferral into shares under the Deferred Bonus Plan (formerly PSP). However, in anticipation of the changes to Policy being proposed at the 2019 AGM, the Committee has determined that 40% of the CEO's bonus in respect of 2018 should be subject to deferral. One third of Andrew Fisher's 2018 bonus will be deferred. Furthermore, the current Policy allows for matching of deferred bonuses, of up to two shares for every share deferred. In anticipation of the changes proposed to the Policy, the Committee has determined that no matching should apply to the bonuses in respect of 2018.

LTIS outcomes in respect of 2018

Awards made under the 2016 LTIS to Andrew Fisher were due to vest on 1 March 2019. These awards were subject to performance conditions of annualised adjusted EPS growth and annualised absolute TSR over the three financial years ended 31 December 2018. As the minimum performance requirements for these performance metrics were not met, the vesting outcome for this award is zero, and the award has therefore lapsed.

Matching Awards granted under the 2016 PSP to Andrew Fisher were also due to vest on 1 March 2019. These awards were subject to performance conditions of annualised adjusted EPS growth over the three financial years ended 31 December 2018. As the minimum performance requirements for this metric were not met, the vesting outcome for the Matching Award is zero and these awards have also lapsed.

LTIS grants during 2018

The Committee made grants of LTIS of 50% base salary, reduced from 200% in 2017, for Andrew Fisher and 200% of base salary for Malcolm Le May. These will vest in 2021 subject to three performance metrics. These are cumulative EPS (60% weighting), relative TSR (30% weighting) and risk metrics (10% weighting). Relative TSR was implemented to replace the previous metric of absolute TSR, to bring the LTIS closer in line with normal market practice. The Committee considered whether 200% of salary was an appropriate LTIS grant for Malcolm Le May in 2018, given the movements in share price during 2017. The Committee noted that Malcolm Le May did not take up an executive role until 24 November 2017. It concluded that it was important to provide a clear incentive for the new CEO to grow EPS and TSR over the next three-year LTIS performance period, and maintain an emphasis on driving long-term performance.

Base salaries

Malcolm Le May's base salary as CEO was set at £700,000 in 2018, which is £55,000 (7%) lower than his predecessor. With effect from the salary review date, 1 January 2019, the Committee determined that his salary for 2019 should remain unchanged at £700,000.

Andrew Fisher's base salary was set at £551,000 effective 1 January 2018 (a 2.5% increase from 2017), which was approximately in line with the average increase for the wider workforce.

The new CFO, Simon Thomas, who joined the Board on 3 December 2018, has a base salary of £510,000.

Conclusion

2018 remuneration for the Executive Directors continues to be closely aligned with performance. LTIS and Matching Awards due to vest for performance to the end of 2018 have both lapsed as the minimum performance requirements were not met. Annual bonuses in respect of 2018 reflect the progress that has been made this year towards stabilising the Company and establishing the path to future success. The proposed changes to our DRP will be submitted to the shareholders at the 2019 AGM, and bring the Policy in line with current best practice, simplify the arrangements, and provide a competitive level of remuneration whilst reducing the maximum total remuneration substantially relative to the maximum available under the current Policy.

I would like to thank shareholders for the support they have given in the past, and I hope you will support our new Directors' Remuneration Policy at the 2019 AGM, together with our Annual Report on Remuneration for 2018.

Andrea Blance
Remuneration committee chairman
13 March 2019

Annual report on remuneration

Introduction

This Annual Report on Remuneration provides an overview of the workings of the Committee during the year, sets out details of how the approved DRP was implemented in 2018, and explains the total remuneration earned by the directors during the year. It also outlines how the proposed new DRP will be implemented in 2019.

This report, together with the Committee Chairman's annual statement will be subject to an advisory vote at the 2019 AGM.

1. Implementation of the approved DRP in 2018

1.1 Directors' remuneration

The table shows the Directors' emoluments for the 2018 financial year and the 2017 financial year for comparison.

Executive Directors' remuneration

	Fixed pay																Variable pay		Total	
											Share incentive schemes									
	Salary		Benefits in kind[4]		Pension		Total fixed pay		Annual bonus[5]		Vesting of LTIS		Vesting of PSP Matching		PSP dividends		Total variable pay			
Director's name	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018[6] £'000	2017 £'000	2018[7] £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Executive Directors																				
Malcolm Le May[1]	692	68	29	3	93	6	814	77	573	–	–	–	–	–	–	–	573	–	1,387	77
Andrew Fisher[2]	509	538	33	36	153	172	695	746	349	–	–	–	–	–	–	–	349	–	1,044	746
Simon Thomas[3]	43	–	1	–	6	–	50	–	–	–	–	–	–	–	–	–	–	–	50	–
Total	1.244	606	63	39	252	178	1,559	823	922	–	–	–	–	–	–	–	922	–	2,481	823

1 Malcolm Le May received an annual salary of £600,000 for the period from 1 Jan 2018 to 31 Jan 2018, as the Executive Chairman. His annual salary as the Chief Executive Officer is £700,000, effective from 1 February 2018.

2 Andrew Fisher stepped down from the Board on 3 December 2018 but remained an employee until 4 March 2019. The figures in the above table however relate only to this period as a Director during the year (i.e. 1 January to 3 December 2018).

3 Simon Thomas was appointed the Chief Financial Officer on 3 December 2018.

4 This figure includes amounts in respect of a company car benefit, fuel allowance, private medical insurance and permanent health insurance.

5 The annual bonus represents the gross bonus payable to the directors in respect of 2017 and 2018.

6 Amount calculated based on no vesting of the 2016 LTIS.

7 Amount calculated based on no vesting of the 2016 PSP Matching Awards.

Non-executive directors' fees and benefits

	Fees		Benefits in kind		Total	
Director's name	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Chairman						
Stuart Sinclair[1,2]	**252**	94	**1**	1	**253**	95
Patrick Snowball[3]	**88**	–	**1**	–	**89**	–
Non-executive directors						
Rob Anderson[2]	**66**	70	**5**	4	**71**	74
Andrea Blance	**116**	75	**3**	–	**119**	75
Elizabeth Chambers[4]	**43**	–	**5**	–	**48**	–
Paul Hewitt[4]	**41**	–	**1**	–	**42**	–
Angela Knight[4]	**41**	–	**–**	–	**41**	–
David Sear[5]	**7**	71	**–**	1	**7**	72
John Straw	**78**	66	**3**	3	**81**	69
Total	**732**	376	**19**	9	**751**	385

Note: The non-executive directors did not receive a pension benefit nor did they receive any bonus or share incentive entitlements.

1 Stuart Sinclair was appointed the Interim Chairman on 1 February 2018 and retired from the Board on 21 September 2018.

2 Stuart Sinclair and Rob Anderson each received an additional fee of £50,000 per annum in respect of their respective directorships of the relevant companies of CCD and Moneybarn. Rob Anderson stepped down from the Board with effect from 11 December 2018.

3 Patrick Snowball was appointed Chairman and joined the Board on 21 September 2018.

4 Angela Knight, Elizabeth Chambers and Paul Hewitt were appointed as directors effective 31st July 2018.

5 David Sear stepped down from the Board on 26 January 2018.

1.2 Executive Directors' salaries and Non-Executive Directors' fees in 2018

Executive Directors' salaries

Malcolm Le May received an annual salary of £600,000 for the period between 1 January 2018 and 31 January 2018 as the Executive Chairman. He was subsequently appointed Chief Executive Officer on 1 February 2018. At the time of his appointment as the CEO, the Committee considered the responsibilities of the role, his experience, the Group's salary structures, pay and conditions. As a result, it was agreed that he would receive a salary of £700,000 as the CEO. This was set at a lower level than his predecessor Peter Crook, whose salary was £755,000.

The Committee reviewed the salary of the Group Finance Director at the normal salary review data of 1 January 2018, and awarded him a salary increase of 2.5% to £551,000. The increase was broadly consistent with the average percentage increases awarded elsewhere in the Group.

Chairman

The fees for the Chairman are set by the Committee. Full details of the Chairman's fees are set out on page 160.

Other non-executive directors' fees

Non-executive directors' fees are designed both to recognise the responsibilities of non-executive directors and to attract individuals with the necessary skills and experience to contribute to the strategy and future growth of the Company. There were no increases in Non-executive directors' fees in 2018. Full details of the fees are set out on page 160. Non-executive directors' remuneration is set by the Board, except for the Board Chairman whose fee is set by the Committee. The fees do not include share options or other performance-related elements.

Fees from other directorships

Malcolm Le May has been a non-executive director of IG Group plc since September 2015 and Hastings Group Holdings plc since 2015 until April 2018 when he resigned as a non-executive director. He retains the fees from those appointments. During 2018, the fees amounted to £113,235 (£14,067 between 24 November and 31 December 2017).

Andrew Fisher has been a non-executive director of Arrow Global Group PLC since 9 December 2016 and retains the fee from that appointment. During 2018, the fee amounted to £65,000 (2017: £65,000).

Simon Thomas did not hold any external directorship for the period from 3 December to 31 December 2018.

Annual report on remuneration *continued*

1.3 Annual bonus scheme

Annual bonus opportunities and targets for 2018

A new balanced scorecard was introduced for 2018 annual bonus, to increase focus on key objectives and the transformation of the business. The 2018 annual bonus was based on Group adjusted PBT, CET 1 ratio, Company strategic non-financial objectives and personal objectives. Group adjusted PBT and CET 1 ratio were chosen as the financial metrics for 2018 bonus because Group adjusted PBT is an important metric of the Company's profitability and the CET 1 ratio is a key metric of the strength of the Company's balance sheet, and an underpin for future growth. The non-financial objectives are critical to the turnaround of the business, and are the drivers of future success. The maximum bonus opportunity in respect of 2018 remained at 120% of salary for the CEO and 100% of salary for the Finance Director, and was split as follows:

	Malcolm Le May		Andrew Fisher	
Performance metric weightings	**% of max bonus**	**Max as % of salary**	**% of max bonus**	**Max as % of salary**
Group adjusted PBT	30%	36%	30%	30%
CET 1 ratio	20%	24%	20%	20%
Company non-financial objectives	30%	36%	30%	30%
Personal objectives	20%	24%	20%	20%
Total		120%		100%

1.4 Assessment of performance and pay-outs for 2018 annual bonus

Bonuses were assessed on a sliding scale with threshold performance delivering a pay-out of 25% of maximum, on-target performance paying 60% of maximum, and stretch performance paying 100% of maximum. Straight-line vesting operated between Threshold and Target, and between Target and Maximum. The Group achieved an adjusted PBT of £153.5m, which resulted in a zero bonus pay-out under the Group adjusted PBT element for Malcolm Le May and Andrew Fisher.

	Group adjusted PBT					Bonus outcome	
	Threshold (25% of max)	**Target (60% of max)**	**Max (100% of max)**	**Weighting**	**2018 actual Group adjusted PBT**	**% of max under PBT**	**£**
Malcolm Le May	£156.6m	£184.3m	£202.2m	30%	£153.5m	0	0
Andrew Fisher				30%		0	0

	CET 1 ratio					Bonus outcome	
	Threshold (25% of max)	**Target (60% of max)**	**Max (100% of max)**	**Weighting**	**2018 actual CET 1 ratio**	**% of max under CET 1 ratio**	**£**
Malcolm Le May	23.2%	27.3%	30.0%	20%	29.7%	95%	157,974
Andrew Fisher				20%		95%	104,872

The Committee also assessed Executive Directors' performance relative to the Company strategic non-financial objectives and their personal objectives for 2018. The detailed objectives, the assessment of each objective and the resulting bonus outcome are outlined below.

Malcolm Le May non-financial performance

Criteria	**Achievement under the Group strategic non-financial objectives (30% weighting)**	**Performance achieved (score 1-5)**	**% of max under Group non-financial**
Set the Group on a path to financial stability	Took the lead and successfully completed the Rights Issue in April 2018. Instrumental in deciding the timing of the bond issue and the timetable and successfully delivered the bond refinancing. Successfully negotiated settlement on ROP with the FCA. Worked closely with key shareholders during the year to rebuild their understanding of the Group's sense of purpose and direction. Lead all dialogues with the FCA to settle ongoing Moneybarn investigation, anticipated to be concluded within the first quarter of 2019.	5	
Culture, governance and risk management	Delivered significant progress in establishing the Group Executive Committee, centralised risk function, IT, HR, communications and Group Counsel and Co Sec function. Successfully improved the relationships with all three major regulators with discussions taking place on strategic growth initiatives. Successfully established a new governance framework/model to improve transparency on subsidiary governance and to pave the way for a migration to a single entity facilitating a more consistent approach to serving customers across the Group.	5	
Customer strategy	Made significant progress on the implementation of the home credit recovery plan, achieved a full authorisation by the FCA. Working with the Group executives, developed the new sense of Group purpose, which encapsulates the strategy that puts the customer at the forefront of our thinking.	5	
Total			100%

Criteria	Achievement under the personal objectives (20% weighting)	Performance achieved (score 1-5)	% of max payable under this element
People, capabilities and behaviours	Successfully recruited a new CFO (started December 2018). All personnel changes were conducted with full knowledge and support of the appropriate regulatory authorities. Successfully established a new performance management framework based on balanced scorecards aligned to the new Group purpose, business drivers and behavioural expectations.	5	
Total			100%

Andrew Fisher non-financial performance

Criteria	Achievement under the Group strategic non-financial objectives (30% weighting)	Performance achieved (score 1-5)	% of max under Group non-financial
Set the Group to a path to financial stability	Played a role during the Rights Issue process, instrumental in ensuring its successful launch in April 2018. Effectively managed the relationship with the Group's banks, ensuring satisfactory waivers were obtained to certain of the covenants contained in the facilities agreements, which were critical to the successful launch of the Rights Issue. Effectively managed the Group's balance sheet, successfully completed the partial refinance of the existing senior bonds for the Group. Successfully managed the relationship with the rating agencies which was important to the successful launch of the Rights Issue, the bond issue and maintaining the Group's investment grade.	5	
Total			100%

Criteria	Achievement under the personal non-financial objectives (20% weighting)	Performance achieved (score 1-5)	% of max under personal non-financial
People, capabilities and behaviour	Supported the CEO in assessing current Group-wide capabilities and behaviours against those needed to deliver the new customer strategy and a more open, collegiate culture. Identified gaps within the Finance function and lead a programme to hire fresh talent and develop formal succession plans for key individuals below the CFO. Supported the implementation of a new performance management framework based on balanced scorecards which reward collegiate working and good customer outcomes. Lead an effective appointment process to secure a new Group Finance Director.	5	
Total			100%

Total bonus payout*	Payout under Group adjusted PBT (% of salary)	Payout under CET 1 ratio (% of salary)	Payout under Company strategic non-financial (% of salary)	Payout under personal objectives (% of salary)	Total bonus paid: As % of salary	Total bonus paid: As % of max	Total bonus paid: £
Malcolm Le May	0	95%	100%	100%	82.8%	69%	572,974
Andrew Fisher	0	95%	100%	100%	69%	69%	380,372

* In determining the overall bonus outcomes for both Executive Directors, a written risk assessment and appraisal was presented to the Committee by the Chief Risk Officer prior to finalising the outcomes, taking account of the substantial and positive changes during the year and recognising that further work is required.

1.5 Long-term incentive schemes

In 2018 the Committee granted awards under the LTIS, which have a three-year performance period covering the years from 2018 to 2020. Details of the LTIS grants are provided below.

1.5.1 LTIS – 2018 grant and performance targets

LTIS awards of 200% of base salary were granted to Malcolm Le May and 50% of base salary to Andrew Fisher in 2018. These are due to vest in 2021 subject to performance conditions, continued service and a further two year holding period.

For the 2018 LTIS grant, the absolute TSR metric was replaced with relative TSR compared with the constituents of FTSE 250 excluding investment trusts. The performance targets for 2018 LTIS and the corresponding vesting schedule are provided in the table below.

Performance metrics	Weighting	Threshold: Performance requirement	Threshold: % of max vesting	Maximum: Performance requirement	Maximum: % of max vesting	Between threshold and max
Cumulative EPS	60%	137.3	20%	167.9	100%	Straight line vesting
Relative TSR	30%	Median	20%	Upper quartile	100%	
Risk metrics[1]	10%	Based on Committee assessment	20%	Based on Committee assessment	100%	

1 Risk metrics include: performance against risk appetite (assessment), risk culture and conduct reviews (in particular at the Divisional level) and audit and issue assessment.

Annual report on remuneration *continued*

Dividend waiver

The Executive Directors have waived any entitlement to dividends payable during the performance period on their LTIS awards. To the extent an award vests at the end of the performance period, either additional ordinary shares in the Company or a cash amount equivalent to the dividends that would have been paid on the vested awards from the date of grant, would be provided to the Executive Directors on vesting. As the awards did not vest during 2018, no dividends were paid.

LTIS

Details of the LTIS awards granted to the Executive Directors during 2018 are summarised below:

Director's name	Date of award	Number of shares	Face value[1]	Percentage of salary	Performance condition	Performance period	% vesting at threshold
Malcolm Le May	16.04.2018	204,498	£1,400,000	200%	30% based on relative TSR, 60% based on absolute EPS growth, and 10% based on risk indicators	Three consecutive financial years ending 31 December 2020	20%
Andrew Fisher	16.04.2018	40,169	£275,500	50%			20%

1 Face value calculation is based on the share price of £6.8460 on 13 April 2018. Actual value at vesting may be greater or lesser depending on actual share price at vesting and as a result of any dividend equivalent payable on vested shares.

Awards held by the Executive Directors under the LTIS at 31 December 2018 were as follows:

Director's name	Date of award	Awards held at 01.01.2018	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Awards held at 31.12.2018	Market price at date of grant (p)	Market price at date of vesting (p)	Vesting date
Malcolm Le May	16.04.2018[1]	–	204,498	–	–	204,498	684.60	–	16.04.2021
Andrew Fisher	25.02.2015[2]	36,977	–	–	36,977	–	2,726.0	–	25.02.2018
	01.03.2016[3]	32,009	–	–	–	32,009	3,249.0	–	01.03.2019
	24.03.2017[3]	36,714	–	–	–	36,714	2,928.0	–	24.03.2020
	16.04.2018[1]	–	40,169	–	–	40,169	684.60	–	16.04.2021

1 Details of the performance targets for the 2018 awards are provided in the table '2018 grant and performance targets'.

2 Details of the performance targets for the 2015 award were included in the annual report on remuneration in 2017.

3 Half of the 2016 and 2017 award vests subject to EPS growth with 20% of this part of the award vesting for EPS growth of 5% per annum through to full vesting for EPS growth of 11% per annum. The remaining half of the award is subject to absolute TSR with 20% of this part of the award vesting for 8% absolute TSR per annum and full vesting for absolute TSR of 15% per annum. No vesting takes place below the threshold performance levels with straight-line vesting taking place between threshold and maximum performance levels. In addition: (1) with regard to the absolute TSR performance targets, that part of the award will not vest unless the committee is satisfied that the TSR performance is a genuine reflection of the underlying performance of the Company; and (2) with regard to the absolute EPS performance targets, that part of the award will not vest unless the committee is satisfied that the vesting is consistent with the broader financial performance of the Company. Full details of historic performance targets have been fully set out in previous directors' remuneration reports.

2016 awards

Vesting of the 2016 LTIS awards, which was due to take place on 1 March 2019, was split equally between the Company's annualised growth in adjusted EPS and its annualised absolute TSR over the three-year performance period. The minimum performance requirements were not met, therefore the vesting outcome of the 2016 LTIS is zero and the awards lapsed. For information, the performance metrics and targets were as follows:

Annualised growth in adjusted EPS	Percentage vesting (of EPS part of award)	Outcome
Below 5%	0%	
5%	20%	0% vesting
11%	100%	

Annualised absolute TSR	Percentage vesting (of TSR part of award)	Outcome
Below 8%	0%	
8%	20%	0% vesting
15%	100%	

A sliding scale of vesting (on a straight-line basis) applied between the lower and upper EPS and TSR targets.

The Company's annualised growth in adjusted EPS over the performance period was minus 586% which did not exceed the minimum annualised growth in adjusted EPS target of 5%, resulting in no part of the EPS element of the award vesting.

Aon, the Committee's remuneration advisors, also confirmed that the Company's annualised TSR over the three-year performance period was minus 37.5%, which fell below the minimum annualised TSR target of 8%, resulting in no part of the TSR element of the award vesting.

1.5.2 PSP – bonus deferral and matching plan

The PSP is a bonus deferral and matching plan. Deferred bonuses vest after three years. Under the DRP, Matching Awards can be made on the deferred bonus with a value of up to two matching shares for each deferred bonus share. However, as reported last year and to align with best practice, the facility to grant Matching Awards was discontinued in 2018. There is a mandatory deferral of bonus for Executive Directors which is a minimum of one third of any bonus awarded.

2018 awards

In 2018, no bonuses were awarded to the Executive Directors in respect of 2017 performance. As a result, there was no deferral of bonus and no PSP Awards were made in 2018. (No Matching Awards were granted as disclosed in the 2017 DRR).

Awards held by the Executive Directors under the PSP at 31 December 2018 were as follows:

Director's name	Date of grant	Basic Awards (number of shares) held at 01.01.2018	Matching Awards (number of shares) held at 01.01.2018	Total Basic Awards (number of shares) vested during the year	Total Matching Awards (number of shares) vested during the year[1]	Total Matching Awards lapsed during the year	Total Basic Awards (number of shares) held at 31.12.2018	Total Matching Awards (number of shares) held at 31.12.2018	Market price at date of grant (p)	Market price at date of vesting (p)	Vesting date
Malcolm Le May	–	–	–	–	–	–	–	–	–	–	–
Andrew Fisher	25.02.2015[2]	11,959	23,918	11,959	–	23,918	–	–	2,726.0	656.60	25.02.2018
	01.03.2016[3,4]	10,135	20,270	–	–		10,135	20,270	3,249.0		01.03.2019
	24.03.2017[3,4]	11,840	23,680	–	–	–	11,840	23,680	2,928.0		24.03.2020
	–	–	–	–	–	–	–	–	–	–	–

1 No Matching Awards vested in 2018 and as a result, no dividend shares were received.
2 Details of the performance targets for the 2015 awards were included in the annual report on remuneration in 2017.
3 The Matching Awards vest subject to a performance target based on average annual growth in EPS, with 25% of the Matching Award vesting for EPS growth of 5% per annum (threshold) through to full vesting for EPS growth of 11% per annum (maximum). No vesting takes place below the threshold performance level with straight-line vesting taking place between threshold and maximum performance levels. In addition, no awards will vest unless the Committee is satisfied that the vesting is consistent with the broader financial performance of the Company. Full details of historic performance targets have been fully set out in previous directors' remuneration reports.
4 Andrew Fisher's PSP Matching Awards granted in 2016 and 2017 were adjusted post Rights Issue in 2018 using the standard TERP formula.

Vesting of 2016 awards

For the Matching Awards granted in 2016, which were due to vest on 1 March 2019, the range of the EPS target was as follows:

Average annual growth in EPS	Matching shares vesting
Below 5%	No vesting
5%	Half of one matching share
11%	Two matching shares

A sliding scale of vesting (on a straight-line basis) applied between these lower and upper targets which were measured over a period of three consecutive financial years, the first of which was the 2016 financial year.

As the minimum performance requirements were not met, the vesting outcome on the Matching Awards was zero, and the awards lapsed.

Dividends

For awards granted under the PSP, the dividend payable on the Basic Award only is paid to participants on the normal dividend payment date. Any dividend payable on the shares comprising the PSP Matching Awards will be paid to participants as a dividend equivalent on the normal vesting date and to the extent of vesting.

No Executive Directors received any dividends during 2018 in respect of PSP Matching Awards granted in 2015.

1.5.3 Other relevant share incentive scheme information

The mid-market closing price of the Company's shares on 28 December 2018 was £5.75. The range during 2018 was £7.33 to £4.30.

No consideration is payable on the award of conditional shares.

On 1 March 2019, Andrew Fisher's 2016 LTIS lapsed and his 2016 PSP Basic Awards (deferred bonus awards) vested.

Annual report on remuneration *continued*

1.5.4 Offshore Employee Benefit Trust

The rules of the LTIS and PSP allow these schemes to be operated in conjunction with any employee trust established by the Company. The Company established the Provident Financial plc 2007 Employee Benefit Trust (EBT) in Jersey with SG Kleinwort Hambros Trust (CI) Limited (KB Trustees) acting as the trustee of the trust.

The EBT, together with any other trust established by the Company for the benefit of employees cannot, at any time, hold more than 5% of the issued share capital of the Company.

KB Trustees, as trustee of the EBT, subscribed for 35,000 ordinary shares in March 2018 for the purpose of satisfying the 2018 awards made pursuant to the LTIS. Previously lapsed shares were used to satisfy the remaining 2018 awards made under LTIS. The trustee transferred the beneficial ownership (subject to achievement of performance conditions) in 244,667 of the shares for no consideration to the Executive Directors on 16 April 2018.

1.6 Statement of shareholder voting at the AGM

At the 2018 AGM the Directors' Annual Report on Remuneration received the following votes from shareholders:

	Total number of votes	% of votes cast
For	208,527,239	99.92
Against	156,924	0.08
Total votes cast (for and against)	208,684,163	100.00

The total number of votes withheld was 13,618.
A total of 89,155 shares were voted at proxy's discretion.

1.7 Savings-related share option schemes

The Executive Directors may also participate in the Provident Financial Savings-Related Share Option Scheme 2013 (SAYE Scheme).

The CEO joined the Scheme in October 2018, with a monthly employee contribution of £500, which is the statutory maximum.

The SAYE Scheme does not contain performance conditions as it is an HMRC-approved scheme designed for employees at all levels. Invitations to join the scheme were issued to eligible employees in September 2018. No consideration is payable on the grant of an option.

During the year, no Executive Directors exercised any options.

Options held by the Executive Directors under the SAYE Scheme at 31 December 2018 were as follows:

Director's name	Options held at 01.01.2018	Granted in 2018	Exercised in 2018	Options held at 31.12.2018	Exercise price (£)	Market value at date of exercise (£)	Range of normal exercisable dates of options held at 31.12.2018
Malcolm Le May	–	5,576	–	5,576	5.38	–	–
Andrew Fisher	–	–	–	–	–	–	–
Total	–	5,576	–	5,576	–	–	–

1.8 Malus and clawback

In accordance with the recommendations within the Code and other best practice guidance, the Committee introduced malus and clawback provisions into all awards under the annual bonus scheme, LTIS and the PSP from December 2010. This enabled the Committee, at its discretion, to reduce awards before vesting (malus) or to clawback value overpaid for a period of three years from the date of vesting/payment in the event of: (i) a material prior period error requiring restatement of the Group financial statements; or (ii) an error in assessing the extent to which a performance target (and/or any other condition) has been met.

The mechanisms open to the Committee when undertaking a clawback include the withholding of variable pay to offset the value to be clawed back and/or seeking repayment from the individual of the value overpaid.

During 2018, the Committee determined that the malus and clawback provisions should be further strengthened. For awards from 2018 onwards, a new Group Malus and Clawback Policy applies, which, in addition to the existing 'triggers', includes the following circumstances:

> There has been a substantial failure in risk management of the Company or of any company in the Group;

> The Company or a relevant business unit suffers a material downturn in its financial performance and the Committee considers that an act(s) or omissions(s) of the participant have significantly contributed to that downturn;

> There is reasonable evidence of misbehaviour or material error on the part of the relevant individual; or

> Any other triggers or circumstances which justify the application of malus and clawback that are required by any regulatory obligations to which the Company or any part of the Company is subject.

1.9 Dilution and use of equity

Since 2008, the Company had, with shareholder approval, disapplied the 5% anti-dilution limit on the use of newly issued shares for the LTIS and PSP and only applied the 10% anti-dilution limit that covers all of the Company's share plans. The disapplication of the limit related back to the demerger of the international business in 2007 and the subsequent share consolidation which made it impossible to operate the LTIS and PSP within the 5% limit if the plans were to act as a motivational tool and reward performance. The Committee undertook to reintroduce the 5% limit when the LTIS and PSP could be effectively operated within that limit and is pleased to confirm that, with effect from 2018, the 5% limit is being applied.

The table below sets out the headroom available for all share schemes (10% in 10 years limit) and shares held in trust, and discretionary share schemes (LTIS and PSP) (5% in 10 years limit) as at 31 December 2018:

Headroom	2018	2017
All share schemes	**5.6%**	3.9%
Shares held in trust	**3.8%**	3.4%
Executive share schemes	**2.2%**	n/a

1.10 Andrew Fisher's leaving arrangements

We announced on 5 November 2018 that Andrew Fisher would step down from the Board on 3 December 2018. Andrew remained employed until 4 March 2019, to provide an orderly handover to his successor, notice having been served on 5 November 2018. For the period from 5 November 2018 to 4 March 2019, Andrew received salary and benefits under his Service Agreement. Thereafter, Andrew was paid in lieu for the balance of his 12-month notice period (£496,368) (salary and benefits). The amount of this payment may be reduced by reference to mitigation. He also received a compensation payment of £70,000.

Andrew received a bonus for the 2018 financial year of £380,372. 30% of his bonus was subject to the Group adjusted PBT target of £184.3m. 20% of his bonus was subject to the CET 1 ratio target of 27.3%. 50% of his bonus was subject to the achievement of Company strategic non-financial and personal objectives. One third of his bonus was deferred into shares for three years. Andrew will not be eligible to receive a bonus in respect of 2019.

Andrew's outstanding awards under the LTIS and Matching Awards under the PSP will vest on the normal vesting date subject to the relevant performance conditions. The awards will also be subject to time proration in respect of the portion of the vesting period that has been served as an employee. The 2018 LTIS award is also subject to a two-year post-vesting holding period, which continues post-employment. Malus and clawback also continue to apply to all variable pay awards. He retains deferred bonus awards under the PSP Basic Awards in respect of bonuses awarded for performance in 2016 and 2018; these vest on the normal vesting dates.

1.11 Total shareholder return: Provident Financial plc vs FTSE 250 (excluding investment trusts)

The graph opposite shows the total shareholder return for Provident Financial plc against the constituents of FTSE 250 (excl. investment trusts) for the past ten years. The FTSE 250 has been selected as the Committee considers it the index most relevant to the Company.

Total shareholder return: Provident Financial plc vs FTSE 250 (excl. investment trusts) – 31.12.2008–31.12.2018

Annual report on remuneration *continued*

1.12 Chief Executive Officer pay

The table below shows the total remuneration figure for the Chief Executive Officer over the ten-year period. Peter Crook's figure is shown up to the date his employment terminated in August 2017. Malcolm Le May's figure is shown from January 2018, including the period he was in the role of the Executive Chairman. The total remuneration figure includes the annual bonus paid together with LTIS and PSP Matching Awards which vested based on the relevant performance targets in those years. The annual bonus, LTIS and PSP Matching Awards percentages show the pay-out for each year as a percentage of the maximum opportunity.

Chief Executive Officer remuneration 2009 to 2018

	Year ended 31 December									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Single total figure of remuneration (£'000)	2,023	2,727	3,443	4,326	4,985	6,594	7,500	6,315	962	**1,387**
Annual bonus (%)	–	81	100	98	89	100	98	100	–	**69**
LTIS vesting (%)	100	66	49	100	100	100	100	100	–	**–**
PSP Matching Awards vesting (%)	–	100	79	–	100	100	100	100	–	**–**

Chief Executive Officer relative pay

The table below shows the percentage year-on-year change in salary, benefits and annual bonus earned between the years ended 31 December 2017 and 31 December 2018 for the Chief Executive Officer, compared to the average for the corporate office employees during the same period. A comparison with the corporate office employee is considered to be more suitable due to the range and composition of employees across the Group and the wide range of different remuneration structures and practices which operate in the Divisions, making any meaningful comparison difficult.

	2017/2018		
%	Salary[1]	Benefits[2]	Annual bonus[3]
Chief Executive Officer	**-8%**	**-46.3%**	**N/A**
Average corporate office employee	**4.2%**	**1.3%**	**N/A**

1 For 2017 the former CEO, Peter Crook, received salary for the period from January to August 2017 (when he stepped down). His 2017 salary was annualised to provide a meaningful comparison with Malcolm Le May's 2018 salary.

2 For 2017, the former CEO, Peter Crook's benefits were annualised to provide a meaningful comparison with Malcolm Le May's 2018 benefits. For simplicity, average benefits for the same corporate office employee population as reported in P11d for the tax year 2016/17 and 2017/18 were used.

3 No corporate office employees (including the CEO) received any bonus in respect of 2017 performance. In respect of 2018 performance, the CEO received a bonus of £572,974, and the bonus for average corporate employees was £13,966.

1.13 Relative importance of spend on pay

The table below shows the total pay (including bonuses) for all the Group's employees in the 2017 and 2018 financial years compared to the distributions made to shareholders in the same periods.

Relative importance of spend on pay

	Year ended 31 December		% change 2017/2018
	2018	2017	
Aggregate gross wages and salaries paid to the Group's employees (£m)	**201.1**	177.5	13.3%
Total shareholder distributions (£m)	**0**	133.4	-100%

1.14 Shareholding requirements

The Company has share ownership guidelines for Executive Directors which in 2018 required them to acquire and maintain shares in the Company with a total value of 200% of basic salary. Executive Directors are required to retain 50% of vested LTIS awards, net of tax, until this requirement has been reached.

The Committee reviews the shareholdings of the Executive Directors in light of these guidelines once a year, based on the market value of the Company's shares at the date of assessment. When performing the calculation to assess progress against the guidelines, shares held by a spouse, dependant, or in an ISA or pension scheme are included, whilst unvested LTIS awards are not.

The current shareholding of the Executive Directors as at 31 December 2018 are as follows:

Director's name	Actual share ownership as a percentage of salary	Estimated ownership post 2019 DBP grant (formerly PSP)[1]
Malcolm Le May[2]	0	17%
Simon Thomas[3]	0	0

1 Net of notional tax.

2 Malcolm Le May was appointed CEO on 1 February 2018.

3 Simon Thomas was appointed CFO on 3 December 2018.

1.15 Directors' share ownership

Details of shares held by the Executive Directors and their connected persons, are shown in the table below:

Director	Type	Owned outright	Unvested: Subject to performance conditions	Unvested: Not subject to performance conditions	Total as at 31.12.18
Malcolm Le May	Own name	–	–	–	–
	Held in YBS Trustees (SIP)	–	–	–	–
	LTIS	–	204,498	–	204,498
	PSP	–		–	–
Total		–	204,498	–	204,498
Andrew Fisher[1]	Own name	136,160	–	–	136,160
	Held in YBS Trustees (SIP)	904	–	–	904
	LTIS	–	108,892	–	108,892
	PSP	–	60,066	21,975	82,041
Total		137,064	168,958	21,975	327,997
Simon Thomas	Own name	–	–	–	–
	Held in YBS Trustees (SIP)	–	–	–	–
	LTIS	–	–	–	–
	PSP	–	–	–	–
Total		–	–	–	–

1 Andrew Fisher's share ownership is as at 3 December 2018 when he stepped down as an Executive Director.

Details of shares held by the non-executive directors and their connected persons are shown in the table below:

Director	Owned outright	Total as at 31.12.18
Rob Anderson[1]	7,137	7,137
Andrea Blance	0	0
Elizabeth Chambers	0	0
Paul Hewitt	0	0
Angela Knight	0	0
David Sear[2]	1,311	1,311
Stuart Sinclair[3]	50,324	50,324
Patrick Snowball	0	0
John Straw	0	0
Total	58,772	58,772

1 Rob Anderson's shareholding is as at 11 December 2018, when he stepped down from the Board.
2 David Sear's shareholding is as at 26 January 2018, when he stepped down from the Board. His shares were held in Interactive Investor SIPP.
3 Stuart Sinclair's shareholding is as at 21 September 2018, when he stepped down from the Board. His shares were held in Bestinvest.

There have been no changes in the beneficial or non-beneficial interests of the Executive Directors and non-executive directors between 1 January and 13 March 2019.

1.16 Pension

The Executive Directors receive a cash allowance in lieu of pension.

The Committee carried out a detailed review of the current Directors Remuneration Policy during the year, and it determined that the maximum pension level of 30% under the current DRP should be reduced to 15% to bring it in line with market practice and closer in line with employees below Executive Director level.

At the time of Malcolm Le May's appointment as Chief Executive Officer, the Committee initially set his pension allowance level at 6% pending a more detailed review of the Policy. After discussion, analysis of market level and the pension level of other employees below Executive Director level, the Committee set his pension allowance level at 15% of salary, in anticipation of the proposed changes to the 2019 DRP. However, for new Executive Directors appointments under the proposed new Policy, the pension allowance will be capped at 10% of base salary, in line with the level available to the wider workforce.

1.16.1 Pension schemes

Executive Directors

All received a benefit in the form of a cash allowance. However, for information, we have provided summary below of the pension schemes that have been operated by the Group for other employees or for former Directors.

Provident Financial Staff Pension Scheme

The pension scheme is a defined benefit scheme with fixed salary benefits prior to 2013, and cash balance benefits subsequently.

PFG Retirement Plan

The PFG Retirement Plan is a Group Personal Pension Plan insured with Standard Life. In March 2018, Malcolm Le May had contributions paid on his behalf into the PFG Retirement Plan, the value of this was £24,550. He subsequently elected to receive cash supplement from April 2018 onwards.

Unfunded Unapproved Retirement Benefits Scheme (closed)

The Company operated an Unfunded Unapproved Retirement Benefits Scheme (UURBS) to provide cash balance benefits to those employees affected by the Lifetime Allowance or the Reduced Annual Allowance. For former employees, the accumulated amounts payable under the UURBS increase each year by the lower of the increase in CPI and 2.5%. At retirement, UURBS benefits will be paid in accordance with current HMRC practice.

Cash supplement

A further option for employees affected by the Lifetime Allowance or the Reduced Annual Allowance is to receive a cash supplement in lieu of other forms of retirement provision. This option was elected by Malcolm Le May from April 2018, by Andrew Fisher from June 2017 and by Simon Thomas from December 2018.

1.17 Audit

The elements of the Directors' Remuneration Report (including pension entitlements and share options set out on pages 148 to 157 of this report) which are required to be audited, have been audited in accordance with the Companies Act 2006.

This Annual Report on Remuneration has been approved by the Remuneration Committee and the Board and signed on its behalf.

Andrea Blance
Remuneration Committee Chairman
13 March 2019

Annual report on remuneration *continued*

2. Committee effectiveness and governance

2.1 Committee role

The role of the Committee is set out in its terms of reference which are reviewed annually and were last updated in December 2018. These can be found on the Group's website at www.providentfinancial.com. The Committee meets at least three times a year and thereafter as circumstances dictate.

The Committee regularly reviews the approved DRP in the context of the Group's strategy and the Group's risk management framework to ensure it does not inadvertently promote irresponsible behaviour. It has coordinated its work with both the audit committee and the risk advisory committee, who assist with the monitoring and assessment of risk management specifically in relation to the incentives provided under the approved DRP.

At each meeting, the Committee:

> Reviewed the minutes of the previous meeting and progress against any actions arising; and

> Reviewed the minutes or a summary of the minutes of the Vanquis Bank remuneration committee.

2.2 Membership

The members of the Committee, all of whom are considered to be independent, and their attendance at meetings during the year, is shown in the table below.

Details of the work undertaken by the Committee during the year are set out on page 159.

Committee members and meeting attendance

Name	Notes	Date appointed	2018 Attendance
Andrea Blance	Chairman Member	27 November 2017 1 March 2017	8/8
Stuart Sinclair[1]	Retired	1 October 2012	6/6
Rob Anderson[2]		2 March 2009	4/8
Paul Hewitt[3]		31 July 2018	2/2
Angela Knight[3]		31 July 2018	1/2
Elizabeth Chambers[3]		31 July 2018	2/2

1 Stuart Sinclair's attendance until he resigned on 21 September 2018.
2 Rob Anderson's attendance until he resigned as a non-executive director on 11 December 2018.
3 Paul Hewitt, Angela Knight and Elizabeth Chambers attendance is shown from 31 July 2018 when they were all appointed as non-executive directors.

2.3 Effectiveness

Given the significant Board changes, Patrick Snowball has asked Andrea Blance, the Senior Independent Director (SID), to facilitate this year's Board and Committee evaluation process. You can read about this process on page 117 to 119.

2.4 External advisors

In 2018, independent advice on executive remuneration and share schemes is received from the Executive Compensation practice of Aon plc. Aon is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct, which requires its advice to be objective and impartial. The total fees paid to Aon in respect of the provision of advice to the Committee during the year were £165,316 (excluding VAT). Aon has also provided support to the HR team on remuneration implementation, and pension consultancy and investment advice to the Company. The Committee is satisfied that these additional services provided by other parts of Aon in no way compromised the independence of the advice received from Aon's Executive Compensation practice.

The terms of engagement for Aon are available from the Company Secretary on request.

The Company Secretary is secretary to the Committee.

In selecting advisors, the Committee considers a range of factors, such as independence and objectivity, experience, technical ability and market knowledge.

Priorities for 2019

Continue to monitor upcoming changes relating to remuneration and assess the potential impact on the Group's remuneration structure and framework.

Continue to engage with shareholders and shareholder advisory bodies, as appropriate, in relation to the approval and implementation of the proposed new DRP in 2019.

2.5 Remuneration committee key items in 2018

January

- Approve 2018 salary across the Group;
- Review annual bonus scheme for executive directors;
- Review draft 2017 Directors' Remuneration Report;
- Review vesting of 2015 LTIS, PSP and PF Equity Plan;
- Receive update on 2018 share schemes grant;
- Performance evaluation of the Committee;
- Review independent Remuneration Committee advisor; and
- Review Directors' expenses for 2017.

February

- Approval 2017 bonus outcome and 2017 LTIS vesting;
- Approve performance conditions for all incentive plans, including bonus, LTIS, PF Equity Plan and Vanquis Equity Plan;
- Approve the grant of 2018 LTIS;
- Approve retention awards;
- Discuss impact of the rights issue on share schemes;
- Receive update on potential changes to Vanquis Equity Plan; and
- Approve in principle of the 2017 Directors' Remuneration Report.

March

- Review of ExCo annual bonus balanced scorecard objectives;
- Approve the new Group Malus and Clawback Policy; and
- Receive update on the Group-wide remuneration review.

July

- Discussion of proposed amendments to the DRP;
- Review and discussion of the Group-wide remuneration findings including pension; and
- Approve package for an incoming Division CFO.

October

- Review of Committee Terms of Reference;
- Regulatory developments and remuneration best practice in the market;
- Discussion of proposed amendments to the DRP;
- Reviewed CEO and Executive Committee salary and remuneration benchmarking; and
- Reviewed and approve departing CFO leaving arrangement and incoming CFO package.

December

- Discussed the CEO 2018 annual bonus;
- Reviewed the 2019 reward strategy and approach for Group Executive Committee and Divisional executive committees;
- Discussed the approach to strengthening employee voice in accordance with the new Corporate Governance Code;
- Reviewed the 2018 Directors' Remuneration Report;
- Reviewed the current Executive Directors' shareholding;
- Reviewed and approved the Board Chairman's fees and subsidiary NED fees;
- Approved updated Committee Terms of Reference; and
- Reviewed Group NED fees.

Annual report on remuneration *continued*

3. Implementation of the proposed new DRP in 2019

3.1 2019 implementation for the CEO

During 2018, the Committee carried out a detailed review of the current DRP taking into account the new circumstances facing the Company and the latest shareholder feedback. Following this review, and consultation with the shareholder, the Committee decided to propose a number of changes to the current DRP. The details of the changes are set out in the Directors' Remuneration Policy. Subject to shareholder approval, the following changes will be made to the CEO remuneration package in 2019:

- Malcolm Le May's salary will not be increased in 2019.
- He will receive a cash allowance in lieu of pension of 15% of base salary.
- He will be eligible for a maximum bonus award of 175% of base salary, which will continue to be subject to the achievement of Company financial, Company non-financial and personal objectives. 60% of maximum bonus will be payable for on-target performance, 25% of maximum bonus will be payable for threshold performance.
- 40% of any bonus payable is required to be deferred into shares under the Deferred Bonus Plan (formerly PSP) for three years. However, no further Matching Awards under the PSP will be granted.
- He will be eligible for a maximum LTIS grant of 200% of salary with three-year performance period. The Committee considered whether 200% of salary is an appropriate LTIS grant for the CEO in 2019, given the movements in share price over the last 12 months and the impact of that on the number of shares he will receive. The Committee concluded that it remains important to provide a clear incentive to grow EPS and TSR over the next three-year LTIS performance period, and maintain an emphasis on driving long-term performance. Performance metrics and weightings will be the same as those for 2018 LTIS grant.
- A two-year post-vesting holding period will apply to his LTIS award (net of tax).

3.2 Appointment of Simon Thomas as Chief Financial Officer

Simon Thomas was appointed the Chief Financial Officer (CFO) on 3 December 2018. His remuneration package for 2019 is as follows:

- Base salary £510,000.
- Pension allowance of 15%. This is significantly lower than his predecessor's pension level of 30%.
- Annual bonus up to a maximum of 150% of base salary, within the limit under the proposed DRP. 40% of the annual bonus will be mandatorily deferred into Deferred Bonus Plan (formerly PSP), the deferred bonuses will not be eligible for a Matching Award. The mandatory 40% deferral of annual bonus is higher than the one third that applied to the previous CFO.
- He will be eligible for an LTIS award of up to 200% of base salary subject to performance conditions measured over three years. For 2019, he will receive an LTIS grant of 175% of salary in line with his employment agreement. These LTIS awards, net of tax, will also be subject to a two-year post-vesting holding period.
- Performance conditions for his annual bonus and LTIS will mirror those for the CEO. With the lower base salary, lower pension, lower car allowance and absence of deferred bonus Matching Awards, the package for the new CFO is significantly lower than his predecessor.

3.3 Non-executive directors

3.3.1 Non-executive directors' fees

At its meeting in December 2018, the Board reviewed the non-executive directors' fees in the context of a benchmarking exercise undertaken by Aon, taking due account of the need to use such benchmarking exercises with caution. After taking into account the circumstances facing the Company, the Board determined the fee levels with effect from 1 January 2019 as follows:

- Non-executive director base fee: £68,000 (no change);
- Supplementary fee for chairing the Group audit, remuneration, risk, Customer, Culture and Ethics Committee: £20,000 (no change);
- Supplementary fee for membership of the audit, remuneration, Customer, Culture and Ethics, or risk committees: £5,000 (no change). This fee is not paid to the chairman of these committees; and
- Supplementary fee for the role of Senior Independent Director (SID): £15,000 (£5,000 increase from 2018).

3.3.2 Chairman's fee

The Committee reviewed the Chairman's fee, also on the basis of a benchmarking exercise carried out by Aon in December 2018, taking due account of the need to use such benchmarking exercises with caution. Taking into account the circumstances facing the Company, the Committee determined that the Chairman's fee for 2019 should remain at £320,000.

Andrea Blance
Remuneration Committee Chairman
13 March 2019

Directors' remuneration policy

Introduction

The Committee is responsible for the remuneration of the Chairman, the Executive Directors and the Company Secretary. The remuneration and terms of appointment of the non-executive directors are determined by the Board as a whole. The Committee also reviews and sets the remuneration of the senior management teams within the three divisions and the corporate office.

The Chief Executive Officer is consulted on proposals relating to the remuneration of the other Executive Directors and the senior management teams. The Chairman is consulted on proposals relating to the Chief Executive Officer's remuneration. When appropriate, both are invited by the Committee to attend meetings but are not present when their own remuneration is considered.

The Committee recognises and manages any conflict of interest when consulting the Chief Executive Officer and Chairman about its proposals.

The current Directors' Remuneration Policy was approved by shareholders at the 2017 AGM on 12 May 2017. During 2018, the Committee carried out a detailed review of the current Directors' Remuneration Policy, taking into account of the new circumstances facing the Company, the latest shareholder feedback and the 2018 UK Corporate Governance Code. Following the review, the Committee decided to propose a number of amendments to the current DRP. The proposed amendments will bring the DRP in line with best practice and ensure the overall remuneration of Executive Directors is at a market competitive level.

Considerations when setting policy

In setting the remuneration policy for the Executive Directors and senior management, the Committee takes into account the following:

> The need to maintain a clear link between the overall reward policy and the specific performance of the Group;

> The need to achieve alignment to the business strategy both in the short- and long-term;

> The requirement for remuneration to be competitive, with a significant proportion dependent on risk-assessed performance targets;

> The responsibilities of each individual's role and their individual experience and performance;

> The need to attract, retain and motivate Executive Directors and senior management when determining remuneration packages, including an appropriate proportion of fixed and variable pay;

> Pay and benefits practice and employment conditions both within the Group as a whole and within the sector in which it operates; and

> Periodic external comparisons to examine current market trends and practices and equivalent roles in companies of similar size, business complexity and geographical scope.

How employees' pay is taken into account

Pay and conditions elsewhere in the Group were considered when finalising the policy for Executive Directors and the senior management teams. The same principles apply throughout the Group but are proportionate relative to an individual's influence at Group level. The base salary increases awarded to the Executive Directors are consistent with the average percentage increases awarded elsewhere in the Group and reflect the financial performance of the Group and each individual director's personal performance. The Committee does not formally consult directly with employees on executive pay but does receive periodic updates from the divisions on remuneration issues in general and specifically in relation to remuneration structures throughout the Group.

How the Executive Directors' remuneration policy relates to the senior management teams

Remuneration for the level below Executive Director (including share incentives, bonus, benefits and pension entitlement) is set primarily by reference to market comparatives.

Long-term incentives are typically only provided to the most senior executives and are reserved for those identified as having the greatest potential to influence Group level performance.

Directors' remuneration policy *continued*

How shareholders' views are taken into account

We remain committed to taking into account shareholder views on any proposed changes to our remuneration policy. The Committee chairman maintains contact, as required, with the Company's principal shareholders about all relevant remuneration issues and the Company consulted with its principal shareholders, as well as the shareholder advisory bodies, in relation to the renewal of its remuneration policy. Ongoing and transparent dialogue with our shareholders on the topic of executive remuneration is very important to us and the feedback received on the proposed remuneration policy was carefully considered and discussed by the Committee.

Summary of proposed amendments to the DRP

> Reduction in the maximum pension allowance from 30% to 15% for existing Executive Directors and the introduction of a 10% maximum for new appointments.

> Removal of the deferred bonus matching from the Policy for future awards.

> Increase in the mandatory deferral from one third to 40% of any bonus payable.

> Formalisation of a two-year post-vesting holding period on the Long-term Incentive Scheme (LTIS), creating a "3+2" structure in line with the new UK Corporate Governance Code requirements.

> Increase in the maximum annual bonus opportunity from 120% to 175%, recognising the removal of the deferred bonus matching plan, the reduction in pension allowance, and the market levels of maximum annual bonus in other financial services companies.

> Strengthening of Malus and Clawback provisions.

> The total target remuneration under the new policy is 8.6% less than under the current policy and at maximum it is 29% less than under the current policy.

Executive Director remuneration policy

Element	Purpose and link to strategy	Operation including maximum levels	Performance targets and provisions for recovery of sums paid
Salary	To reflect the responsibilities of the individual role. To reflect the individual's skills and experience and their performance over time. To provide an appropriate level of basic fixed income and avoid excessive risk taking arising from over reliance on variable income.	Reviewed annually and effective from 1 January. Typically set following review of the budget for the forthcoming year, taking into account salary levels in companies of a similar size and complexity. Typically targeted at or around median. Annual increases typically linked to those of the wider workforce. Increases beyond those granted to the wider workforce may be awarded in certain circumstances such as where there is a change in responsibility, progression in the role, or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.	Broad assessment of Group and individual performance as part of the review process. Malus and clawback provisions do not apply.
Retirement benefits	Provision of market competitive pension benefits	Provide either a cash allowance or a contribution to the defined contribution plan or a combination of the two. Pension allowance of up to 15% of salary per annum is given to all existing Executive Directors. For any future Executive Director appointments from the 2019 AGM onwards, pension allowance will be capped at 10% of salary, in line with the allowance available to the workforce.	Not applicable.
Annual bonus	Incentivises annual delivery of agreed financial and operational goals. Rewards the achievement of an agreed set of annual financial and operational goals.	Financial and operational goals set annually. Maximum opportunity of 175% of salary. 40% of the bonus is subject to compulsory deferral in which case an award is made under the Deferred Bonus Plan (formerly PSP). Remainder of bonus paid in cash. At the discretion of the Committee, participants may also be entitled to receive dividend or dividend equivalent for the period between grant and vesting on vested deferred bonus shares.	A minimum of 50% of any bonus opportunity will be subject to financial targets (e.g. EPS) with up to 20% linked to personal objectives. A graduated scale operates from threshold performance through to the maximum performance level. For financial targets, 25% of the maximum bonus becomes payable for achieving the threshold performance target. 60% of the maximum bonus becomes payable for achieving on-target performance. 100% of the maximum bonus becomes payable for achieving stretch performance. A straight-line payout is operated between threshold and on-target performance and between on-target and stretch performance. In relation to non-financial and personal objectives, it is not always practicable to set a sliding scale for each objective. Where it is, a similar proportion of the bonus becomes payable for exceeding the threshold performance level as for financial targets. Malus and clawback provisions apply in accordance with the strengthened Group Malus and Clawback Policy. The period of clawback is three years from the date of payment. Details of the bonus measures operating each year will be included in the relevant annual report on remuneration. The Committee reserves the power to make changes over the life of the policy to achieve alignment with the Group's annual strategy.

Element	Purpose and link to strategy	Operation including maximum levels	Performance targets and provisions for recovery of sums paid
Long Term Incentive Scheme (LTIS)	Alignment of management's long-term strategic interests with long-term interests of shareholders. Rewards strong financial performance and sustained increase in shareholder value. Encourages an increased shareholding in the Group.	Annual grant of share awards (structured as conditional share awards or nil-cost options). Executive directors are eligible for awards of up to 200% of salary which is the maximum opportunity contained within the scheme rules. Executive Directors are required to retain vested LTIS shares, net of tax, for a further period of two years. Dividend equivalent provisions allow the Committee to pay dividends on vested shares at the time of vesting. Shareholders approved the renewal of the LTIS at the 2015 AGM.	Awards vest based on a three-year performance period against a challenging range of EPS, relative TSR targets, and risk metrics set and assessed by the Committee. The relative TSR will be measured against a suitable comparator group. 20% of the award vests at the threshold performance level with full vesting taking place on a graduated scale for achieving the maximum performance level. The performance conditions are reviewed annually by the Committee prior to grant (in terms of the range of targets and the choice of metrics) and may be refined to ensure that the targets remain aligned with the Group's strategy and KPIs. Any substantive reworking of the current performance metrics would be accompanied by appropriate dialogue with the Company's shareholders and/or approval sought for a revised remuneration policy depending on the nature of the change. The Group Malus and Clawback Policy applies. The period of clawback is three years from the date of vesting.
Other benefits	Provision of a range of insured and non-insured benefits commensurate with the role.	Market competitive benefits, which may include: > Life cover; > Permanent health insurance; > Private medical insurance; > Car benefits; > Participation in any all-employee share plans operated by the Company on the same basis as other eligible employees; or > Other benefits that the Committee may consider appropriate.	Not applicable.
Share ownership	To ensure alignment of the long-term interests of executive directors and shareholders.	Executive Directors are required to build a holding of 200% of salary in the form of shares in the Company normally within a period of five years from the date of appointment. Executive Directors are required to retain half of any shares vesting (net of tax) under the LTIS until the guideline is met. Unvested shares held under the LTIS are not taken into account.	Not applicable.

The Committee will operate the incentive schemes within the policy detailed above and in accordance with their respective rules. In relation to the discretions included within the scheme rules, these include, but are not limited to: (i) who participates in the schemes; (ii) testing of the relevant performance targets; (iii) undertaking an annual review of performance targets and weightings; (iv) the determination of the treatment of leavers in line with the scheme rules; (v) adjustments to existing performance targets and/or share awards under the incentive scheme if certain relevant events take place (e.g. a capital restructuring, a material acquisition/divestment etc.) with any such adjustments to result in the revised targets being no more or less challenging to achieve; and (vi) dealing with a change of control. For the purposes of incentive pay, EPS is calculated on an adjusted basis to show the EPS generated by the Group's underlying operations.

Remuneration Committee discretion

In addition to the performance metrics set by the Committee annually for the incentive plans, the Committee will also assess the overall, or underlying, performance of the Company and its Divisions. In light of this assessment, the Committee may make a downward adjustment, including to zero, to the vesting outcome on all or any of the performance metrics.

The Committee will also assess the Company's and its Divisions' performance against the risk metrics, and may make a downward adjustment, including to zero, to the vesting outcome on all or any of the performance metrics, to take account of any material failures of risk management or regulatory compliance in the Company and its Divisions.

Directors' remuneration policy *continued*

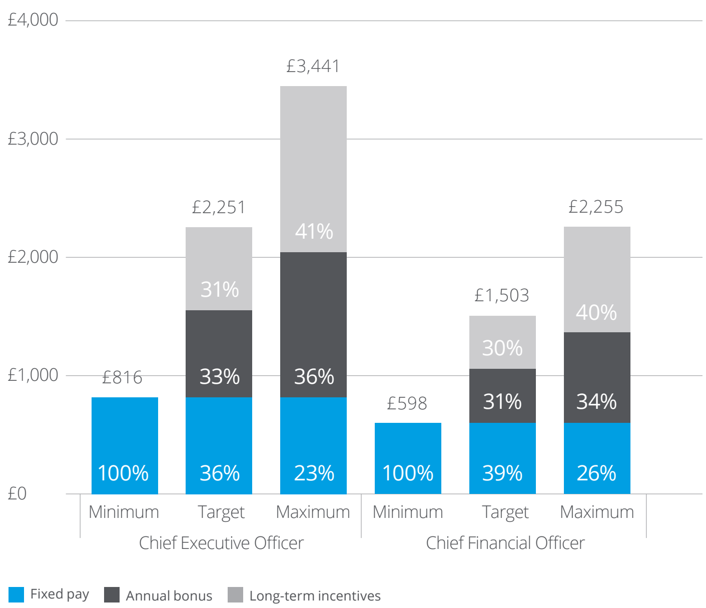
Post-employment shareholding

Under the Rules of the Deferred Bonus Plan (formerly PSP) and LTIS, deferred bonus shares and unvested LTIS shares, that are permitted to be retained by 'good leavers', will normally vest at the original vesting dates, normally subject to the original performance conditions and time proration in the case of unvested LTIS shares. The post-vesting holding period for LTIS will also continue to apply post-employment.

Taking account of the 2018 UK Corporate Governance Code and the latest guidance from the proxy agencies, the Committee will review and establish a post-employment shareholding policy for Executive Directors during the course of 2019. The policy will be disclosed in our 2019 Directors' Remuneration Report.

Illustrations of application of the DRP

Under the Company's Directors' Remuneration Policy, a large proportion of the remuneration received by Executive Directors depends on performance. The charts below show how total pay for the CEO and CFO vary under three different performance scenarios: minimum, target and maximum.



Minimum: this comprises the fixed elements of pay, being base salary, benefits and pension allowance. Base salary and pension are effective as at 1 January 2019 and the benefits value is an estimate value for the 2019 financial year.

Target: this comprises fixed pay and the target value of 2019 annual bonus (105% of salary for the CEO and 90% of salary for the CFO) and LTIS (100% of salary for CEO and 87.5% for CFO).

Maximum: this comprises fixed pay and the maximum value of 2019 annual bonus (175% of salary for the CEO and 150% of salary for the CFO) and LTIS (200% of salary for CEO and 175% for CFO).

The charts do not include the effect of any share price growth on the LTIS. If 50% share price growth between grant and vesting is assumed, the maximum total remuneration would be £4,172,000 and £2,912,000 for the CEO and the CFO, respectively.

Arrangements from prior years

All variable remuneration arrangements previously disclosed in prior years' directors' remuneration reports will remain eligible to vest or become payable on their original terms and vesting dates, subject to any related clawback provisions.

Regulatory changes

The Committee is mindful that regulatory changes in the financial services sector may result in a need to rebalance the Executive Directors' pay and, accordingly, the Committee retains discretion to adjust the current proportions of fixed and variable pay within the current total remuneration package if new legislation were to impact the Executive Directors in due course. Should this be the case, the Company would enter into appropriate dialogue with its major shareholders and, depending on the nature of any changes, may be required to seek shareholder approval for a revised remuneration policy.

Policy for new directors

Base salary levels will be set in accordance with the approved remuneration policy, taking into account the experience and calibre of the individual. Benefits will also be provided in line with the approved DRP and relocation expenses/arrangements may be provided if necessary.

The maximum level of variable pay that may be offered on an ongoing basis and the structure of remuneration will be in accordance with the approved DRP. This limit does not include the value of any buyout arrangements.

Any incentive offered above these limits would be contingent on the Company receiving shareholder approval for an amendment to the approved DRP at its next AGM.

Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual and the point in the financial year that they join the Company.

The above policy applies to both an internal promotion to the Board or an external hire.

In the case of an external hire, if it is necessary to buy out incentive pay or benefit arrangements (which would be forfeited on leaving a previous employer), then the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration or benefit being forfeited will be taken into account. The Company will not pay any more than necessary and will not pay more than the expected value of the remuneration or benefit being forfeited. The approved DRP will apply to the balance of the remuneration package. The Company will also not make a golden hello payment.

In the case of an internal promotion, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant (adjusted as relevant to take into account the Board appointment), even if inconsistent with the policy prevailing when the Commitment is fulfilled.

On the appointment of a new chairman or non-executive director, the fees will be set taking into account the experience and calibre of the individual. Where specific cash or share arrangements are delivered to non-executive directors, these will not include share options or other performance-related elements.

Choice of performance metrics

The performance metrics used for the annual bonus scheme and the LTIS have been selected to reflect the key indicators of the Group's financial performance.

EPS continues to be considered by the Committee as one of the broadest and most well understood measures of the Group's long-term financial performance and therefore it remains appropriate to maintain the option to use it as a key metric in our long-term incentive plans.

Furthermore, EPS is fully aligned with the Group's objective of continuing to deliver a high dividend yield and thus is aligned with the shareholder base which is weighted towards longer-term income investors.

In 2012, the link to RPI was removed from the performance targets for the LTIS following consideration by the Committee of various factors prevailing at the time. This approach has been retained in relation to awards under the LTIS since 2012. Performance targets will, however, be assessed annually when setting targets for future awards to take account of prevailing rates of inflation.

In addition, relative TSR in relation to a suitable comparator group is used to provide an appropriate external balance to the internal EPS measure used under the LTIS and is consistent with delivering superior returns to shareholders which remains the Group's key, over-arching, long-term objective.

Each year, a number of risk indicators may be used in the areas of risk management, regulatory performance/compliance, risk profile and conduct.

No performance targets are set for options granted under the Company's Save As You Earn Scheme (SAYE) or for awards under the Company's Share Incentive Plan (SIP) as they form part of the all-employee arrangements which are designed to encourage employee share ownership across the Group.

Service contracts and exit policy

The Committee ensures that the contractual terms for the Executive Directors take due account of best practice.

Service contracts normally continue until the director's agreed retirement date or such other date as the parties agree. All service contracts contain provisions for early termination. The contracts of the Executive Directors are dated 1 February 2018 for the Chief Executive Officer and 3 December 2018 for the Chief Financial Officer. All contracts operate on a rolling basis with 12 months' notice required to be served by either the Executive Director or the Company.

An Executive Director's contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct. No director has a service contract providing liquidated damages on termination.

In the event of the termination of a service contract, it is the current policy to seek mitigation of loss by the Executive Director concerned and to aim to ensure that any payment made is the minimum which is commensurate with the Company's legal obligations. Payments in lieu of notice are not pensionable.

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

Notice periods are limited to 12 months. If the Company terminates the employment of an Executive Director without giving the period of notice required under the contract, then the Executive Director may be entitled to receive up to 12 months' compensation. Compensation is limited to: base salary due for any unexpired notice period; any amount assessed by the Committee as representing the value of contractual benefits and pension which would have been received during the period; and any annual bonus which the Executive Director might otherwise have been eligible to receive on a pro rata basis, subject to the Committee's assessment of financial and personal performance.

To the extent that an Executive Director seeks to bring a claim against the Company in relation to the termination of their employment (e.g. for breach of contract or unfair dismissal), the Committee retains the right to make an appropriate payment in settlement of such claims.

In the case of a termination by the Company of the contract of any new Executive Director who has been appointed where a payment in lieu of notice is made, the Committee would normally seek to limit this to base salary, pension and benefits for up to 12 months. An amount in respect of loss of annual bonus for the period of notice served (pro rata) would only be included in exceptional circumstances and would not apply in circumstances of poor performance. For the avoidance of doubt, in such exceptional circumstances, the director would be eligible to be considered in the normal way for an annual bonus for any period they have served as a director, subject to the normal assessment by the Committee of financial and personal performance.

Any share-based entitlements granted to an Executive Director under the Company's share incentive schemes will be determined by reference to the relevant scheme rules. In the case of a 'bad leaver' (e.g. resignation) awards will typically lapse and in certain 'good leaver' circumstances (e.g. ill-health) awards will remain eligible to vest subject to assessment of the relevant performance target and a pro rata reduction (unless the Committee determines otherwise).

Any buyout arrangements agreed between the Company and the relevant directors would be treated in accordance with the terms agreed on finalisation of the buyout arrangement.

Policy on other appointments

Executive Directors are permitted to hold non-executive directorships but may only hold one non-executive directorship in a FTSE 100 company (and may retain the fees from their appointment) provided that the Board considers that this will not adversely affect their executive responsibilities.

Copies of directors' service contracts and/or letters of appointment are available from the Company Secretary on request.

Directors' remuneration policy *continued*

Non-executive directors

Non-executive directors are not employed under service contracts and do not receive compensation for loss of office. They are appointed for fixed terms of three years, renewable for a further three-year term and, in exceptional circumstances, further extended if both parties agree. Any such extension will be subject to annual reappointment by shareholders.

The table below shows details of the terms of appointment for the non-executive directors. All directors will seek reappointment at the forthcoming AGM (with the exception of John Straw).

Non-executive director remuneration policy

Element	Purpose and link to strategy	Operation including maximum levels
Fees	To attract and retain a high-calibre Chairman and non-executive directors by offering market competitive fees which reflect the individual's skills, experience and responsibilities.	The Chairman and non-executive directors receive annual fees (paid in monthly instalments). The fee for the Chairman is set by the remuneration committee and the fees for the non-executive directors are approved by the Board. The Chairman is paid an all-inclusive fee for all Board responsibilities. The other non-executive directors receive a basic non-executive director fee, with supplementary fees payable for additional responsibilities, including a fee for chairing a committee and, from 2018, for membership of the risk, remuneration, audit, Customer, Culture and Ethics committees (but not if performing a chairman role). The non-executive directors do not participate in any of the Company's incentive arrangements. Relevant expenses and/or benefits may be provided to the non-executive directors. The fee levels are reviewed on a regular basis and may be increased taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Flexibility is retained to go above the current fee levels and/or to provide the fees in a form other than cash (but not as share options or other performance-related incentives) if necessary to appoint a new Chairman or non-executive director of an appropriate calibre.

Terms of Appointment of the Non-executive directors

Name	Appointment	Date of most recent term	Expected & (Actual) date of expiry
Rob Anderson	2 March 2009	30 March 2018	11 December 2018
Stuart Sinclair	1 October 2012	31 October 2015	21 September 2018
Andrea Blance	1 March 2017	1 March 2017	1 March 2020
David Sear[1]	1 January 2017	1 January 2017	26 January 2018
John Straw[2]	1 January 2017	1 January 2017	20 May 2019
Patrick Snowball	21 September 2018	21 September 2018	20 May 2022
Paul Hewitt	31 July 2018	31 July 2018	31 July 2021
Angela Knight	31 July 2018	31 July 2018	31 July 2021
Elizabeth Chambers	31 July 2018	31 July 2018	31 July 2021

1 David Sear's term was expected to expire on 31 December 2020, prior to him stepping down from the Board on 26 January 2018.
2 John Straw 's term was expected to expire on 31 December 2020 prior to him announcing his intention to step down from the Board on 20 May 2019.

Remuneration payments and payments for loss of office will only be made if consistent with this approved remuneration policy or otherwise approved by an ordinary resolution of shareholders.

Andrea Blance
Remuneration Committee Chairman
13 March 2019