Chair

Members

Dear Shareholder,

I am pleased to report to you on the main activities of the Committee and how it has performed its duties during 2019.

During the year, we concluded our review of the Directors' Remuneration policy, incorporating the requirements of the new Corporate Governance Code, for which we received strong shareholder support at the 2019 AGM, where it was approved with over 99% of votes in favour.

As a result, only one remuneration resolution will be tabled at the 2020 AGM i.e. the advisory shareholder vote on the Annual Report on Remuneration.

In addition, we have assessed year-end outcomes and approved new awards and targets regarding annual bonuses and the Long-Term Incentive Plan, as well as reviewing basic salary levels, all of which the Committee believes reflect Group performance, in a challenging economic and political environment, and provide stretching targets for future growth.

In line with best practice, an externally-facilitated review of the Committee's effectiveness was concluded this year and I am pleased to report that no significant areas of concern were identified and the Committee was viewed as operating effectively.

Finally, I would like to thank my fellow Committee members, all of whom have served throughout the year, for their valuable contribution and support, and I welcome any comments or questions from shareholders.

Martyn Coffey
Chair of the Remuneration Committee
12 March 2020

Role and responsibilities:

The Committee's principal responsibilities are to:

- Recommend to the Board the remuneration strategy and framework for the Chair, Executive Directors and senior management.
- Determine, within that framework, the individual remuneration arrangements for the Executive Directors and senior managers.
- Oversee any major changes in employee benefit structures throughout the Group.

Summary of activities during the year

The Committee met three times during 2019. The main Committee activities during the year (full details of which are set out in the relevant sections of this report) included:

- agreeing the performance against the targets and pay-out for the 2018 annual bonus awards;
- agreeing Executive Director and senior management base salary increases from 1 April 2019;
- setting the performance targets for the 2019 annual bonus;
- agreeing the award levels and earnings per share and operating cash flow targets for the 2019 Performance Share Plan ('PSP') awards;
- consulting with the Company's major investors and representative bodies in respect of the new Remuneration Policy; and
- considering the 2018 UK Corporate Governance Code and updating the Remuneration Committee terms of reference; finalising the Remuneration Policy that was proposed to shareholders at the 2019 AGM.

Pay for performance

Our senior management team delivered good progress against our strategic priorities and robust financial results in 2019.

The highlights include further increases in market share, with strong sales growth of 10% driven from all areas of the business. Gross margin improved by 170 bps to 51.2%, which reflects a benefit from selling price increases implemented to recover cost inflation and higher usage of recycled material. Overheads were up 12% (on a like-for-like basis) which includes the impact on direct labour from higher production volumes.

However, we also continued to incur some operating inefficiencies, which resulted in additional warehousing and distribution costs, particularly through the peak period. As described in earlier sections of this Annual Report, Mark Hemming joined the business as Chief Operating Officer in August. Mark is leading our drive to improve operating efficiency, with the capex programme launched at the beginning of the year to increase co-extrusion and foam capacity now complete and the project to expand our warehousing capacity now well underway.

As a result, we reported profit before tax of £23.1 million, up 3% on 2018, on a pre-IFRS 16 basis. Cash conversion was impacted by working capital investment required to support the strong sales growth and a stock build programme designed to mitigate the possible impact of raw material supply interruption due to Brexit, and to increase stock holding at our branches. Adjusted operating cash flow was £18.7 million (2018: £22.0 million) being adjusted EBITDA (pre-IFRS 16) less working capital movements.

Against stretching targets, this performance has been reflected in the payments made to the Executive Directors under the Annual Bonus Plan, amounting to 49% of salary, with the health and safety underpin considered satisfied. Further details of performance against the relevant targets can be found on page 81 of this report.

PSP awards originally granted in 2017 are expected to lapse in 2020 as a result of earnings per share and cash flow performance in the three years to 31 December 2019 being below threshold.

Changes to the remuneration policy

Following a detailed review of the Remuneration Policy, the changes approved to Eurocell's remuneration policy at the 2019 AGM were as follows:

- Annual bonus deferral was formalised and made compulsory. Previously, the Committee could determine each year whether to operate bonus deferral into shares (most recently deferring half of the bonus paid). Going forwards, 100% of any annual bonus awarded to Executive Directors above 75% of salary will be compulsorily deferred into Eurocell shares for 3 years from grant. This new approach is considered to be simpler from an administrative perspective, where low levels of bonus are awarded, and is considered fairer as participants will have greater certainty in respect of the level of deferral that will be operated. It also ensures that the bonus potential is competitive against similarly sized SmallCap companies. Formally deferring half of any annual bonus awarded on a compulsory basis is considered too onerous from both an administrative and market competitive perspective.
- Shareholding guidelines were increased from 100% to 200% of salary, in line with best practice. However, rather than operating a fixed timeframe to achieve the guidelines, a more market standard approach will be adopted. Going forwards, Executive Directors will be required to retain 50% of the net of tax shares which vest under deferred bonus and PSP awards until the new guideline is met.
- To ensure compliance with the 2018 UK Corporate Governance Code:
  - a 2 year post-vesting holding period has been introduced for all PSP awards granted to Executive Directors after the 2019 AGM; and
  - future Executive Director appointments will be offered a lower pension than the 15% of salary currently offered, to the extent this is possible, so as to align senior executive pension provision closer to workforce norms over time. No changes have been made to incumbent pension provision.

Implementation of the Remuneration Policy for 2020

The Remuneration Committee intends to operate the Remuneration Policy for 2020 as follows.

Base salaries

Salary levels will be positioned to reflect experience and responsibility. Mark Kelly's and Michael Scott's current salaries are £393,271 and £251,257 respectively. With effect from 1 April 2020, these salaries will be increased by 5%.

Pensions/benefits

A defined contribution/salary supplement of 15% of salary will continue to be offered, together with a standard suite of other benefits.

Annual bonus

The maximum annual bonus remains at 100% of salary. For 2020, reflecting Eurocell's underlying strategy, 70% of the bonus will be based on adjusted profit before tax and 30% will be based on cash flow targets. The targets will be subject to a health and safety underpin. Any bonus in excess of 75% of salary will be deferred into shares for 3 years.

Long-term incentives

PSP awards are expected to be made in April 2020. Award levels will be set at 100% of salary for Mark Kelly and Michael Scott. Performance targets will be based on 3-year earnings per share growth (two-thirds of the award) and cash flow (one-third) targets.

The Committee believes that the above approach takes due account of market and best practice and, importantly, also reflects and supports Eurocell's strategy and promotes the Company's long-term success.

Format of this Report and matters to be approved at our AGM

Notwithstanding the fact that:

(i) we will not be seeking shareholder approval for any changes to our Remuneration Policy at the 2020 AGM; and
(ii) the relevant Regulations do not require us to reproduce our Remuneration Policy in this report;

we have included, for ease of reference, a summary of our Policy (see Part A below) in addition to the Annual Report on Remuneration section of the report (see Part B below), in respect of which we will be holding an advisory vote at the forthcoming AGM.

The full Directors' Remuneration Policy was disclosed in the 2018 Annual Report and is available on the Company's website.

Explanatory foreword

This report contains the material required to be set out as the Directors' Remuneration Report for the purposes of Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and is split into two parts, as follows:

- Part A: The Directors' Remuneration Policy – which sets out a summary of the Remuneration Policy for which shareholder approval was obtained at the 2019 AGM and which will continue to apply without amendment for the forthcoming year.
- Part B: The Annual Report on Remuneration – which sets out payments and awards made to the Directors and details the link between Company performance and remuneration for 2019 and how the policy will be operated for 2020.

The auditors have reported on certain parts of the Annual Report on Remuneration and stated whether, in their opinion, those parts have been properly prepared in accordance with the Companies Act 2006. Those parts which have been subject to audit are clearly indicated.

PART A: DIRECTORS' REMUNERATION POLICY

The following table summarises the key aspects of the Directors' Remuneration Policy:

Executive Directors

Element and purpose	Policy and operation	Maximum	Performance measures
Base salary This is the core element of pay and reflects the individual's role and position within the Group with some adjustment to reflect their capability and contribution.	Base salaries will be reviewed each year by the Committee. The Committee does not strictly follow data, but uses the median position (as against appropriate size and/or sector peers) as a reference point in considering, in its judgement, the appropriate level of salary having regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities. Base salary is normally paid monthly in cash.	It is anticipated that salary increases will generally be in line with those awarded to salaried employees. However, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Company performance), the Committee may make larger salary increases to ensure they are market competitive. The rationale for any such increase will be disclosed in the relevant Annual Report on Remuneration.	n/a
Benefits To provide benefits valued by recipients.	The Executive Directors can receive a car allowance or Company car, private family medical cover, permanent health insurance and life assurance. The Committee reserves discretion to introduce new benefits where it concludes that it is appropriate to do so, having regard to the particular circumstances and to market practice. Where appropriate, the Company will meet certain costs relating to Executive Director relocations.	It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year-to-year, but the provision of benefits will operate within an annual limit of £100,000 (plus a further 100% of base salary in the case of relocations). The Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than the Committee considers appropriate in all the circumstances.	n/a
Pension To provide retirement benefits.	Executive Directors can receive pension contributions to personal pension arrangements or, if a Director is impacted by annual or lifetime limits on contribution levels to qualifying pension plans, the balance can be paid as a cash supplement.	The maximum employer's contribution is limited to up to 15% of base salary, although future Executive Director appointments will be offered a lower pension, to the extent this is possible, so as to align senior executive pension provision closer to workforce norms over time.	n/a

Element and purpose	Policy and operation	Maximum	Performance measures
Annual Bonus Plan To motivate executives and incentivise delivery of performance over a one-year operating cycle, focusing on the short-to-medium-term elements of our strategic aims.	Annual Bonus Plan levels and the appropriateness of measures are reviewed annually at the commencement of each financial year to ensure they continue to support our strategy. Once set, performance measures and targets will generally remain unchanged for the year, except to reflect events such as corporate acquisitions or other significant events where the Committee considers it to be necessary in its opinion to make appropriate adjustments. Any annual bonus award above 75% of salary will be compulsorily deferred into Eurocell shares, under the Company's Deferred Share Plan ('DSP'), for 3 years from grant. The number of shares subject to vested DSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards and the expiry of the vesting period. Malus and clawback provisions apply to the Annual Bonus Plan and DSP.	The maximum level of Annual Bonus Plan outcomes is 100% of base salary per annum for the duration of this policy.	The performance measures applied may be financial or non-financial and corporate, divisional or individual and in such proportions as the Committee considers appropriate. Attaining the threshold level of performance for any measure will not produce a pay-out of more than 20% of the maximum portion of overall annual bonus attributable to that measure. However, the Annual Bonus Plan remains a discretionary arrangement and the Committee retains a standard power to apply its judgement to adjust the outcome of the Annual Bonus Plan for any performance measure (from zero to any cap) should it consider that to be appropriate.
Long-term incentives To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders' interests, the Company operates PSP.	Awards under the PSP take the form of nil-cost options which vest to the extent performance conditions are satisfied over a period of at least 3 years. The number of shares subject to vested PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards and the expiry of the vesting period (or at the end of any holding period in respect of unexercised awards). A two-year post-vesting holding period applies to PSP awards granted to Executive Directors after the 2019 AGM. Malus and clawback provisions apply to PSP awards	The PSP allows for awards over shares with a maximum value of 150% of base salary per financial year. The Committee expressly reserves discretion to make such awards as it considers appropriate within these limits.	The Committee may set such performance conditions on PSP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). Performance periods may be over such periods as the Committee selects at grant, which will not normally be less than (but may be longer than) 3 years. No more than 25% of awards vest for attaining the threshold level of performance conditions.

Element and purpose	Policy and operation	Maximum	Performance measures
Share ownership guidelines To further align the interests of Executive Directors with those of shareholders.	Executive Directors are required to retain 50% of the net of tax shares which vest under the PSP and DSP awards until the guideline is met.	No maximum limit (Guideline minimum target of 200% of base salary for all Executive Directors.)	n/a
All-employee share plans To encourage share ownership by employees, thereby allowing them to share in the long-term success of the Group and align their interests with those of the shareholders.	These are all-employee share plans established under HMRC tax-advantaged regimes and follow the usual form for such plans. Executive Directors will be able to participate in all-employee share plans on the same terms as other Group employees.	The maximum participation levels for all-employee share plans will be the limits for such plans set by HMRC from time to time.	Consistent with normal practice, such awards will not be subject to performance conditions.

Chair and Non-executive Directors

Element and Purpose	Policy and Operation	Maximum	Performance Measures
Chair/Non-executive Director fees To enable the Company to recruit and retain Chairs and Non-executive Directors of the highest calibre, at the appropriate cost.	The fees paid to the Chair and Non-executive Directors aim to be competitive with other fully listed companies of equivalent size and complexity. The fees payable to the Non-executive Directors are determined by the Board, with the Chair's fees determined by the Remuneration Committee. Fees are paid monthly in cash. The Chair and Non-executive Directors will not participate in any cash or share incentive arrangements. The Company reserves the right to provide benefits (including travel and office support) to the Chair and Non-executive Directors where appropriate.	The aggregate fees (and any benefits) of the Chair and Non-executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association. If the Chair and/or Non-executive Directors devote special attention to the business of the Company, or otherwise perform services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, they may be paid such additional remuneration as the Directors or any Committee authorised by the Directors may determine.	n/a

Other elements of our policy include:

Recruitment remuneration policy

The Company's recruitment remuneration policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the general Policy for Executive Directors as set out above and structure a package in accordance with that policy. Any caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice.

The Annual Bonus Plan, DSP and PSP will operate (including the maximum award levels) as detailed in the general Policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy-out awards forfeited by the individual on leaving a previous employer.

For the avoidance of doubt, buy-out awards are not subject to a formal cap. Any recruitment-related awards which are not buy-outs will be subject to the limits for Annual Bonus Plan and PSP as stated in the general policy. Details of any recruitment-related awards will be appropriately disclosed.

For any buy-outs the Company will not pay more than is, in the view of the Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing Annual Bonus Plan, DSP or PSP. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing Annual Bonus Plan, DSP or PSP.

All buy-outs, whether under the Annual Bonus Plan, DSP, PSP or otherwise, will take due account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Committee will seek (where it is practicable to do so) to make buy-outs subject to what are, in its opinion, comparable requirements in respect of service and performance. However, the Committee may choose to relax this requirement in certain cases (such as where the service and/or performance requirements are materially completed, or where such factors are, in the view of the Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited) and where the Committee considers it to be in the interests of shareholders.

A new Chair/Non-executive Director would be recruited on the terms explained above in respect of the main policy for such Directors.

Service contracts

Executive Directors

The Committee's policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination upon no more than twelve months' notice by either party. The service agreements of both Executive Directors comply with that policy. Contracts contain provisions allowing the Company to make payments in lieu of notice (albeit not including bonus or benefits) but do not contain change of control provisions.

The Committee reserves flexibility to alter these principles if necessary to secure the recruitment of an appropriate candidate and, if appropriate, introduce a longer initial notice period (of up to two years) reducing over time.

The date of each Executive Director's contract is:

Mark Kelly	29 March 2016
Michael Scott	1 September 2016

Chair/Non-executive Directors

The Chair and each Non-executive Director is engaged for an initial period of three years. These appointments can be renewed following the initial three-year term. These engagements can be terminated by either party on twelve months' notice.

Neither the Chair nor any Non-executive Directors can participate in the Company's incentive plans, are not entitled to any pension benefits and are not entitled to any payment in compensation for early termination of their appointment beyond the twelve months' notice referred to above.

Name	Date of original appointment	Date of latest appointment	Term
Bob Lawson	4 February 2015	2 February 2018	3 years
Frank Nelson	4 February 2015	2 February 2018	3 years
Martyn Coffey	4 February 2015	2 February 2018	3 years
Sucheta Govil	1 October 2018	1 October 2018	3 years

The Directors' service agreements and letters of appointment are available for shareholders to view from the Company Secretary on request.

Termination/change of control policy summary

It is appropriate for the Committee to consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the Annual Bonus Plan, DSP and PSP. The potential treatments on termination under these plans are summarised in the table below:

Incentives	If a leaver is deemed to be a 'good leaver'; for example, leaving through injury, ill-health, disability, retirement, redundancy, sale of business or otherwise at the discretion of the Committee	If a leaver is not a 'good leaver'	Change in control
Annual bonus	Committee has discretion to determine an annual bonus which may be limited to the period actually worked.	Annual bonus generally paid.	Committee has discretion to determine annual bonus.
DSP	Awards normally vest either on cessation or the normal vesting date. The Committee can pro-rate awards if considered appropriate.	All awards will normally lapse.	Awards vest on a pro rata basis, unless the Committee determines not to pro-rate.
PSP	Will receive a pro-rated award subject to the application of the performance conditions at the end of the normal performance period. Committee retains standard discretions to either vary/disapply time pro-rating or to accelerate vesting to the earlier date of cessation (determining the performance conditions at that time).	All awards will normally lapse.	Will receive a pro-rated award subject to the application of the performance conditions at the date of the event, unless the Committee determines not to pro-rate.

On death, the Annual Bonus Plan, DSP and PSP awards typically vest in full (with pro-rating also potentially applying).

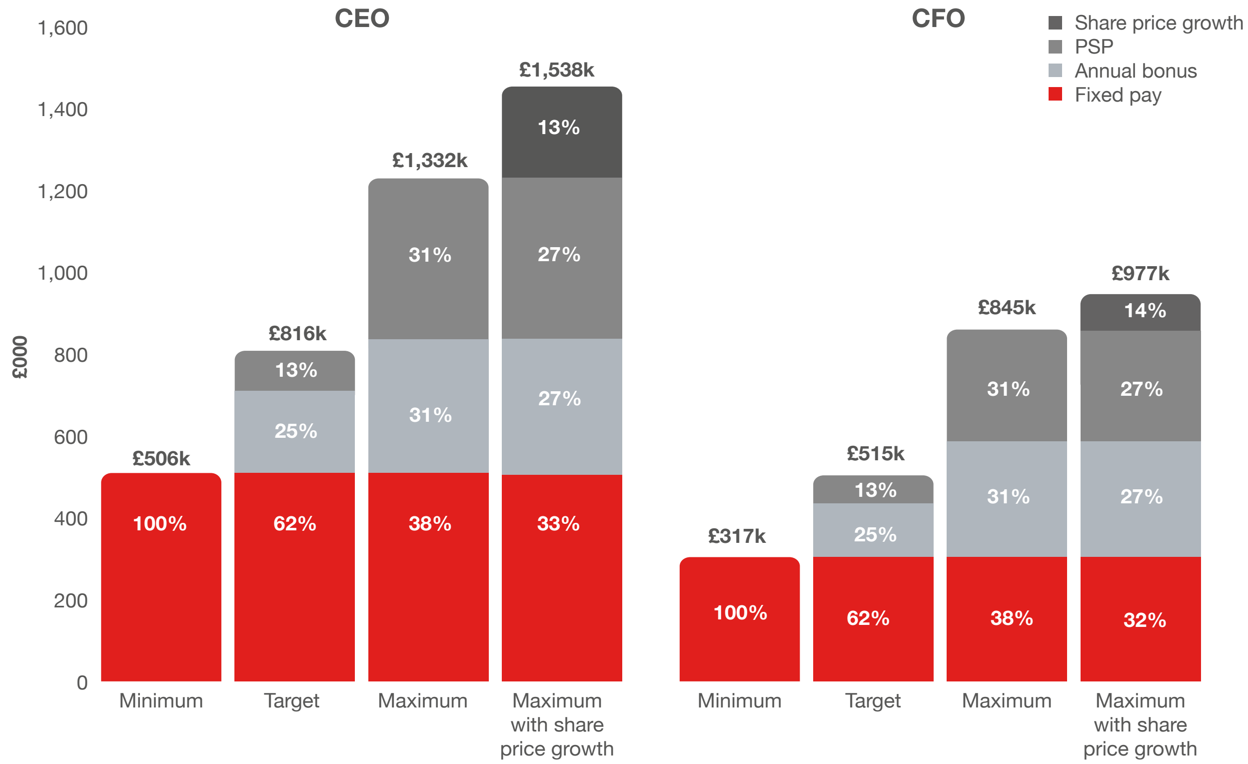
The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may make a contribution towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

Other policy matters

The 2018 Annual Report also set out formal details of our approach to:

- travel and hospitality;
- differences between the policy on remuneration for Directors from the policy on remuneration for other employees;
- Committee discretions;
- external appointments;
- considerations of employment conditions elsewhere in the Group;
- the operation of malus and clawback in relation to the PSP and annual bonus; and
- how the views of shareholders are taken into account.

Illustrations of application of remuneration policy



The charts above aim to show how the remuneration policy for Executive Directors will be applied in 2020 using the assumptions in the table below.

Minimum

- Consists of base salary, benefits and pension.
- Base salary is the salary to be paid with effect from 1 April 2020.
- Estimated value of a full year's benefits, including car allowance, private medical cover, health insurance and life assurance.
- Pension measured as the cash allowance in lieu of Company contributions at 15% of salary.

	Base salary	Benefits	Pension	Total fixed
Mark Kelly	£412,935	£31,000	£61,940	£505,875
Michael Scott	£263,820	£14,000	£39,573	£317,393

Target

Based on what the Director would receive if performance was on-target (excluding share price appreciation and dividends):

- Annual bonus: consists of an assumed payment of 50% of maximum opportunity.
- Long-term incentives: consists of the threshold level of vesting (25% vesting) under the PSP.

Maximum

Based on the maximum remuneration receivable (excluding share price appreciation and dividends):

- Annual bonus: consists of maximum bonus of 100% of base salary.
- Long-term incentives: consists of the face value of awards (at 100% of salary for both Executive Directors) under the PSP.

Maximum with Share Price Growth

As per the maximum but with a 50% share price growth assumption for the PSP awards.

PART B: THE ANNUAL REPORT ON REMUNERATION

The Committee (unaudited information)

The members of the Remuneration Committee are: Martyn Coffey (Chair), Bob Lawson, Frank Nelson and Sucheta Govil.

The Committee's principal responsibilities are to:
- recommend to the Board the remuneration strategy and framework for the Chair, Executive Directors and senior managers;
- determine, within that framework, the individual remuneration arrangements for the Executive Directors and senior managers; and
- oversee any major changes in employee benefit structures throughout the Group.

The Chief Executive Officer is invited to attend meetings of the Committee, except when his own remuneration is being discussed, and the Chief Financial Officer and other Executive and Non-executive Directors attend meetings as required. Bob Lawson takes no part in any discussions relating to his own remuneration.

The Committee met three times during the year, with all members of the Committee present at these meetings.

The Committee has formal terms of reference which can be viewed on the Company's website (www.investors.eurocell.co.uk).

During the year, the Committee considered its obligations under the UK Corporate Governance Code and concluded that:
- the Directors' Remuneration Policy supports the Company's strategy (including in the performance measures chosen); and
- remuneration for our Directors remains appropriate.

In addition, the Committee has ensured that the Directors' Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Corporate Governance Code:

Clarity – Our Directors' Remuneration Policy is well understood by our senior executive team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during a consultation when changes are being proposed).

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Directors' Remuneration Policy and practices are straightforward to communicate and operate.

Risk – Our Directors' Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both annual incentives and long-term incentives which employ a blend of targets, (ii) the significant role played by shares in our incentive plans (together with bonus deferral and shareholding guidelines) and (iii) malus/clawback provisions within all our incentive plans.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to standard dilution limits. The use of shares within our incentive plans results in that actual pay received being highly aligned to the experience of our shareholders.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by variable pay, together with the composition of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are fully aligned to the Company's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against key aspects of our strategy, which has the objective of delivering sustainable growth in revenue, profit and cash flow.

FIT Remuneration Consultants LLP ('FIT'), signatories to the Remuneration Consultants Group's Code of Conduct, are appointed by the Committee and provide advice to the Committee on all matters relating to remuneration, including best practice. FIT provided no other services to the Group and, accordingly, the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of 2019 were £12,326 (excluding VAT). FIT's fees were charged on the basis of the firm's standard terms of business for advice provided.

Audited information

Single total figure table (audited)

The remuneration for the Chair, Executive and Non-executive Directors of the Company who performed qualifying services during the relevant financial year is detailed below. The Chair and Non-executive Directors received no remuneration other than their annual fee.

For the year ended 31 December 2019:

Director	Salary/fees £000	Taxable benefits[1] £000	Bonus £000	Long-term incentives £000	Pension £000	Other £000	Total remuneration £000
Mark Kelly	389	33	193	–	58	–	673
Michael Scott	248	21[2]	124	–	37	–	430
Robert Lawson	120	–	–	–	–	–	120
Patrick Kalverboer[3]	17	–	–	–	–	–	17
Frank Nelson	48	–	–	–	–	–	48
Martyn Coffey	45	–	–	–	–	–	45
Sucheta Govil[4]	40	–	–	–	–	–	40

For the year ended 31 December 2018:

Director	Salary/fees £000	Taxable benefits[1] £000	Bonus £000	Long-term incentives £000	Pension £000	Other £000	Total remuneration £000
Mark Kelly	372	31	–	–	56	–	459
Michael Scott	238	14	–	–	36	–	288
Robert Lawson	120	–	–	–	–	–	120
Patrick Kalverboer	40	–	–	–	–	–	40
Frank Nelson	48	–	–	–	–	–	48
Martyn Coffey	45	–	–	–	–	–	45
Sucheta Govil[4]	10	–	–	–	–	–	10

Notes:
1 Taxable benefits comprise Company car or car allowance, private family medical cover, permanent health insurance and life assurance.
2 Includes £5k relating to prior years.
3 Patrick Kalverboer stepped-down from the Board on 10 May 2019.
4 Sucheta Govil joined the Board on 1 October 2018.

The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for 2019 was £1,373,000 (2018: £1,010,000).

Further information on the 2019 annual bonus (audited)

In 2019, the annual bonus metrics were a blend of targets relating to adjusted profit before tax (70% of the bonus opportunity) and cash flow (30% of the bonus opportunity). In addition, a health and safety adjustment underpin applied which, if not achieved, could reduce the bonus pay-out (including to zero).

More particularly, the adjusted profit before tax and cash flow bonus targets were as follows:

£m	Threshold	Target	Maximum	Actual	Pay-out (% of max)
Adjusted Profit before Tax (pre IFRS 16)	22.0	23.2	24.9	23.1	70%
Adjusted cash flow	19.0	20.0	21.5	18.7	0%

In order to reflect the level of stretch within the targets, the Committee determined that a pay-out of 75% of base salary would be appropriate for an on-target performance this year. Performance against the adjusted profit before tax element of the bonus resulted in a bonus of 70% of that element (i.e. approx. 49% of salary). Performance against the cash flow element of the bonus resulted in a bonus of 0% of that element (i.e. approx. 0% of salary). The health and safety underpin was also considered satisfied.

In total, this results in a total bonus pay-out of 49% of salary. Whilst not required under our Director's Remuneration Policy (which only requires annual bonus awards above 75% of salary to be deferred), 25% of the annual bonus paid to Mark Kelly and Michael Scott will be deferred into shares for one year from the date of grant under the DSP.

PSP awards vesting in respect of 2019

The PSP values included in the single figure table above relate to awards granted in 2017 which vest in 2020, dependent on EPS and cash flow performance measured over the 3-year period ended 31 December 2019. As noted below these share awards are not expected to vest.

Under the EPS performance target (two-thirds of awards) which uses a sliding scale, 25% of this part of an award vests where the mean average annual growth of adjusted earnings per share of 7% p.a. is achieved over the three-year performance period, increasing pro-rata to full vesting where mean average annual growth of 13% p.a. is achieved.

Performance target	Base EPS	EPS at 31 December 2019	Average annual EPS growth	Threshold 7% p.a.	Maximum 13% p.a.	Vesting %
Adjusted EPS (pre IFRS 16)	20.0p	19.7p	(0.5)%	24.2p	27.8p	0%

Under the cash-flow target (defined as aggregate of EBITDA less working capital and excluding capital expenditure over the 3-year period) (one-third of awards), 25% of this part of an award vests for cash flow of £84.9m increasing pro-rata to full vesting for cash flow of £103.7m.

Performance target	Threshold	Maximum	Actual	Vesting %
Cash flow	£84.9m	£103.7m	£69.8m	0%

As a result of EPS (two-thirds of awards) and cash flow (one-third of awards) performance, no PSP share awards are expected to vest in 2020.

Statement of Directors' shareholding and share interests (audited)

The table below details for each Director, the total number of Directors' interests in shares at 31 December 2019:

Director	Beneficially owned 31 December 2018[1]	Beneficially owned 31 December 2019[1]	Vested but unexercised awards	Unvested DSP	Unvested PSP[2]	Unvested SAYE	Shareholding Guideline (% of salary)[3]	Shareholding Guideline met?[3]
Mark Kelly	109,469	109,469	–	79,210	491,944	11,029	200	No
Michael Scott	14,215	14,215	–	34,259	314,297	11,029	200	No
Robert Lawson	72,811	87,026	–	–	–	–	–	n/a
Frank Nelson	28,571	43,376	–	–	–	–	–	n/a
Martyn Coffey	10,714	10,714	–	–	–	–	–	n/a
Sucheta Govil	–	–	–	–	–	–	–	n/a

Notes:
1 The beneficial shareholdings set out above include those held by Directors and their respective connected persons.
2 Performance-based share awards.
3 Shareholding guidelines for Executive Directors are 200% of salary. Executive Directors will be required to retain at least 50% of the net of tax shares which vest under the PSP and DSP until the guideline is met.

PSP awards granted in 2019

The following awards were made under the PSP in 2019:

	Date of grant	Basis of award (% salary)	Share price[1]	Number of shares	Face value of award at grant	Exercise period
Mark Kelly	24 April 2019	100%	231.0p	170,247	393,271	April 2022 to April 2023
Michael Scott	24 April 2019	100%	231.0p	108,768	251,257	April 2022 to April 2023

Notes:
1 Rounded to one decimal place for the purposes of presentation in this report.

The performance conditions, all based on pre IFRS 16 results, applying to the awards made in April 2019 relate to: (i) adjusted earnings per share growth for two-thirds of the award; and (ii) Group cash flow targets for one-third of the award. Group cash flow is defined as the aggregate of EBITDA less working capital (and excluding capital expenditure) for each of the 3 financial years falling in the performance period.

More specifically:

Average annual adjusted EPS growth target to 31 December 2021	Portion of award vesting
Above 10% p.a.	100%
Between 4% p.a. and 10% p.a.	Pro rata on straight-line between 25% and 100%
4% p.a.	25%
Below 4% p.a.	0%

Group cash flow to 31 December 2021	Portion of award vesting
Above £97.0 million	100%
Between £79.4 million and £97.0 million	Pro rata on straight-line between 25% and 100%
£79.4 million	25%
Below £79.4 million	0%

DSP awards granted in 2019

No awards were made under the DSP in 2019 in respect to the 2018 annual bonus.

Outstanding share plan awards

Details of all outstanding share awards made to Executive Directors are set out below:

Executive	Award type	Ex price (p)	Grant date	Interest at 1 January 2019	Awards granted in the year	Awards lapsed in the year	Awards vested in the year	Interest at 31 December 2019	Exercise period	Notes
Mark Kelly	PSP	0	28/06/16	273,417	–	273,417	–	–	Jun 19 – Jun 20	1
	PSP	0	04/04/17	148,148	–	–	–	148,148	Apr 20 – Apr 21	2
	PSP	0	18/04/18	173,549	–	–	–	173,549	Apr 21 – Apr 22	3
	PSP	0	24/04/19	–	170,247	–	–	170,247	Apr 22 – Apr 23	4
	DSP	0	04/04/17	45,502	–	–	–	45,502	Apr 20 – Apr 21	5
	DSP	0	18/04/18	33,708	–	–	–	33,708	Apr 21 – Apr 22	6
	SAYE	163.2	07/04/17	11,029	–	–	–	11,029	Apr 20 – Oct 20	7
Michael Scott	PSP	0	19/12/16	126,006	–	126,006	–	–	Dec 19 – Dec 20	1
	PSP	0	04/04/17	94,650	–	–	–	94,650	Apr 20 – Apr 21	2
	PSP	0	18/04/18	110,879	–	–	–	110,879	Apr 21 – Apr 22	3
	PSP	0	24/04/19	–	108,768	–	–	108,768	Apr 22 – Apr 23	4
	DSP	0	04/04/17	12,724	–	–	–	12,724	Apr 20 – Apr 21	5
	DSP	0	18/04/18	21,535	–	–	–	21,535	Apr 21 – Apr 22	6
	SAYE	163.2	07/04/17	11,029	–	–	–	11,029	Apr 20 – Oct 20	7

Notes:
1 See 'PSP Awards Vesting in Respect of 2018' section in the 2018 Directors' Remuneration Report.
2 See 'PSP Awards Vesting in Respect of 2019' section above.
3 As disclosed in the 2018 Directors' Remuneration Report.
4 See 'PSP Awards Granted in 2019' section above.
5 DSP awards in respect of the 2016 annual bonus award.
6 DSP awards in respect of the 2017 annual bonus award.
7 Awards granted under the Eurocell plc Save As You Earn Scheme. Awards are based on a 3-year savings contract with an exercise price of 163.2p.

During the year ended 31 December 2019, the highest mid-market price of the Company's shares was 245p and the lowest mid-market price was 196.5p. At 31 December 2019 the share price was 243p.

The aggregate gains by all Directors during 2019 was £nil (2018: £nil).

Payments to past directors (audited)

No payments to past directors were made during the year.

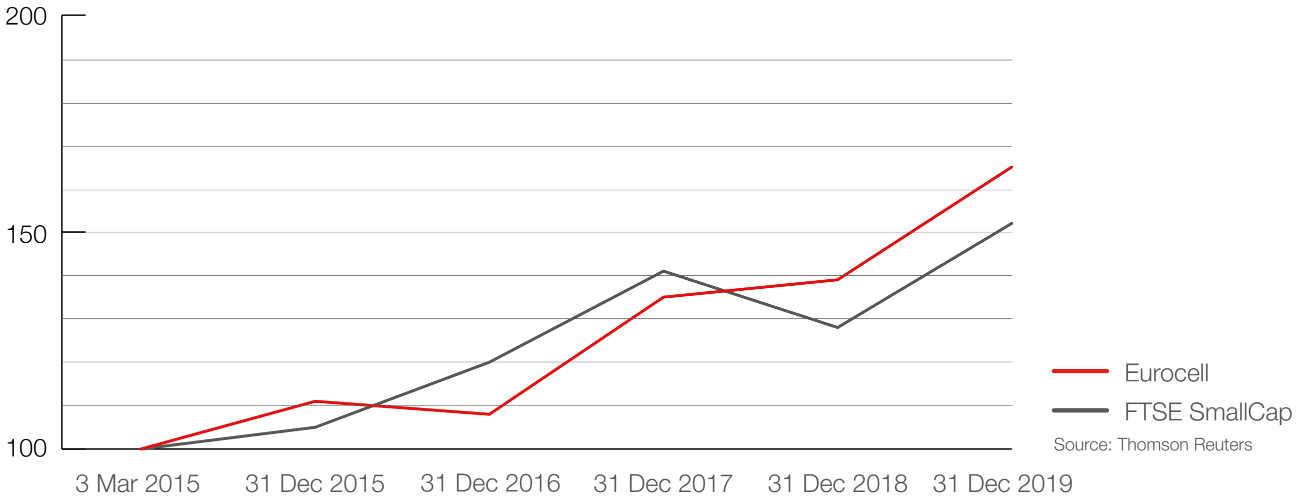
Payments for loss of office (audited)

No payments for loss of office were made during the year.

Performance graph and CEO remuneration table (unaudited)

The following graph shows the Total Shareholder Return ('TSR') performance of an investment of £100 in Eurocell plc's shares from its listing in March 2015 to 31 December 2019, compared with a £100 investment in the FTSE SmallCap Index over the same period. The FTSE SmallCap Index was chosen as a comparator because it represents a broad equity market index of similar-sized companies.

Total Shareholder Return Index



The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR Index graph:

Year	CEO	Single figure of total remuneration	Annual Bonus pay-out against maximum %	Long-term incentive vesting rates against maximum opportunity %
2019	Mark Kelly	£673,262	49%	0%
2018	Mark Kelly	£459,294	0%	0%
2017	Mark Kelly	£916,442	40%	n/a
2016	Mark Kelly	£560,558	80%	n/a
	Patrick Bateman	£284,457	33%	n/a
2015	Patrick Bateman	£637,098	87%	n/a

As the Company listed in March 2015, part of the 2015 remuneration relates to when Eurocell was a privately owned Company.

Percentage change in remuneration of director undertaking the role of CEO (unaudited)

The table below presents the year-on-year percentage change in remuneration for the CEO and for all Group employees:

	Percentage increase in remuneration between 2018 and 2019	
	CEO	All staff
Salary and fees	5%	3%
Short-term incentives	n/a[1]	7%
All taxable benefits	6%	18%

Notes:
1 Percentage increase is not available due to 2018 short-term incentives being £nil.

CEO to employee pay ratio

The table below shows the CEO to employee pay ratio.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	34 : 1	27 : 1	21 : 1

Notes to the CEO to employee pay ratio:
1 Option B (based on the gender pay gap reporting disclosures) was preferred as this data was already prepared on a Group basis.
2 In line with the gender pay gap reporting regulations, pay for the 25th percentile, median and 75th percentile employees was calculated with reference to 5 April for each financial year.
3 The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for employees within the Group at the gender pay gap reference date.
3 FTE equivalent pay has been calculated using the gender pay gap reporting methodology.
4 The Chief Executive's salary, benefits, pension, bonus and long-term incentives from the single total figure have been used.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, the median and the 75th percentile are shown below:

	Salary £'000			Total pay and benefits £'000		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
2019	19	24	30	20	25	32

Relative importance of spend on pay (unaudited)

The table below details the change in total employee pay between 2018 and 2019 as detailed in Note 8 of the Financial Statements, compared with distributions to shareholders by way of dividend, share buybacks or any other significant distributions or payments.

	% change	**2019 £m**	2018 £m
Total gross employee pay	17%	**65.5**	56.1
Dividends/share buybacks	3%	**9.6**	9.3

The average number of employees during the year was 1,855 (2018: 1,666).

Statement of voting at General Meeting

The following table shows the results of the binding Remuneration Policy vote and the advisory Directors' Remuneration Report vote at the 10 May 2019 AGM.

	(Binding Vote) Approval of the Directors' Remuneration Policy		(Advisory Vote) Annual Report on Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	87,361,882	99.41%	87,361,882	99.41%
Against	518,633	0.59%	518,633	0.59%
Votes withheld	1,737,500	–	1,737,500	–

Implementation of policy for 2020 (unaudited information)

Base salary

- Base salaries from 1 April 2019 were as follows: £393,271 for Mark Kelly, and £251,257 for Michael Scott. With effect from 1 April 2020, these salaries will be increased by 5% to £412,935 and £263,820 respectively. The salary increase reflects the individuals' performance in their respective roles over the last 12 months.

Pension

- Contribution rates for Executive Directors will be 15% of salary in 2020.

Benefits

- Details of the benefits received by Executive Directors are set out in Note 1 to the Single Total Figure Table on page 81. There is no intention to introduce additional benefits in 2020.

Annual bonus

- The annual bonus opportunity for 2020 will be structured in a similar manner to 2019. The maximum bonus will be 100% of salary and will be payable based on performance against a blend of adjusted profit before tax (70% of the bonus opportunity) and operating cash flow (30% of the bonus opportunity) targets.
- These targets, all based on post-IFRS 16 results, will be set in light of internal and external forecasts and will require significant outperformance to generate higher levels of pay-out. In addition, a health and safety adjustment underpin will apply which, if not achieved, could reduce the bonus pay-out.
- Any bonus earned above 75% of salary will be deferred into shares for three years.
- Given the competitive nature of the Company's sector, the specific performance targets for 2020 are considered to be commercially sensitive and, accordingly, are not disclosed at this time, although the targets will be disclosed in next year's report in relation to the 2020 bonus outturn.

Long-term incentives

- Awards will be made under the PSP in 2020 to the Executive Directors structured in a similar manner to the awards made in 2019, in that awards will be made which will vest subject to three-year earnings per share (two-thirds of the award) and operating cash flow (one-third) targets.
- Full details of these targets, all based on post IFRS 16 results, will be disclosed in next year's report, with these targets no less challenging in relative terms than the targets applied to the 2019 PSP awards.

Chair and Non-executive Directors' fees

- The fees of the Chair and Non-executive Directors will remain unchanged from 2019 levels.
- Robert Lawson receives a fee of £120,000 p.a. as Chair.
- The Non-executive Directors each receive a fee of £40,000 p.a., with an additional fee of £5,000 p.a. for each of the Chair of the Audit Committee and Chair of the Remuneration Committee and an additional fee of £3,000 p.a. for the Senior Independent Director.