

Directors' remuneration report continued

Annual report on remuneration

The directors' remuneration policy for the period ended 25 March 2017 was consistent with the policy approved by shareholders at the AGM in 2014. This section of the directors' remuneration report gives information on how the Remuneration Committee implemented the policy on directors' remuneration and the incentive outturns for 2016/17. It details how the current remuneration policy is being applied until approval of the new policy. The current remuneration policy, as approved by shareholders in 2014, is available on our website.

Single figure of remuneration for each Director (audited)

The table below shows how we have applied the current remuneration policy during 2016/17. It discloses all the elements of remuneration received by the Directors during the period.

	Salary and fees ^a		Benefits (excluding pensions) ^b		Bonus ^c		Long term incentive (PSP) (vested) ^d		Pensions ^e		Other payments ^f		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Executive Directors														
Martin Sutherland	469	464	31	31	256	361	-	-	132	136	11	6	899	998
Jitesh Sodha	320	206	24	15	151	119	-	-	57	37	-	-	552	377
Rupert Middleton	324	222	16	11	-	122	-	-	61	41	-	-	401	396
Colin Child (stood down from the Board with effect from 23 July 2015)	-	119	-	8	-	-	-	-	-	30	-	-	-	157
	1,113	1,011	71	65	407	602	-	-	250	244	11	6	1,852	1,928
Chairman														
Philip Rogerson	189	185	-	-	-	-	-	-	-	-	-	-	189	185
Non-executive Directors														
Nick Bray (appointed with effect from 21 July 2016)	40	-	-	-	-	-	-	-	-	-	-	-	40	-
Sabri Challah	57	39	-	-	-	-	-	-	-	-	-	-	57	39
Maria da Cunha	49	33	-	-	-	-	-	-	-	-	-	-	49	33
Warren East (stepped down from the Board with effect from 23 July 2015)	-	23	-	-	-	-	-	-	-	-	-	-	-	23
Victoria Jarman (stepped down from the Board with effect from 21 July 2016)	17	54	-	-	-	-	-	-	-	-	-	-	17	54
Gill Rider (stepped down from the Board with effect from 23 July 2015)	-	20	-	-	-	-	-	-	-	-	-	-	-	20
Andrew Stevens	57	54	-	-	-	-	-	-	-	-	-	-	57	54
Aggregate emoluments	1,522	1,419	71	65	407	602	-	-	250	244	11	6	2,261	2,336

Notes

The figures in the single figure table above are derived from the following:

^a Base salary and fees: the actual salary and fees received during the period. The Executive Directors' salaries are normally reviewed, but not necessarily increased, with effect from 1 July each year.

ⁱ Martin Sutherland has a salary of £480,000 per annum effective 1 July 2016 and the salary shown above is to the period 25 March 2017. Martin Sutherland took advantage of the annual leave flexibility scheme and purchased an additional five days' annual leave entitlement during the period at a cost of £9,129 which is reflected in the table above.

ⁱⁱ Jitesh Sodha has a salary of £325,000 per annum effective 1 July 2016 and the salary shown above is to the period 25 March 2017. Jitesh Sodha took advantage of the annual leave flexibility scheme and purchased an additional two and a half days' annual leave entitlement during the period at a cost of £3,408 which is reflected in the table above.

ⁱⁱⁱ Philip Rogerson's Chairman's fee is £190,250 effective from 1 July 2016 and the fee shown is the fee to the end of the financial period.

^b Benefits (excluding pensions): the gross value of all taxable benefits received in the period, including for example car or car allowance and private medical and permanent health insurance.

^c Bonus: bonus is the cash value of the bonus earned in respect of the period including the value of deferred shares which must be held for a minimum period as detailed on page 86. A description of the performance measures that applied for the year 2016/17 is provided on page 86.

^d There is no long term incentive vesting to Executive Directors for the period reported.

^e Pension allowance and contributions to defined contribution section. See page 89 for further details of pension arrangements.

^f Other payments relate to:

2017 - Martin Sutherland: dividend equivalent payments made under the CEO Share Award at the point of vesting. See page 90 for further details.

Individual elements of remuneration

Base salary and fees (audited)

Base salaries for Executive Directors are reviewed annually by the Remuneration Committee and are set with reference to individual performance, experience and responsibilities, Group performance, affordability and market competitiveness. An annual salary review was carried out by the Remuneration Committee on 27 April 2017. Following that review the Committee agreed an increase in salary for Martin Sutherland and Jitesh Sodha for 2017/18 payable from 1 July 2017 as follows:

	Base salary 2017 £'000	Base salary 2016 £'000	Increase %
Martin Sutherland	490	480	2.08
Jitesh Sodha	331	325	1.85
Rupert Middleton ¹	325	325	–

¹ Rupert Middleton will stand down from the Board at the conclusion of the AGM on 20 July 2017 and he will not receive a salary increase for 2017/18.

The current directors' remuneration policy, approved by shareholders at the 2014 AGM, is that increases in salary for Executive Directors will not normally exceed the range of increases awarded to other employees in the Group except in the specific circumstances listed in the binding policy. This policy is maintained in the new directors' remuneration policy being put to shareholders at this year's AGM.

The remuneration policy for Non-executive Directors, other than the Chairman, is determined by the Board. Fees reflect the responsibilities and duties of Non-executive Directors while also having regard to the market place. The Non-executive Directors do not participate in any of the Group's share incentive plans nor do they receive any benefits or pension contributions. The Chairmen of the Remuneration Committee and Audit Committee and the Senior Independent Director received a further fee of £8,000 to reflect their additional duties in 2016/17. Basic fees payable to Non-executive Directors were increased by 2% for 2017/18 effective from 1 July 2017, with no change in the additional fee for chairing Board Committees. The fees are as follows:

	2017 £'000	2016 £'000
Non-executive Director fees		
Basic fee	50	49
Additional fee for chairmanship of Audit and Remuneration Committees and Senior Independent Director	8	8

The Chairman will receive a fee of £194,000 with effect from 1 July 2017.

Directors' remuneration report continued

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Performance against targets (audited)

Annual bonus

The annual bonus is delivered under the Annual Bonus Plan (ABP).

ABP performance measures 2016/17

The ABP was operated on similar terms with respect to structure, financial measures and weightings as in 2015/16. The bonus opportunity was based on an element of personal objectives (20%) and a number of financial performance metrics apportioned as follows:

- Group revenue (20%)
- Group adjusted operating profit (40%)
- Group cash conversion (20%)

No payments will be made on any element of bonus (including the personal element) if a minimum operating profit threshold is not achieved. In addition, the Remuneration Committee has discretion to consider other factors, such as ethical behaviours, corporate responsibility, environment and health and safety matters as it sees fit when determining awards.

Annual bonus payments to Executive Directors have the following restrictions: 60% of the bonus opportunity is payable in cash with the remaining 40% deferred in shares. Half of the deferred shares will vest one year after the cash payout and the remaining half of the deferred shares will vest two years after the cash payout. There was no change to the maximum bonus opportunities for Executive Directors as described in the directors' remuneration policy table on page 78.

Disclosure of 2016/17 bonus targets

The Remuneration Committee has agreed to adopt an approach of full retrospective disclosure of bonus targets in response to comments from investors during the policy review process. The following table provides detail on the bonus target measures.

Measure	Threshold	Target	Max	Actual	% of maximum achieved
Group revenue	£480m	£500m	£520m	£462m	0
Group adjusted operating profit	£66.4m	£70.4m	£74.4m	£70.7m	21.5
Group cash conversion	140%	150%	160%	114%	0

Twenty per cent of the Executive Directors' bonus is based on achievement of personal objectives.

Personal objectives are based on Group objectives comprising both tactical and transformational targets focused on the achievement of core strategic priorities and encompassing improved efficiency, strengthened financial performance, product innovation and culture change. In addition, each Executive Leadership Team member has personal objectives relating to their own area of functional responsibility.

Following a review of achievement against the personal objectives for the Executive Directors, the Remuneration Committee concluded that:

- Martin Sutherland should receive a payment of 18% of maximum opportunity
- Jitesh Sodha should receive a payment of 19% of maximum opportunity
- Rupert Middleton will not be eligible for a payment for 2016/17

The 2016/17 cash bonus and deferred share element is detailed in the table below:

	Cash payment £'000	Deferred into shares £'000	Total annual bonus shown in column (c) of total remuneration table on page 84 in respect of 2017 £'000
Martin Sutherland	154	102	256
Jitesh Sodha	91	60	151
Rupert Middleton	—	—	—

ABP 2017/18

The Remuneration Committee has determined that the bonus in respect of 2017/18 will be operated on similar terms of structure, financial measures (Group revenue, Group adjusted operating profit, Group cash conversion) and weightings as in 2016/17. The performance measures are appropriately weighted and incentivise the Executive Directors to achieve the desired outcomes without undue risk of focusing on any one financial measure. No payments will be made on any element of bonus (including the personal element) if a minimum operating profit threshold is not achieved. There will be no change to the maximum bonus opportunities for Executive Directors. The specific performance points are not disclosed while still commercially sensitive, but are disclosed the following year.

Long term incentive – Performance Share Plan (PSP)

The PSP is a share based long term incentive aligned closely with business strategy and interests of shareholders through the performance measures chosen. The PSP is designed to provide Executive Directors and selected senior managers with a long term incentive that promotes annual and long term performance and reinforces alignment between participants and shareholders.

Performance measures applying to PSP Awards

The awards made under the PSP were subject to a combination of compound average growth in underlying basic EPS and average return on capital employed (ROCE). EPS growth ensures any payout is supported by sound profitability. ROCE supports the strategic focus on growth and margins ensuring cash is reinvested to generate the appropriate returns.

All awards are made as performance shares based on a percentage of salary and the value is divided by the average share price over a period before the date of grant in accordance with the rules of the PSP. In addition, the Remuneration Committee must be satisfied that the vesting reflects the underlying performance of the Group and retains the flexibility to adjust the vesting amount to ensure it remains appropriate. Any adjustments will depend on the nature, timing and materiality of any contributory factors.

A summary of the performance measures, weighting and award vesting levels that apply to awards under the PSP is shown in the table below:

Year of Award	Measure	Vesting % of element at threshold	Vesting % of element at maximum	Growth % required for threshold	Growth % required for maximum
2014	EPS ¹	25	100	5	10
	ROCE	25	100	40	45
2015	EPS ¹	25	100	5	10
	ROCE	25	100	26	32
2016	EPS ¹	25	100	5	10
	ROCE ²	25	100	30	36
2017	EPS ¹	25	100	5	10
	ROCE	25	100	30	36

Notes

¹ Underlying earnings per share.

² The vesting levels under ROCE have been adjusted to take account of the impact of a discontinued operation held for sale as described in note 2 to the financial statements. The Remuneration Committee is satisfied that the performance measures which are appropriately weighted support the Group's strategy and business objectives.

EPS and ROCE remain the most appropriate long term incentive measures and provide a strong line of sight between strategy, business performance and executive reward. The Remuneration Committee believes that the performance necessary to achieve awards is sufficiently stretching.

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PSP award vesting in 2017

Rupert Middleton is the only current serving Executive Director who was in receipt of this award in June 2014 prior to his appointment as an Executive Director. Awards under the PSP had three year performance criteria based on earnings per share (EPS) and return on capital employed (ROCE). Seventy five per cent of the award was based on underlying EPS average compound growth above 5% and 25% was based on ROCE of over 40%.

The performance period for the 2014 PSP awards ended on 25 March 2017. Over the period:

- The Group's underlying EPS growth was -8% per annum over the three years from 2014. Since this was below the threshold growth of 5% per annum, shares will not vest under this performance measure
- De La Rue's average ROCE for the period was 39%. Since this was below the threshold of 40%, shares will not vest under this performance measure

Performance tests against both criteria were not achieved and therefore the award lapsed.

PSP awards made in June 2016 (audited)

Executive Directors received PSP awards in line with the existing directors' remuneration policy as follows:

	Number of shares awarded	Date of award	% of salary	Face value £'000	Vesting at threshold (as a % of maximum)	Performance period end date
Martin Sutherland	90,813	27 June 2016	100	425	25	31 March 2019
Jitesh Sodha	61,438	27 June 2016	100	288	25	31 March 2019
Rupert Middleton	61,438	27 June 2016	100	288	25	31 March 2019

All awards are made as performance shares based on a percentage of salary and the value is divided by the average share price over a five day period prior to the date of award, being 520.85p for the award. Face value is the maximum number of shares that would vest multiplied by the share price (468.25p on 27 June 2016) at the date of grant.

Performance measures applying to PSP awards to be made in 2017

The Remuneration Committee has given detailed consideration, following shareholder consultation during 2016, to the potential reintroduction of a relative TSR performance measure but concluded that the measures of EPS growth and ROCE are the most appropriate measures for De La Rue. Past experience has identified the difficulty in selecting a robust and relevant comparator group with simple reference to the broad FTSE 250 index not considered appropriate.

At least 5% per annum growth in EPS must be achieved for threshold vesting of 25% under the EPS performance measure with maximum vesting at 10% per annum. A return of at least 30% must be achieved for threshold vesting of 25% under the ROCE performance measure with a maximum vesting of 100% at a return of 36%. For awards to be made in 2017 the performance targets and weightings remain unchanged.

Executive Directors' service contracts

The table below summarises the notice periods contained in the Executive Directors' service contracts.

	Date of contract	Date of appointment	Notice from Company	Notice from Director
Martin Sutherland	28 August 2014	13 October 2014	12 months	6 months
Rupert Middleton	23 July 2015	23 July 2015	6 months	6 months
Jitesh Sodha	24 June 2015	10 August 2015	6 months	6 months

Non-executive Directors' letters of appointment

The Chairman and Non-executive Directors have letters of appointment rather than service contracts.

Non-executive Director	Date of appointment	Current letter of appointment end date
Nick Bray	21 July 2016	20 July 2019
Sabri Challah	23 July 2015	22 July 2018
Maria da Cunha	23 July 2015	22 July 2018
Philip Rogerson	1 March 2012	28 February 2018
Andrew Stevens	2 January 2013	2 January 2019

Total pension entitlements (audited)

The Group's UK pension schemes are funded, HMRC registered and approved schemes. They include both defined contribution and defined benefit pension schemes.

None of the Executive Directors was a member of the legacy defined benefit schemes. All of the Executive Directors have opted out of the defined contribution plan and receive a cash allowance in lieu of a pension contribution.

During the year Martin Sutherland received a cash allowance of 30% of his basic salary in lieu of a pension contribution and Jitesh Sodha and Rupert Middleton each received a cash allowance of 20% of basic salary in lieu of pension contributions. The cash allowances were reduced by the amount of the Company's national insurance contribution to ensure cost neutrality with making the same contribution to the pension plan.

Details of the payments made to the Executive Directors are included on page 84.

Payments for loss of office (audited)

There were no payments for loss of office during the period.

Payments to past Directors (audited)

There were no payments to past Directors during the period in respect of services provided to the Company as a Director.

External directorships of Executive Directors

The Board considers whether it is appropriate for an Executive Director to serve as a non-executive director of another company. Martin Sutherland was appointed a non-executive director of Forterra plc with effect from 23 May 2017 and his entitlement to a fee in respect of this appointment will be reported in the 2018 annual report.

Share retention policy

The Remuneration Committee believes it is important that the interests of Executive Directors should be closely aligned with those of shareholders. Under the existing policy, Executive Directors are encouraged to build up a shareholding over five years, equivalent to one times salary. This may be achieved either through market share purchases or retention of vested share awards. Under the new remuneration policy to be proposed at the 2017 AGM it is intended that this be met by the Executive Directors retaining 100% of vested post-tax deferred bonus shares, restricted shares and performance shares until the requirement is met in full.

Directors' interests in shares (audited)

The Directors and their connected persons had the following interests in the ordinary shares of the Company at 25 March 2017:

	Current shareholding ordinary shares (held outright)	Current shareholding as % of salary	Unvested awards				Vested shares exercised during the period
			Subject to performance conditions	Not subject to performance conditions			
				Performance Share Plan	Annual Bonus Plan	CEO Share Award	
Executive Directors							
Martin Sutherland	40,819	54	176,488	28,063	–	4,443	20,702 ^{1,3}
Jitesh Sodha	7,594	15	128,530	8,732	–	3,902	–
Rupert Middleton	3,084	6	150,593	14,483	–	–	1,589 ^{2,3}
Non-executive Chairman							
Philip Rogerson	13,000	n/a	–	–	–	–	–
Non-executive Directors							
Nick Bray (appointed 21 July 2016)	–	n/a	–	–	–	–	–
Sabri Challah	3,400	n/a	–	–	–	–	–
Maria da Cunha	4,735	n/a	–	–	–	–	–
Andrew Stevens	2,327	n/a	–	–	–	–	–

There have been no changes in Directors' outright interests in ordinary shares in the period 25 March 2017 to 23 May 2017. All interests of the Directors and their families are beneficial.

The current shareholdings as a percentage of salary during the period are calculated using the closing De La Rue plc share price of 631.5p on 24 March 2017 (25 March 2017 being a Saturday).

Notes

¹ Includes a total of 2,341 dividend shares on vested CEO Share Award (2,206 shares) and vested award under Annual Bonus Plan (135 shares).

² Includes a total of 133 dividend shares on vested award under Annual Bonus Plan.

³ All shares on exercise retained by Martin Sutherland and Rupert Middleton respectively after disposal to meet tax liabilities pursuant to the share retention policy.

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Directors' interest in vested and unvested share awards (unaudited)

The awards over De La Rue plc shares held by Executive Directors under the ABP, PSP, CEO Share Award and Sharesave scheme during the period are detailed below:

	Date of award	Total award as at 26 March 2016	Awarded during year	Exercised during year	Lapsed during year	Awards held at 25 March 2017	Awards vested (unexercised) during year	Mid-market share price at date of award (pence)	Market price per share at exercise date (pence)	Date of vesting	Expiry date
Martin Sutherland											
CEO Share Award ¹	Nov 14	19,087	–	19,087 ²	–	–	–	474.60 ³	625.50	Mar 17 ⁴	Mar 17
Annual Bonus Plan ¹	Jun 15	1,615	–	1,615 ⁵	–	–	–	514.50 ⁶	599.71	Jul 16 ⁷	Jun 25
	Jun 15	1,615	–	–	–	1,615	–	514.50 ⁶	–	Jul 17	Jun 25
	Jun 16	–	13,224	–	–	13,224	–	546.60 ⁶	–	Jul 17	Jun 26
	Jun 16	–	13,224	–	–	13,224	–	546.60 ⁶	–	Jul 18	Jun 26
Performance Share Plan	Jun 15	51,405	–	–	–	51,405	–	541.00 ⁶	–	Jun 18	Jun 25
	Jun 15	34,270	–	–	–	34,270	–	541.00 ⁶	–	Jun 19	Jun 25
	Jun 16	–	54,488	–	–	54,488	–	520.85 ⁶	–	Jun 19	Jun 26
	Jun 16	–	36,325	–	–	36,325	–	520.85 ⁶	–	Jun 20	Jun 26
		107,992	117,261	20,702	–	204,551	–				
Sharesave options ¹	Jan 15	2,876	–	–	–	2,876	–	438.00 ⁸	–	Mar 18	Aug 18
	Jan 16	1,567	–	–	–	1,567	–	344.40 ⁸	–	Mar 19	Aug 19
Jitesh Sodha											
Annual Bonus Plan ¹	Jun 16	–	4,366	–	–	4,366	–	546.60 ⁶	–	Jul 17	Jun 26
	Jun 16	–	4,366	–	–	4,366	–	546.60 ⁶	–	Jul 18	Jun 26
Performance Share Plan	Sep 15	40,255	–	–	–	40,255	–	476.95 ⁶	–	Sep 18	Sep 25
	Sep 15	26,837	–	–	–	26,837	–	476.95 ⁶	–	Sep 19	Sep 25
	Jun 16	–	36,863	–	–	36,863	–	520.85 ⁶	–	Jun 19	Jun 26
	Jun 16	–	24,575	–	–	24,575	–	520.85 ⁶	–	Jun 20	Jun 26
		67,092	70,170	–	–	137,262	–				
Sharesave options ¹	Jan 16	2,613	–	–	–	2,613	–	344.40 ⁸	–	Mar 19	Aug 19
	Jan 17	–	1,289	–	–	1,289	–	441.06 ⁸	–	Mar 20	Aug 20
Rupert Middleton											
Annual Bonus Plan ¹	Jun 15	1,589	–	1,589 ⁹	–	–	–	514.50 ⁶	599.71	Jul 16 ⁷	Jun 25
	Jun 15	1,589	–	–	–	1,589	–	514.50 ⁶	–	Jul 17	Jun 25
	Jun 16	–	6,627	–	–	6,627	–	546.60 ⁶	–	Jul 17	Jun 26
	Jun 16	–	6,627	–	–	6,627	–	546.60 ⁶	–	Jul 18	Jun 26
Performance Share Plan	Jun 14	21,108	–	–	–	21,108	–	830.00 ⁶	–	Jun 17	Jun 24
	Jun 14	14,073	–	–	–	14,073	–	830.00 ⁶	–	Jun 18	Jun 24
	Jun 15	32,384	–	–	–	32,384	–	541.00 ⁶	–	Jun 18	Jun 25
	Jun 15	21,590	–	–	–	21,590	–	541.00 ⁶	–	Jun 19	Jun 25
	Jun 16	–	36,863	–	–	36,863	–	520.85 ⁶	–	Jun 19	Jun 26
	Jun 16	–	24,575	–	–	24,575	–	520.85 ⁶	–	Jun 20	Jun 26
		92,333	74,692	1,589	–	165,436	–				

Notes

¹ These awards do not have any performance conditions attached.

² The Company procured shares and transferred the shares to Martin Sutherland at vesting. An additional 2,206 dividend shares were procured at vesting. Martin Sutherland made a taxable gain (after dealing costs excluding PAYE/NI) of £133,188. The balance of shares (11,265) following disposal to meet all liabilities were retained by Martin Sutherland.

³ Based on price formula linked to De La Rue plc and BAE Systems plc listed share price. The shares were awarded as part of a recruitment award and were intended to mirror the fair value and vesting profile of incentives Martin Sutherland forfeited on leaving his previous employer.

⁴ The closing mid-market price of the Company's ordinary share on 8 July 2016 was 567p as the vesting date on 10 July 2016 was a Sunday.

⁵ Includes an additional 135 dividend shares on vesting. Martin Sutherland made a taxable gain (after dealing costs excluding PAYE/NI) of £10,495. The balance of shares (923) following disposal to meet all liabilities were retained by Martin Sutherland.

⁶ Mid-market share value of an ordinary share averaged over the five dealing days immediately preceding award date.

⁷ The closing mid-market price of the Company's ordinary shares as at the vesting date on 7 March 2017 was 627.50p.

⁸ For Sharesave options the share price shown is the exercise price which was 80% of mid-market value of an ordinary share averaged over the three dealing days immediately preceding award date.

⁹ Includes an additional 133 dividend shares on vesting. Rupert Middleton made a taxable gain (after dealing costs excluding PAYE/NI) of £10,327. The balance of shares (908) following disposal to meet all liabilities were retained by Rupert Middleton.

Dividend shares on unvested awards

Dividend shares are an additional award of shares that may be released by the Remuneration Committee on the vesting date in respect of awards under the ABP, PSP and CEO Share Award equivalent in value to the amount of dividends that would have been received pursuant to the relevant Plan Rules or Agreement. As at 25 March 2017 and based on the prevailing market share price on the respective dividend record date, the dividend shares accrued and assuming full vesting as appropriate were as follows:

Martin Sutherland: 11,282 ordinary shares

Jitesh Sodha: 5,777 ordinary shares

Rupert Middleton: 12,391 ordinary shares

Chief Executive Officer pay, total shareholder return (TSR) and all employee pay

This section of the report enables our remuneration arrangements to be seen in context by providing:

- De La Rue's TSR performance for the eight years to 25 March 2017
- A history of De La Rue's Chief Executive Officer's remuneration for the current and previous seven years
- A comparison of the year-on-year change in De La Rue's Chief Executive Officer's remuneration with the change in the average remuneration across the Group
- A year-on-year comparison of the total amount spent on pay across the Group with profit before tax and dividends paid

Chief Executive Officer pay

Period ended March	2010	2011	2011	2012	2013	2014	2015	2016	2017
	James Hussey ¹	James Hussey ¹	Tim Cobbold ^{2,3}	Tim Cobbold	Tim Cobbold	Tim Cobbold ²	Martin Sutherland ⁴	Martin Sutherland	Martin Sutherland
Single figure of total remuneration £000	843	433	604	1,053	634	1,071	1,107	998	899
Annual bonus payout as a % of maximum opportunity	46	44	Nil	80	Nil	Nil	14	57	40
LTIP vesting against maximum opportunity (%)	100	100	Nil	Nil	Nil	60	Nil	Nil	Nil

Notes

¹ Role as Chief Executive Officer ended on 12 August 2010.

² Appointed Chief Executive Officer on 1 January 2011 and resigned on 29 March 2014.

³ Includes award to the value of £450,000 at the date of award under the Recruitment Share Award (which vested on 31 January 2014).

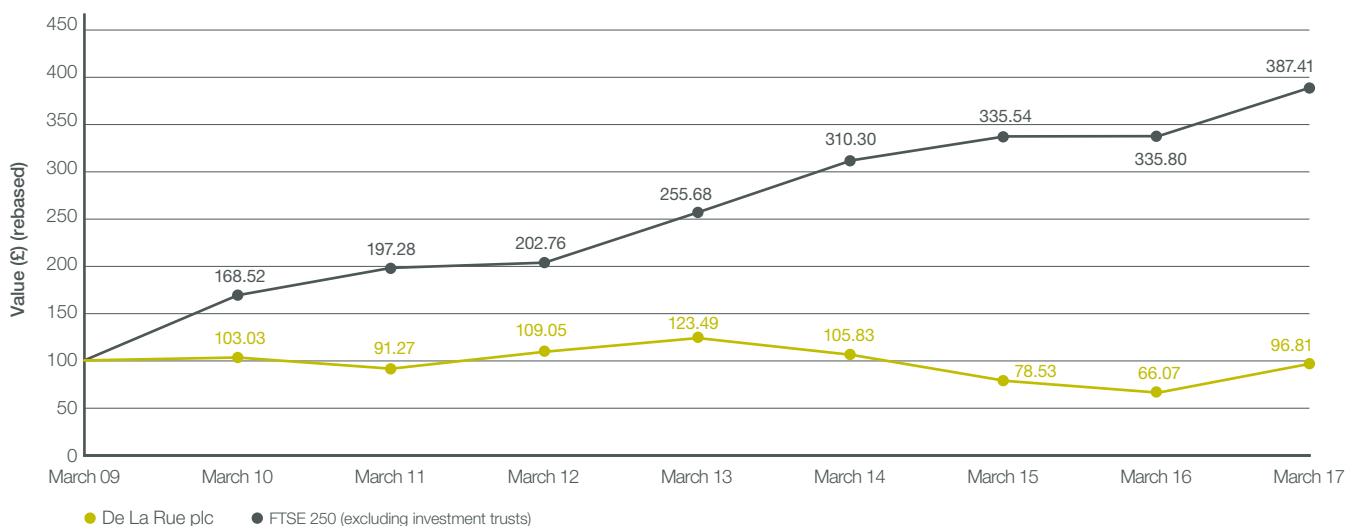
⁴ Appointed 13 October 2014.

TSR performance

The graph below shows the value, at 25 March 2017, of £100 invested in De La Rue plc on 28 March 2009 compared with the value of £100 invested in the FTSE 250 index excluding investment trusts, assuming in each case the reinvestment of dividends. The other points plotted are the values at intervening financial year ends. The FTSE 250 has been chosen as it is the index of which De La Rue was a constituent for a majority of the period reported (source: Thomson Reuters). TSR is not used as a performance measure for any benefits provided to Executive Directors.

Total shareholder return

Source: Datastream (Thomson Reuters)



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Percentage change in Chief Executive Officer remuneration

The table below compares the percentage change in the Chief Executive Officer's salary, bonus and benefits to the average change in salary, bonus and benefits for all UK employees between 2015/16 and 2016/17. UK employees were chosen as a comparator group to avoid the impact of exchange rate movements over the year. UK employees make up approximately 64% of the total employee population.

	Salary %	Benefits %	Annual bonus %
Chief Executive Officer	1.80	–	(29.18)
UK employee average	2.29	–	(24.43)

Relative spend on pay

The following table sets out the percentage change in payments to shareholders and the overall expenditure on pay across the Group.

	2017 £m	2016 £m	Change %
Dividends (note 8 to the financial statements)	25.4	25.3	0.40
Overall expenditure on pay (note 24 to the financial statements)	136.1	149.3	(8.84)

Statement of shareholder voting 2016

	Total votes cast	For ¹	(%)	Against	(%)	Votes withheld ²
Approval of 2016 remuneration report	76,718,394	61,511,913	80.18	15,206,481	19.82	2,260,147

Notes

¹ The votes 'For' include votes given at the Chairman's discretion.

² A vote 'Withheld' is not a vote in law and, as such, is not counted in the calculation of the proportion of votes 'For' and 'Against'.

De La Rue carefully monitors shareholder voting on the remuneration policy and implementation and the Company recognises the importance of ensuring that shareholders continue to support the remuneration arrangements. All voting at the AGM is undertaken by poll.

Remuneration advice

The Remuneration Committee consults with the Chief Executive Officer on the remuneration of executives directly reporting to him and other senior executives and seeks to ensure a consistent approach across the Group taking account of seniority and market practice and the key remuneration policies outlined in this report. During 2016/17, the Committee also received advice from Willis Towers Watson. Willis Towers Watson has been formally appointed by the Remuneration Committee and advised on the review of the directors' remuneration policy, executive remuneration levels and trends, directors' remuneration report preparation and target setting for incentive plans. The Remuneration Committee requests Willis Towers Watson to attend meetings periodically during the year.

Willis Towers Watson is a member of the Remuneration Consultants' Group and has signed up to the code of conduct relating to the provision of executive remuneration advice in the UK. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice has been objective and independent.

Total fees for advice provided to the Remuneration Committee during the year by Willis Towers Watson were £53,000.

Dilution limits

The share incentives operated by the Company comply with the institutional investors' share dilution guidelines.

The directors' remuneration report was approved by the Board on 23 May 2017 and signed on its behalf.

Statutory requirements

The directors' remuneration report has been prepared on behalf of the Board by the Committee.

The directors' remuneration report has been prepared in accordance with the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules.

The Companies Act 2006 and the Listing Rules require the Company's auditor to report on the audited information in their report on pages 97 to 101 and to state that this section has been properly prepared in accordance with these regulations.

Sabri Challah

Chairman of the Remuneration Committee
23 May 2017