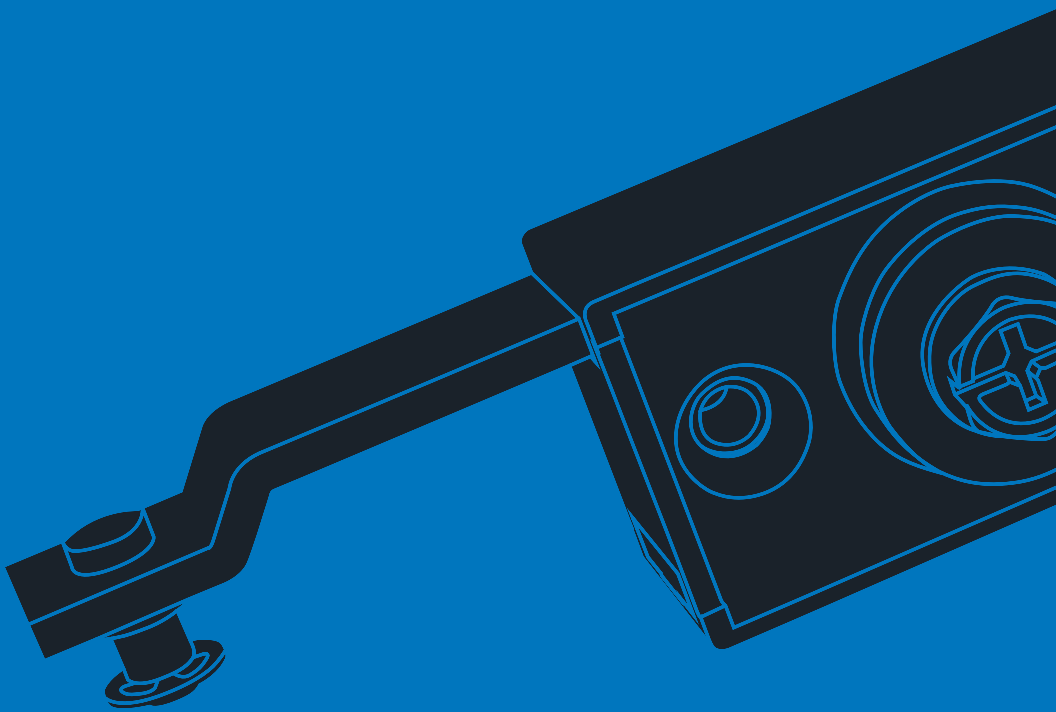
Our governance



Contents

Directors' report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report, for the year ended 31 March 2018

Results and proposed dividends

Total Group revenue from continuing operations was £197.6m (2017: £186.5m) and the profit for the year before taxation was £18.5m (2017: £17.3m). Underlying profit before tax for the Group was £22.2m (2017: £20.5m); see note 2 for breakdown.

The Directors recommend a final dividend of 2.75p (2017: 2.50p) per ordinary share to be paid on 12 October 2018 to shareholders registered at the close of business on 14 September 2018. This together with the interim dividend of 1.10p (paid on 12 April 2018) (2017: 1.00p) brings the total of the year to 3.85p (2017: 3.50p). The 2018 recommended final dividend has not been included within creditors as it was not approved before the year end. The 2018 interim dividend is also unrecognised as it was paid post year end.

The Strategic report provides a detailed analysis of the results in the year and an indication of future developments.

Annual General Meeting

The Annual General Meeting will be held at 12 Noon on Wednesday 25 July 2018 at *Trifast* House, Bellbrook Park, Uckfield, East Sussex,
TN22 1QW.

Directors and Directors' interests

The Directors who held office during the year were as follows:

Chairman

MM Diamond MBE	Non-Executive Director Chairman of Nominations Committee

Executive Directors

MR Belton	Chief Executive Officer
CL Foster	Chief Financial Officer
GP Budd	Commercial Director & European Managing Director (retired from the Board 31 March 2018)
GC Roberts	Group Sales Director

Independent Directors (Non-Executive)

NW Warner	Senior Independent Chairman of Audit Committee
JPD Shearman	Chairman of Remuneration Committee
SW Mac Meekin	

The Directors' remuneration and their interests in share capital are shown in the Remuneration report on pages 86 to 98. Those Directors who are retiring and, being eligible, offer themselves up for re-election, are shown in the Corporate governance statement on pages 80 to 81. Biographical details can be found in Board of Directors on pages 72 to 73.

Substantial shareholdings

Details of the share structure of the Company are disclosed in note 24.

As at the year end on 31 March 2018, the Company was aware of the following material interests, representing 3% or more of the issued share capital of the Company.

	No. of shares held	% of shareholding
AXA Framlington Investment Managers	11,520,241	9.49
Schroder Investment Management	10,850,000	8.94
BlackRock Investment Management (UK)	9,162,926	7.55
Liontrust Asset Management	9,144,320	7.53
Hargreave Hale	7,428,029	6.12
Mr Michael Timms	7,000,000	5.77
Castlefield Investments	4,212,500	3.47
Hargreaves Lansdown Asset Management	3,736,918	3.08

As at 1 June 2018, material interests representing 3% or more of the issued share capital of the Company were:

	No. of shares held	% of shareholding
AXA Framlington Investment Managers	11,520,241	9.49
Schroder Investment Management	10,720,000	8.83
Liontrust Asset Management	9,574,713	7.89
BlackRock Investment Management (UK)	9,357,400	7.71
Hargreave Hale	7,454,029	6.14
Mr Michael Timms	7,000,000	5.77
Castlefield Investments	4,380,000	3.61
Hargreaves Lansdown Asset Management	3,719,318	3.06

Employee Benefit Trust ("EBT")
During the year the *Trifast* EBT (as funded by the Group) acquired 1,500,000 of *Trifast* 5p ordinary shares on the open market via to help meet future employee share plan obligations. The consideration paid for the shares was £3.4m. These shares are shown in the own shares held reserve within equity on the balance sheet. The number of ordinary shares held by the *Trifast* EBT at the 31 March 2018 was 1,500,000 (2017: nil) which represented 1.24% of the fully paid up share capital of the Company as at 31 March 2018 (2017: nil%).

Financial instruments
Information in respect of the Group's policies on financial risk management objectives including policies to manage credit risk, liquidity risk and foreign currency risk are given in note 26 to the financial statements.

Corporate governance
The Corporate governance statement on pages 80 to 81 should be read as forming part of the Directors' Report.

Takeover directive
Where not provided elsewhere in the Directors' report, the following provides the additional information required to be disclosed as a result of the implementation of the Takeover Directive.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law). In accordance with the Listing Rules of the Financial Conduct Authority, certain employees are required to seek the approval of the Company to deal in its shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights.

No person has any special rights of control over the Company's share capital and all its shares are fully paid.

The rules governing the appointment and replacement of Directors are set out in the corporate governance section of the Directors' report on pages 80 to 81. The Company's Articles of Association may only be amended by a special resolution at a General Meeting of shareholders.

The Company is party to a number of banking agreements that, upon a change of control of the Company, could be terminable by the bank concerned.

Outside of the extension of certain Directors' rolling contract periods and notice periods, there are no agreements between the Company and its Directors or employees which provide for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' report.

Employees
The Group has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Throughout the Group it is the Board's intention to provide possible employment opportunities and training for disabled people and to care for employees who become disabled having regard to aptitude and abilities. Our Corporate Social Responsibility Statement can be found on our website www.*Trifast*.com and further details are provided in the Strategic Report.

Regular consultation and meetings, formal or otherwise, are held with all levels of employees to discuss problems and opportunities. Information on matters of concern to employees is presented in the in-house letters and publications.

Disclosure of information to auditor
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
The Board has decided to propose KPMG LLP to be reappointed as auditor of the Company and a resolution concerning their appointment will be put to the forthcoming Annual General Meeting of the Company.

By order of the Board

Lyndsey Case
Company Secretary
11 June 2018

Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Company registration number: 01919797

Corporate governance

(forming part of the Directors' report)

With exceptions as highlighted below, the Company complied with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in April 2016

The Board acknowledges Malcolm Diamond is a Non-Independent Non-Executive Chairman (Executive Chairman until 1 April 2017) which does not comply with the requirements of section A.3.1 of the Corporate Governance Code. However, the Board believes that, given Mr Diamond sits as Chairman and is a non-executive in other companies, his experience from these appointments and his previous knowledge of *Trifast* is invaluable and can best be delivered through the position of Chairman.

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below (including in the Audit Committee and Nominations Committee reports and in the Directors' remuneration report on pages 86 to 98 and in the Viability statement on page 68). Details of substantial shareholdings of the Company can be found on page 78.

The structure of the Board and its standing committees is as follows:

The Board

During the year, the Board consisted of four Executive Directors however, following Geoff Budd's retirement from the Board on 31 March 2018, the Board currently consists of three Executive Directors, three Independent Non-Executive Directors and a Non-Executive Chairman. Taking into account the provisions of the code, the Board has determined that, during the year under review, each of the Non-Executive Directors remained independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement for the purposes of the Code. Jonathan Shearman has served nine years and, in line with the code, the Nomination Committee has carried out a vigorous review of his appointment. Following this review, the Board determined that Jonathan Shearman remains independent and strongly considers that he still performs his duties effectively, continuing to show integrity and high ethical standards whilst maintaining sound, independent judgement in respect of all decisions taken at Board and Committee level. The Chairman, Malcolm Diamond, who stepped to Non-Executive on 1 April 2018, is not considered by the Board to be independent; his wise counsel continues and he is recognised by the Board and stakeholders to add experience to the mix.

The appointment, replacement and powers of the Directors are governed by the Company's Articles of Association, the Corporate Governance Code, the Companies Act, prevailing legislation and resolutions passed at the Annual General Meeting ('AGM') or other general meetings of the Company.

The Senior Independent Non-Executive Director is Neil Warner, who was chosen due to his executive and non-executive board experience with other companies.

All Independent Non-Executive Directors have the authority to meet with shareholders without first seeking approval from the Chief Executive or the Chairman.

Upon appointment the Directors are required to seek election at the first AGM following appointment. All Directors are required to submit themselves for re-election at regular intervals and a minimum of one third of Directors must be re-elected on an annual basis.

The Board met six times during the period, with attendance as follows:

	Attendance in 2017/18
MM Diamond	5
MR Belton	6
CL Foster	6
GP Budd (retired from the Board 31 March 2018)	6
GC Roberts	5
NW Warner	6
JPD Shearman	6
SW Mac Meekin	5

The Directors retiring by rotation are Mark Belton, Glenda Roberts, Jonathan Shearman and Scott MacMeekin who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. The Chairman and Senior Independent Non-Executive Director confirm that following formal performance evaluation, the individuals seeking election and re-election continue to be effective and demonstrate commitment to the role.

The Company has separate posts of Chairman and Chief Executive. The Chairman leads the Board and the Chief Executive is responsible for the management of the Company, implementing policies and strategies determined by the Board.

The contracts of appointment of Non-Executive Directors are available for inspection on request to the Company Secretary.

The Independent Non-Executive Directors have full access to the external auditor and to management and there is a formal procedure for Directors to obtain independent professional advice in the furtherance of their duties should this be necessary. All Directors have access to the advice and services of the Company Secretary.

Appropriate and relevant training is provided to the Directors as and when required.

The Board meets a minimum of five times a year and is supplied as early as practical with an agenda and appropriate papers. Directors are appointed by the Board on recommendation from the Nominations Committee. The Board monitors the financial performance of the Group and approves and reviews major projects and acquisitions. The Board has formally adopted a schedule of matters which are reserved to the Board for decision, thus ensuring that it maintains control over appropriate strategic, financial, organisation and compliance issues to ensure the long-term success of the Company.

The Board undertakes annual evaluation of its own performance, that of its Committees and individual Directors and continues to train and evaluate senior managers below Board level to maintain its continuous succession policy. As part of this evaluation, the Board considers the balance of skills, experience, the independence and knowledge of the Board, its diversity, including gender, and how effectively the Board works together as a unit.

The Board has delegated specific responsibilities to the Audit, Nominations and Remuneration Committees. Details are described on pages 82 to 99.

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks have been disclosed on pages 68 to 71.

Internal audit

As detailed in the Audit Committee report on pages 82 to 99, the Board, via the Audit Committee, formally considers the requirement for internal audit on an annual basis as part of its terms of reference. A formalised internal review process called a 'health check' has been in operation for some years. Whilst the Board recognises that this process does not constitute a fully independent internal audit function, it believes that due to the size of the Group, this provides appropriate comfort as to the operational and financial controls in place.

Shareholder relations

The Group has a website, www.*Trifast*.com, which is regularly updated to ensure that shareholders and other providers of capital are fully aware of the Group's activities. The Group's Registrar, Computershare, is linked to the *Trifast* website and offers services for shareholders.

The Group also works with City specialists to ensure all levels of shareholders receive *Trifast* information.

During the year being reported upon we engaged with:

Peel Hunt LLP — Stockbroker to the Company, Institutional Fund Managers

TooleyStreet Communications — Investor Relations Analysts, Private Client Brokers and Media

Edison Investment Research — Investment Research, available on the *Trifast* website

The members of the Audit, Remuneration and Nominations Committees will be available to speak to shareholders at the AGM in order that they understand the views of the shareholders. In addition, shareholders can contact them at any time by writing to *Trifast* plc, *Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW.

Going concern

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. Further information is given in the Basis of Preparation, note 1 and the Viability statement on page 62. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the Board

Lyndsey Case
Company Secretary
11 June 2018

Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Audit Committee report

In a year of increased focus internally and externally on culture, values and judgements made to support strategic growth, I am pleased to report good progress in improving the quality of people, processes and systems that underpin all these elements

Neil Warner
Chairman of the Audit Committee

Dear Shareholder,

I am pleased to present the Audit Committee ("the Committee") report for the year ended 31 March 2018, which has been prepared by the Committee and approved by the Board.

As a Committee, we have focused on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements and the quality and effectiveness of audit processes to complement the other risk management activities.

The Board and Committee have also focused on the recently introduced governance requirements regarding the Annual Report and consider that, taken as a whole, the 2018 Annual Report is fair, balanced and understandable with appropriate references being made throughout the various sections, which I hope you will find helpful in understanding the information and disclosures contained within them.

The Committee meetings are held to coincide with key dates within the financial reporting and audit cycle and I also meet with management on an ad-hoc basis. I would like to thank the Committee members, the executive management team and our external auditor, KPMG LLP ('KPMG') for the open discussions that take place at our meetings and the importance they all attach to its work.

On behalf of the Audit Committee

Neil Warner
Chairman of the Audit Committee
11 June 2018

Committee membership and attendance

In accordance with the Code, the Audit Committee consists entirely of the Independent Non-Executive Directors and met three times in the year

	Attendance in 2017/18
Neil Warner (Chairman)	2
Jonathan Shearman	3
Scott Mac Meekin	3

Although it is only the Committee Chairman and its members who are entitled to be at a meeting of the Committee, the external auditor KPMG, the Non-Executive Chairman, the Chief Executive, the Chief Financial Officer and the Company Secretary are also invited to attend meetings.

The Board are satisfied that the members of the Committee have the breadth of knowledge, experience and financial dynamics to effectively fulfil their responsibilities. The Chairman, Neil Warner, has significant, recent and relevant financial experience as a former CFO of a FTSE 250 company and through his other Non-Executive appointments. The Director's summary biographies can be found on pages 72 to 73 of this Report.

Role and responsibilities

The Committee operates within its terms of reference, which are reviewed on an annual basis and are available on the Company's website or on request to the Company Secretary.

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the integrity and compliance of the financial information provided to shareholders including the strategic report, financial results, announcements and financial statements
- the appropriateness of accounting policies and the supporting key judgements and estimates
- whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable
- the Company's system of internal controls and risk management including the identification of principal risks and their mitigation and the requirement for a formal internal audit function (see pages 69 to 71 for Risk Management)
- the external audit process and external auditors, making recommendations to the Board on appointment, remuneration,

performance, expertise, independence and objectivity, along with the effectiveness of its scope, of the external auditor

- the processes for compliance with laws, regulations and ethical codes of practice including procedures for detecting, monitoring and managing the risk of fraud and the adequacy and security for its employees in relation to whistleblowing
- The Board believes that the Independent Non-Executive Directors who are members of the Audit Committee have the knowledge and skills relevant to the *Trifast* business from financial aspects through to manufacturing, distribution and sales

Key matters considered and activities during the year

During the year, the Committee met to agree the audit strategy for the full year audit, reviewed the results of the external audit for the financial year and reviewed the external auditor's half year review and the half year results. It also considered the results of the internal review process ('health checks') carried out as part of the cycle (more details of this process are given in the section 'internal audit' below) and finally it reviewed the Annual Report and the financial statements contained within it.

The Committee reports to the Board on how it has discharged its responsibilities on a regular basis.

The Committee's prime areas of focus have been:

- the integrity, completeness and consistency of financial reporting and disclosures
- the areas where significant judgements (during the year at, and post, the balance sheet date) and estimates are required in the financial statements
- the materiality level to apply to the audit
- whether the going concern basis of accounting should continue to apply in the preparation of the annual financial statements; and
- the appropriateness of the bases of disclosure in the company's viability statement
- the appropriateness of transactions separately identified and disclosed as one-off to highlight the underlying performance for the periods presented in the financial statements
- the appropriateness of transactions presented in Alternative Performance Measures (APM's) to compare relevant results for the periods presented in the financial statements
- the key assumptions, judgements and estimates as detailed in note 31 to the financial statements
- to review the Group's cyber risk strategy to ensure controls and testing are in place to mitigate the Group's exposure to this growing risk

Financial reporting and significant financial risks

The Committee concluded that there were two significant financial risks arising from the financial statements which would require consideration during the year:

- **Valuation of customer-specific specialised inventory (recurring)**

  The Group has significant inventory holdings which are specific to individual customer requirements. The Board recognises that as the business continues to grow the Group is required to carry additional inventory to meet its transactional and OEM business. This carries with it an increased exposure to recoverability of these balances. The Committee is satisfied that sufficient focus is given to this whole area and in the adequacy of provisions made for customer specific, slow moving and obsolete inventory.

- **Valuation of goodwill and other intangible assets (recurring)**

  The determination of whether goodwill has been impaired requires a review of the value in use of the asset. The main judgements in relation to the review were the achievability of the long-term business plan and the impact upon the plan of macroeconomic and regulatory issues. In addition, the Committee reviewed the discount rates used in projecting future cash flows to ensure they were within an acceptable range. The calculation of the value in use was undertaken and the Committee reviewed the conclusion, including sensitivity calculations. The Committee also held discussions with KPMG. The Committee concurred with management's conclusion that goodwill is not impaired.

- **Parent Company: recoverability of investments in subsidaries**

  The determination of whether the investments in subsidiaries have been impaired requires a review of recoverable amounts to see if it is greater than the carrying amounts. This review was split into two parts, the first looking at subsidiaries' balance sheets to see if their net assets were in excess of their carrying amounts, and the second comparing the amount of the investments with the current market capitalisation of the Group. The Committee is satisfied that the investments in subsidiaries are not impaired.

Internal audit

A formalised internal review process called a 'health check' has been in operation for some years and all business units are the subject of a health check on a rotational basis. The reviews, covering both operational and financial controls, are carried out by senior Group finance personnel, from Head Office, who are separated from the day to day activities within the entity which is the subject of the review. All health checks are presented by the Chief Financial Officer to the Audit Committee and remedial actions agreed. Whilst the Board recognises that this process does not constitute a fully independent internal audit function, it believes that due to the size of the Group, this provides appropriate comfort as to the operational and financial controls in place.

Audit Committee report continued

Internal control

The Board is ultimately responsible for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve strategic business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Corporate Governance Code requires that the Board reviews the effectiveness of the system of internal controls, in accordance with section C.2, including those of an operational and compliance nature, as well as internal financial controls. Having done so, the Committee is of the view that there is an appropriate ongoing process for identifying, evaluating and managing significant risks. Operating policies and controls are in place and have been in place throughout the year under review and cover a wide range of issues including financial reporting, capital expenditure, information technology, business continuity and management of employees. Detailed policies ensure the accuracy and reliability of financial reporting and the preparation of Financial Statements including the consolidation process.

The key elements of the Group's ongoing processes are:

- a full detailed review of the business risks undertaken as part of the ongoing day-to-day procedure of the business
- an organisational structure with clearly defined lines of responsibility and delegation of authority
- that Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are well documented
- that detailed annual budgets and rolling forecasts are prepared for all operating units and reviewed and approved by the Board
- that performance is monitored closely against budget and material variances reported to the Board
- that the Committee is to deal with any significant control issues raised by the auditor
- that a formal schedule of matters specifically reserved for decisions by the Board is maintained
- that capital expenditure is controlled by the budgetary process with authorisation levels in place. Any single item of capital expenditure over £250,000 goes to the Board for approval with detailed written proposals and financial analysis of expected returns

There were no significant control deficiencies identified during the year.

External auditor

The external audit is a continuous process. At the start of the audit cycle, KPMG present their audit strategy identifying their assessment of the key risks for the purposes of the audit and the scope of their work. For 2018 these risks were: the valuation of customer-specific inventory and valuation of goodwill. More detail is set out in KPMG's report on pages 103 to 108. In a change from last year, KPMG are now required to report on key audit matters in their audit report for the parent Company as well as for the Group. As such, the key audit matter identified for *Trifast* plc, as a standalone entity, is the valuation of investments in subsidiaries.

The FRC performed a thematic review of significant accounting judgements and sources of estimation uncertainty on the Group's statutory accounts for the year ended 31 March 2017. The review did not identify any substantive issues. The FRC's review only covered the specific disclosures relating to this thematic review and provides no assurance that the report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

KPMG reports to the Committee at both the half and full year, setting out their assessment of the Group's judgements and estimates in respect of key risks and the adequacy of the reporting. The Chairman of the Committee speaks to the lead audit director before each meeting and the whole Committee meets with KPMG in private at least once a year without executive management present. The Committee reviews the external auditor's performance and ongoing independence and concluded that the external audit process is operating effectively and KPMG continues to prove effective in its role as external auditor.

Non-audit services provided by KPMG

To ensure the independence and objectivity of the external auditor, the Committee has a policy which provides clear definitions of services that the external auditor can and cannot provide. Tax compliance and advisory services are currently provided by another professional services firm PricewaterhouseCoopers LLP ('PwC'). The policy also establishes a formal authorisation process, including either the tendering for non-audit services or pre-approval by the Committee for allowable non-audit work.

The fees in relation to non-audit services are found in note 5 of the Annual Report. These relate to tax compliance services for PSEP, *TR* Formac in Malaysia, *TR* Formac in Singapore and *TR* Asia Investment Holdings and due diligence work in relation to the acquisition of PTS on 4 April 2018.

Reappointment of external auditor

Following the completion of the audit, the Committee reviews the effectiveness and performance of KPMG with feedback from Committee members, senior executive management and finance personnel, covering overall quality, independence and objectivity, business understanding, technical knowledge, responsiveness and cost effectiveness.

The Committee acknowledges the new EU rules about auditor rotation and the requirement for companies to put audit services contracts out to tender at least every ten years (outside of transitional rules). KPMG has been our auditor for over 20 years. The current lead audit director at KPMG was appointed in September 2016 and will be required to stand down no later than the Annual General Meeting in 2020. Accordingly, and in line with the arrangements set out by the EU, the Committee continues to recommend to the Board that the tendering of the external contract should be either at the next rotation of audit lead director or earlier if appropriate circumstances arise. There are no contractual obligations which restrict the Audit Committee's choice of external auditor. The Committee and the Board have concluded that KPMG provides an effective audit and have recommended their reappointment at the 2018 AGM.

Nominations Committee report

> ***The Nominations Committee's key focus is to evaluate and examine the skills and characteristics that are needed in Board members to ensure the leadership team has the right balance of skills to deliver its progressive strategy for the benefit of all stakeholders***
>
> **Malcolm Diamond MBE**
> Chairman of the Nomination Committee

Role

To ensure their continued effectiveness the Committee regularly reviews and evaluates the composition of the Board and its Committees in order that they retain and reflect the appropriate balance of skills, knowledge, experience and independence.

Although it is deemed to not comply with the Corporate Governance code, the Board consider that the members of the Nominations Committee are appropriate to the size and complexity of the Company and feel that the balance of members is correct. To support this, other Board members are invited to the Nominations meetings as and when required.

Appropriate succession plans for the Non-Executive Directors, the Executive Directors and the Group's senior management are also kept under review.

The Nominations Committee's terms of reference are available on the website or on request to the Company Secretary.

Committee membership and attendance

The Nominations Committee consists of two Independent Non-Executive Directors, including the Senior Independent Non-Executive Director, the Chairman and the CEO.

Boardroom diversity

Appointing the best people to the Board is critical to the success of the Company. The Committee has therefore concluded that while diversity, including gender diversity, is important when reviewing the composition of the Board and possible new appointees, the single most important factor is to identify, recruit and develop people based on skills, leadership and merit. Given our commitment to appointing the best people and making sure that all employees have an equal chance of developing their careers with the Group, the Committee does not think it is appropriate to set targets for Board appointments; however, the Executive Board during FY2018 comprised a 50:50 gender balance.

	Attendance in 2017/18
Malcolm Diamond MBE (Chairman)	2
Neil Warner	2
Jonathan Shearman	2
Mark Belton	2

Succession planning

The Nominations Committee has always had a robust plan to ensure that the Company's successful culture, business model and growth strategy firmly established by the Senior Executive Board and the senior management team can be sustained well into the future.

It is clearly evidenced that management development throughout the Group has prospered based on promotion from within.

With Mark Belton, CEO, and Clare Foster, CFO, now in their successful third year of office, I suggested to the Board that I could then justify moving from Executive to Non-Executive Chairman in April 2017.

This not only fully acknowledged the firmly established new leadership but reduced the Board remuneration costs, whilst releasing more of my time for other directorship duties.

In summary, the leadership team has the right experience, knowledge and determination to positively lead and take *Trifast* to the next stage of its growth aspirations.

Malcolm Diamond MBE
Chairman of the Nominations Committee
11 June 2018

Directors' remuneration report

> ***From a broader business context, despite now having many years of continuous EPS improvement 'under our belt', we push on, committed to the delivery of further growth from both organic and acquisitive sources. We believe the Executive team is in place for the job at hand and that they are suitably motivated***

Jonathan Shearman
Chairman of the Remuneration Committee

Dear Shareholder,

Introduction

As Chairman of the *Trifast* plc Remuneration Committee (the 'Committee'), I am pleased to introduce our remuneration report for FY2018 which has been prepared by the Committee in accordance with the relevant legal and accounting regulations, then approved by the Board.

The role of the Committee is to ensure that the remuneration provided to our Executive Directors motivates them, aligns them with delivering our strategy and creates shareholder value in a sustainable manner. In addition, it is our task to ensure that the remuneration received by the Executive Directors is proportionate to the performance achieved and the returns received by you as shareholders.

Subsequent to last year's review of the Directors' remuneration Policy ('Policy'), the Committee was delighted that, following the consultation exercise, shareholders showed a high level of support for the Policy at the 2017 AGM (94.8% vote in favour of the Policy). The new Policy was operated for the first time in FY2018.

Company performance

Trifast has performed well this year, including progress when considering our strategy, taking into account a need to balance growth and investment in the business for future growth. Some business highlights include:

- Revenue grew by 6.0%
- Underlying Group profit before tax grew by 8.5% slightly ahead of expectations
- We delivered a 7.5% improvement in underlying diluted Earnings per Share
- Major capital investment programmes have been successfully implemented or commenced

The Group's balance sheet continues to be robust with the capacity to fund both our organic and acquisition growth and although there are macroeconomic challenges that we cannot fully mitigate, we remain confident in our growth prospects and the Executives' ability to execute the long-term strategy.

The positive business performance during the year together with the future strategy has helped frame decisions and outcomes in relation to current and future remuneration. Further details of which are provided below.

Key FY2018 remuneration outcomes

Annual bonus

In arriving at the annual bonus for FY2018, the Committee assessed the achievement of the Group's financial performance targets (75% weighting) and the Executive team's performance against the strategic and operational measures (25% weighting) that were set at the beginning of the year:

- In line with the pay-out schedule, the Company's organic EPS growth of 7.49% contributed 59.7% of maximum for this element and was also sufficient (above threshold) for the strategic & operational measures elements to be considered
- The Committee established four strategic and operational measures for FY2018, as set out below, and the Committee determined that 100% of maximum for this element was achieved (see page 92 for full details):
  - ROCE: minimum of 15%
  - Growth strategy: establish a fully functional acquisition team

- Customer satisfaction: construct a detailed Strategic Account Management (SAM) structure, identify personnel gaps and infill as appropriate

- Risk mitigation: undertake a full initial scoping of the Group's MIS, IT infrastructure and underlying business processes; ensure the correct team (internal and external) and Board approved budget is in place to outwork any resulting project(s).

Following the assessment of the financial performance targets and the strategic and operational measures, the Committee determined that a total annual bonus of 87.25% of salary was warranted, equating to 69.8% of the maximum bonus opportunity. The Committee is comfortable that the FY2018 annual bonus outcome reflects the underlying performance of the Company and is commensurate with the shareholder experience in FY2018. No discretion was exercised by the Committee when determining the bonus outcomes.

As the annual bonus is less than 100% of the Executives' base salary, and in accordance with the approved Policy, the amount will be paid in cash and there is no deferred component.

Long-Term Incentive Plan

We made our first LTIP award to Executives during FY2018 and the vesting of these awards will be assessed over the three year performance period beginning 1 April 2017. As such, the Committee was not required to assess the vesting of any LTIP awards during the year.

Implementation of Policy for FY2019

The Executive team recognises that FY2019 will be another year of investment for *Trifast* and on this basis requested that the Committee freeze their salaries for FY2019 instead of receiving the inflation based increase provided to the wider UK workforce. As a result, there was no salary increase awarded to the Executive Directors.

In line with the commitment made last year, the fees for our Non-Executive Chairman, Malcolm Diamond, have reduced from £150,000 to £125,000 effective 1 April 2018. All other Non-Executive fees remain unchanged.

This coming financial year will be another one during which the Board seeks to balance current growth and investment for the future, the annual bonus and LTIP targets alongside the strategic and operational measures have been set with this in mind. As a result, the EPS targets for the annual bonus and LTIP remain unchanged as does the relative total shareholder return (TSR) target in the LTIP (see page 97 for details). Strategic and operational measures remain an important component of the annual bonus and will ensure that the Executive team's pay is aligned with the successful execution of the strategic imperatives for FY2019.

Changes to the Executive Directors

On 29 March 2018, the Group announced that Geoffrey Budd, Commercial Director and European Managing Director stepped down from the Main Board. Although Geoff has decided to relinquish his Board duties he will remain an employee working with the operational team at *TR* Fastenings with responsibilities for the commercial and technical aspects of the business in the UK, Europe and Asia. Details on Geoff's remuneration are set out on page 94.

Activities of the Committee

During the year, the main activities of the Committee during the three meetings held were as follows:

- Consideration of the implementation of the new Director's Remuneration policy that was approved at the 2017 AGM
- Determination of the final remuneration outcomes for the year to 31 March 2018
- Consideration of the appropriate targets for the year to 31 March 2019
- Geoff Budd's remuneration arrangements on stepping down from the Main Board
- Consideration of our gender pay reporting summary

Looking ahead

We are fully committed to embracing new developments in regulation and best practice, such as the proposed revisions to the FRC Corporate Governance Code and will take the latter into consideration once the new Code is finalised. However, the Company already operates in line with many of the principles of fairness and workforce engagement which are likely to form part of the new Code.

We continue to be committed to creating an inclusive working environment and to rewarding all our employees in a fair manner and believe they should be able to share in the success of the Company. For example, we operate a very popular Save As You Earn ("SAYE") share plan which is open to all UK employees and our intention is to continue with this.

From a broader business context, despite now having many years of continuous EPS improvement 'under our belt', we push on, committed to the delivery of further growth from both organic and acquisitive sources. We believe the Executive team is in place for the job at hand and that they are suitably motivated. We look forward to shareholders' continued support.

Jonathan Shearman
Chairman of the Remuneration Committee
11 June 2018

Directors' remuneration report continued

Directors' remuneration Policy

This section of the remuneration report contains a summary of the Policy which was ratified by shareholders at the AGM on 27 July 2017 and its operation in FY2019. As set out in the Chairman's statement, the Policy, full details of which are available in the 2017 Annual Report (pages 73 – 80), has been developed to support the business strategy during the next stage of the Company's growth.

1) Summary of the Policy

Element	Summary of current Policy	Operation for FY2019
Base salary	Base salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance and levels of increase for the broader *Trifast* employee population. The Committee also considers the impact of any base salary increase on the total remuneration package	Base salaries for FY2019 have been frozen as set out below: Mark Belton: £300,000 Clare Foster: £230,000 Glenda Roberts: £210,000
Pension and other benefits	Executive Directors participate in defined contribution pension arrangements. Executive Directors may request a pension allowance to be paid in cash, after deducting employer National Insurance costs, in place of defined contribution arrangements The Company also provides the following ongoing benefits: • Company car (or car allowance) • Private medical insurance • Permanent health insurance • Critical illness cover and life cover In addition, the Company pays additional benefits when specific business circumstances require it	20% of salary pension contribution plus the cost of providing the benefits

Annual bonus	Each year Executive Directors are eligible to participate in the annual bonus
	The annual bonus rewards Earnings Per Share ('EPS') growth and Strategic and Operational performance as set out below:
	• 75% of maximum bonus opportunity will be based on organic underlying EPS growth and
	• 25% of maximum bonus opportunity will be based on a basket of strategic and operational measures. This basket will include measures relating to the following themes:
	  • financial and operational excellence
	  • growth strategy
	  • customer satisfaction
	  • people and
	  • risk mitigation
	The Committee will determine the three or four most appropriate targets each year in line with the business plan and at least 40% of these measures will be based on quantifiable metrics
	A financial underpin will apply such that in order for a payment under the strategic and operational element to be made the Company will need to achieve at least the threshold level of EPS growth
	The maximum annual award is 125% of base salary. Any pay-out in excess of 100% of salary will be satisfied in equity with a 3 year deferral period
	Malus will apply during the bonus year and the share deferral period and clawback will apply for a period of two years post bonus payment and/or share vesting
		For the FY2019 financial year the potential annual bonus pay-outs for all Executive Directors will be as follows:
		Maximum: 93.75% - 125% of salary
		On target: 56.25% - 87.50% of salary
		Threshold: 12.50% - 43.75% of salary
		The full list of performance conditions for the annual bonus will be disclosed in the FY2019 Annual Report on Remuneration

Element	Summary of current Policy	Operation for FY2019
LTIP	The Committee may make an annual award of shares to each Executive Director in the form of nil-cost options under the Long-Term Incentive Plan (LTIP). The Committee will select performance measures at the time of grant taking into account the Company's long-term business strategy. The performance measures will be tested over three financial years On vesting after three years, 50% of after tax vested awards may be sold immediately. Thereafter, 25% of after tax vested awards will be subject to a one year holding period and the remaining 25% of after tax vested awards will be subject to a two year holding period Malus will apply during the vesting period and clawback will apply for a period of two years post vesting	The FY2019 LTIP award to each Executive Director will be equal to 150% of base salary Performance will be measured against EPS growth and relative Total Shareholder Return (TSR) targets over three financial years as set out below: • 70% of the LTIP award will be based on EPS growth; and • 30% of the LTIP award will be based on relative TSR versus the FTSE Small Cap Index (excluding investment trusts)
SAYE	The *Trifast* Savings Related Share Option Scheme is HMRC approved. The Scheme offers three and five year savings contracts which provide an option to purchase shares after maturity at a discount to the share price on the date the contract is taken out (the maximum discount is 20% of midmarket price)	Operated in line with HMRC guidance
Shareholding requirement	A 200% of salary shareholding requirement for all Executive Directors. This is to be built up over five years from 27 July 2017	The Committee will annually review the progress against achievement of these guidelines
Non-Executive Director Fee levels	Non-Executive Directors are paid a base fee and additional fees for Committee membership and chairmanship. An additional fee is also payable to the Senior Independent Director	In line with the commitment made last year, the Non-Executive Chairman's fees have reduced from £150,000 to £125,000 for FY2019 All other Non-Executive fees for FY2019 have been frozen

The Policy also provides the Committee with a general discretion providing it with the ability to scale incentives outcomes upwards or downwards taking into account corporate performance, amongst other things. However, it is the Committee's Policy that there should be no element of reward for failure and any upward discretion will only be applied in exceptional circumstances.

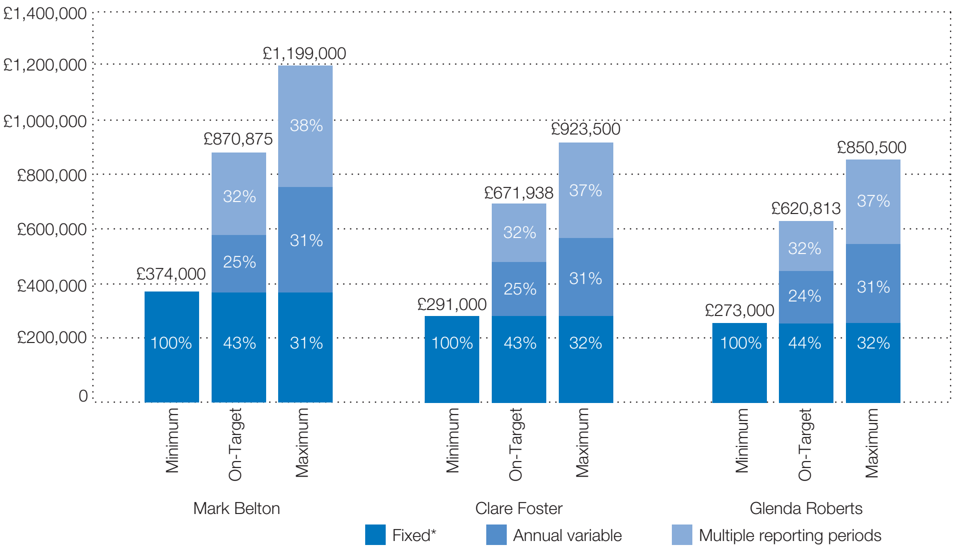
Legacy incentive awards

All unvested legacy awards granted under the deferred equity arrangement will continue to be operated as per our previous Directors' Remuneration Policy approved by shareholders.

Directors' remuneration report continued

2) Illustration of remuneration Policy

The chart below illustrates how applying our remuneration Policy would lead to levels of pay that vary with performance for each of the Executive Directors in FY2019:



*'Fixed' includes salary, pension payments and all benefits (as detailed on page 91)

The assumptions used in determining the level of pay-outs are set out in the table below:

Scenario	Base salary, benefits and pension	Annual bonus	LTIP
Minimum	The value of these elements is set out in the policy table and the implementation of proposed Policy for the financial year ending 31 March 2019 in this report	**0% of maximum (0% of salary)**	**0% of maximum (0% of salary)**
Target		**57.5% of maximum (71.88% of salary)**	**62.5% of maximum (93.75% of salary)**
Maximum		**100% of maximum (125% of salary)**	**100% of maximum (150% of salary)**

Notes

- The minimum pay-out scenario assumes no incentive pay-out
- For annual bonus, the target pay-out is 57.5% of maximum (this is the mid-point of the target pay-out range of 45% to 70% of maximum). For LTIP, the target pay-out is 62.5% of maximum (the mid–point between threshold vesting (25%) and maximum vesting (100%))
- The maximum pay-out scenario assumes all incentives pay-out

Annual Report on remuneration — audited information

This section of the remuneration Report contains details as to how the Company's remuneration Policy was implemented during the year ended 31 March 2018.

1) Executive Director single figure for remuneration

	Salary £000	Taxable benefits[2] £000	Annual bonus[1]: Cash £000	Annual bonus[1]: Deferred equity (face value) £000	LTIP[6]	Pensions[3] £000	Total £000
MM Diamond[4]	**N/A**	**N/A**	**N/A**	**N/A**	—	**N/A**	**N/A**
Prior year	200	21	200	200	—	—	621
MR Belton	**300**	**14**	**262**	**—**	**—**	**53**	**629**
Prior year	250	14	250	250	—	47	811
CL Foster	**230**	**15**	**201**	**—**	**—**	**41**	**487**
Prior year	200	15	200	200	—	36	651
GP Budd[5]	**210**	**17**	**183**	**—**	**—**	**36**	**446**
Prior year	200	17	200	200	—	34	651
GC Roberts	**210**	**21**	**183**	**—**	**—**	**38**	**452**
Prior year	200	20	200	200	—	36	656
Totals	**950**	**67**	**829**	**—**	**—**	**168**	**2,014**
Prior year totals	1,050	87	1,050	1,050	—	153	3,390

1. See additional details for variable pay element of remuneration below
2. Taxable benefits consisted of the cost of providing a Company car (or car allowance), private medical insurance and critical illness cover
3. Mark Belton, Clare Foster, Geoff Budd and Glenda Roberts were members of the Company's non-contributory pension plan in FY2018 (FY2017: Mark Belton, Clare Foster, Geoff Budd and Glenda Roberts). This is an HMRC approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of base salary. From 1 April 2016, the Executives were provided the option to take pension payments in the form of a cash allowance, after a deduction for Employer's National Insurance
4. Malcolm Diamond transitioned from Executive Chairman to Non-Executive Chairman as of 1 April 2017
5. Geoff Budd stepped down as an Executive Director on 31 March 2018, as such his FY2018 single figure for remuneration represents a full year of service as a Director
6. Additional details on LTIP awards are set out below under sections 1 (ii)

Additional details for variable pay element of remuneration

i. **Annual bonus for year ended 31 March 2018**

For the year end 31 March 2018 the Executive Directors had a maximum annual bonus opportunity of 125% of base salary. For each Executive Director, the FY2018 annual bonus determination was based 75% on performance against organic underlying Group EPS growth targets and 25% based on a basket of strategic and operational measures. The table below provides information on the targets for each measure, actual performance and the resulting bonus payment for each Executive Director:

Measure	Weighting	Performance required: Threshold	Performance required: On-target	Performance required: Maximum	Actual performance: Actual	Actual performance: % of maximum payable	Achievement as % salary	Bonus Value £'000: MR Belton	Bonus Value £'000: CL Foster	Bonus Value £'000: GP Budd	Bonus Value £'000: GC Roberts
Organic underlying EPS growth*	75%	5.00%	7.50%	10.00%	7.49%	59.70%	56.00%	168	129	117	117
Strategic and Operational measures	25%	Objectives based on strategic and operational targets			See below	100%	31.25%	94	72	66	66
						Total bonus achieved in FY2018	**87.25%**	**262**	**201**	**183**	**183**

* the impact of current and previous year acquisitions and share buybacks will be excluded from the calculation

The FY2018 bonuses for Executive Directors will be 87.25% of salary (FY2017:100% of salary) and given bonuses are less than 100% of salary, in line with the approved Policy, they will be paid in cash with no deferral into shares in relation to FY2018 (FY2017: 100% of salary).

Directors' remuneration report continued

The Committee introduced the strategic and operational element of the annual bonus for FY2018 as set out in the Policy approved by shareholders. Targets relate to the delivery of our strategic and operational measures as set out in the Annual Report on page 97 and provide balance to the EPS performance targets. The maximum opportunity under this element of the annual bonus is 31.25% of salary for the Executive Directors. The performance conditions and resulting awards as determined by the Committee are as follows:

Objective	Link to strategy	Achievement	Outcome
ROCE: Minimum of 15%	ROCE is a financial key performance indicator	• ROCE of 20.1%	Achieved
Growth strategy: Establish fully functional acquisition team	Part of *Trifast's* strategy is to derive growth both organically and from suitable acquisitions	• An acquisition team was established during FY18 - this has resulted in the creation of processes to identify acquisition targets, undertake acquisitions and integrate newly-acquired companies • Our purchase of PTS was successfully managed using this process and the subsequent integration is underway	Achieved
Customer satisfaction: Construct a detailed Strategic Account Management (SAM) structure, identify personnel gaps and infill as appropriate	Continuing to grow large global accounts	• A full Global Account Director (GAD) and Strategic Account Management (SAM) structure has been mapped out taking account of both key sectors and global OEM customers • Personnel gaps in the structure have been identified • Some internal transfer of resource undertaken	Achieved
Risk mitigation: Undertake a full initial scoping of the Group's MIS, IT infrastructure and underlying business processes; ensure the correct team (internal and external) and Board approved budget is in place to outwork any resulting project(s)	Identification of areas that require long-term investment	• Necessary scoping undertaken. Resulting investment will incorporate a comprehensive review and overhaul of our Enterprise Resource Planning process and systems around the world • Further details on 'Project Atlas' are available on pages 38 to 43	Achieved

Overall, the Committee determined that the strategic and operational objectives had been achieved at 100% of maximum. The Committee approved a 31.25% of salary pay-out for this element of the bonus to each Executive Director on the basis that the threshold EPS target underpin, as set out above, had been achieved.

The Committee has reviewed the overall bonus outcomes against corporate performance and believe that the bonus pay-out (69.8% of maximum payable) is commensurate with the shareholder experience in FY2018. No discretion was exercised by the Committee when determining the bonus outcomes.

ii. **LTIP awards granted in the year ended 31 March 2018**

The table below sets out the details of the LTIP awards granted on 30 September 2017 where vesting will be determined according to the achievement of certain performance measures.

Director	Type of award	Maximum award as % of base salary	Face value of award £000s	No. of shares under option	Vesting period
MR Belton	Nil-cost option	150%	450	216,346	3 years from grant
CL Foster			345	165,865	
GP Budd			315	151,442	
GC Roberts			315	151,442	

The awards will vest subject to achieving the following targets:

Measure	Performance period	Performance target	Vesting (% of award)[1]
Underlying diluted EPS growth (70% weighting)	3 financial years from 1 April 2017	Less than 5% p.a.	nil
		5% p.a.	25%
		15% p.a.	100%
Relative TSR[2] vs FTSE Small Cap index (excluding Investment Trusts) (30% weighting)	3 Financial years from 1 April 2017	Below index return	nil
		Equal to index return	25%
		8% p.a. in excess of index return	100%

Notes

1. Vesting between the threshold and maximum based on the sliding scale
2. TSR growth for *Trifast* and the FTSE Small Cap Index (excluding investment trusts) will be measured using a three month average prior to the start and the end of the three year performance period

2) Non-Executive Director single figure for remuneration

	Core fee £000	Chairing of Audit or Rem Committee £000	Committee membership £000	Senior Independent Director £000	Total £000
Malcolm Diamond[1]	**150**	**—**	**—**	**—**	**150**
Prior year	—	—	—	—	—
NW Warner	**42**	**8**	**5**	**5**	**60**
Prior year	40	5	5	5	55
JPD Shearman	**42**	**8**	**5**	**—**	**55**
Prior year	40	5	5	—	50
SW Mac Meekin	**42**	**—**	**8**	**—**	**50**
Prior year	40	—	5	—	45
Totals	**276**	**16**	**18**	**5**	**315**
Prior year totals	120	10	15	5	150

1. Malcolm Diamond transitioned from Executive Chairman to Non-Executive Chairman as of 1 April 2017

Directors' remuneration report continued

3a) Payments to past Directors and for loss of office

No such payments were made in the year to 31 March 2018

3b) Payments for loss of office

As announced on 29 March 2018 and set out in the Company's Section 430(2b) Companies Act 2006 disclosure, GP Budd stepped down from the Main Board on 31 March 2018, although he will remain as an employee of the Company at *TR* Fastenings with responsibilities for the commercial and technical aspects of the business in the UK, Europe and Asia. We set out below the implications for Geoff's future remuneration:

- Geoff will receive a bonus in respect of FY2018 to reflect his Directorship throughout the financial year ending 31 March 2018
- On the basis that Geoff will remain an employee of the Company and in line with the Company's Directors' Remuneration Policy, all in-flight awards made to him under the Deferred Equity Bonus Scheme (2015, 2016 and 2017 awards) and the Long-Term Incentive Plan (FY2018 award) will continue to vest on their normal dates. In addition, the FY2018 LTIP award will only vest subject to the achievement of the performance conditions (set out above) over the performance period. The number of in-flight awards that will vest in future years is set out in the table below
- Geoff will not participate in the Executive Director annual bonus and LTIP schemes for FY2019 and future years

The table below sets out Geoff's in-flight awards, their vesting dates and the numbers of awards outstanding:

Type of Award	Year of Award	Vesting date	Number of Awards
Deferred Equity	FY2015	September 2018	182,622
Deferred Equity	FY2016	July 2019	161,721
Deferred Equity	FY2017	July 2020	95,219
LTIP	FY2018	September 2020	151,442

4) Statement of Directors' shareholdings

	Shareholding Requirement[1]	Current beneficial holding[2]	Deferred shares without performance measures	Current shares which count toward shareholding requirements[3]	LTIP awards subject to performance conditions	SAYE Options[4]	**Total of all interests at 31 March 2018**	**Shareholding requirement met?**
Executive Directors								
Mark Belton	232,558	350,000	502,769	852,769	216,346	16,822	**1,085,937**	YES
Clare Foster	178,294	—	180,335	180,335	165,865	16,822	**363,022**	YES
Geoff Budd[5]	162,790	232,264	439,562	671,826	151,442	—	**823,268**	YES
Glenda Roberts	162,790	220,000	421,438	641,438	151,442	17,571	**810,451**	YES
Non-Executive Directors								
Malcolm Diamond	N/A	1,053,800	457,685	N/A		16,982	**1,528,467**	**N/A**
Neil Warner	N/A	22,750	N/A	N/A		N/A	**22,750**	**N/A**
Jonathan Shearman	N/A	N/A	N/A	N/A		N/A	**N/A**	**N/A**
Scott Mac Meekin	N/A	N/A	N/A	N/A		N/A	**N/A**	**N/A**

1. A 200% of salary shareholding requirement for all Executive Directors. This is to be built up over five years. Share price based on 31 March 2018
2. Including options exercised in the year
3. Total of current beneficial holding and deferred equity awards subject to continued employment only
4. As at 31 March 2018 all SAYE options were unvested with the exception of Glenda Roberts who had 9,000 vested options. These were subsequently exercised on 13 April 2018
5. Retired 31 March 2018

The aggregate gains made on exercising share options in the year totalled £1.77m (2017: £2.03m).

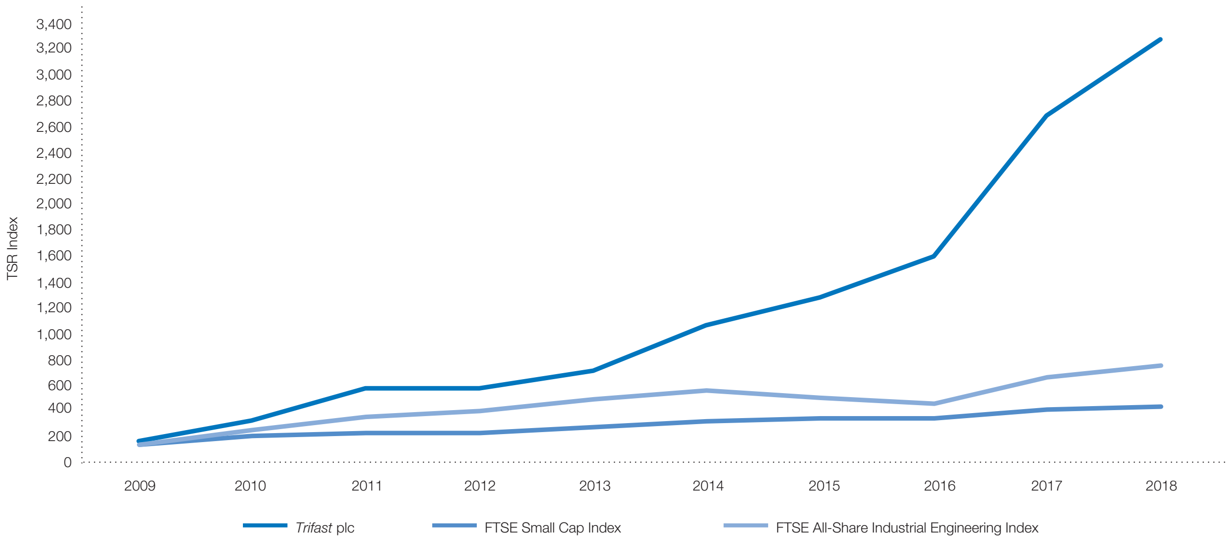
Outside of the exercise of 9,000 vested SAYE options by Glenda Roberts on 13 April 2018, there have been no changes in the interests of the Directors between 31 March 2018 and the finalisation of this Annual Report and Accounts.

Annual report on remuneration — Unaudited information

5) Performance graph

The graph below sets out the Total Shareholder Return performance of the Company compared to the FTSE Small Cap Index and FTSE All-Share Industrial Engineering Index over a nine year period from 31 March 2009. The Remuneration Committee believes it is appropriate to monitor the Company's performance against these indices as the Company is a constituent of both.

Total Shareholder Return from 31 March 2009



6) Performance and pay

The table below shows the single figure remuneration and levels of bonus and equity pay-out's for the Group CEO during the past nine years:

Year	Total remuneration £000	Annual cash bonus pay-out against maximum	Equity award pay-out against maximum
2018	629	69.8%	n/a***
2017	811	100%	100%**
2016	641†	50%	100%**
2015	766	100%	100%**
2014	643	80%	100%**
2013	1,263	30%	100%*
2012	327	35%	N/A*
2011	265	45%	N/A*
2010	176	N/A*	N/A*

* This was a year considered as part of the performance period for the 2009 option scheme

** This is the vesting of the deferred equity awards under the previous policy

*** Additional details on LTIP awards are set out above under sections 1 (ii)

† Includes a full year of CEO remuneration; including remuneration paid to JC Barker for 1 April 2015 to 30 September 2015 and remuneration for MR Belton from 1 October 2015 to 31 March 2016

Directors' remuneration report continued

7) Percentage change in CEO remuneration

The table below compares the percentage increase in the CEO's total pay (excluding pension) with that of the UK division which is the most appropriate allowing a consistent tax regime and inflationary environment. In both cases, salaries are reviewed annually in April:

		2018 £000	2017 £000	Change
Group CEO	Salary	300	250	20.00%
Mark Belton	Taxable benefits	14	14	—
	Annual bonus — cash	262	250	4.80%
	Annual bonus — deferred	—	250	(100.00)%
UK employees	Salary	11,350	10,565	7.43%
	Taxable benefits	492	457	7.66%
	Annual bonus	881	1,058	(16.73)%

8) Relative importance of spend on pay

The following table shows the relative spend on pay during the past two financial years when compared to other disbursements from profit:

	Disbursements from profit during year to 31 March 2018	Disbursements from profit during year to 31 March 2017	Change
Dividend distributions	£4.22m	£3.31m	27.49%
Group spend on pay (including Directors)	£28.27m	£26.00m	8.73%
Other payroll costs (including bonus)	£9.14m	£9.48m	(3.59%)

The Company continues to distribute dividends, whilst it has kept a tightly controlled spend on pay and other payroll costs

9) Implementation of proposed Policy for the financial year ending 31 March 2019

The remuneration Policy's implementation for the forthcoming year is summarised as follows:

Element	Policy	
Structure	**Base salaries/total fees effective 1 April 2018 are as follows:**	
	Mark Belton (Chief Executive Officer)	— £300,000
	Clare Foster (Chief Financial Officer)	— £230,000
	Glenda Roberts (Group Sales Director)	— £210,000
	Malcolm Diamond (Non-Executive Chairman)	— £125,000
	Neil Warner (Non-Executive Director)	— £60,000
	Jonathan Shearman (Non-Executive Director)	— £55,000
	Scott Mac Meekin (Non-Executive Director)	— £50,000

Element	Policy
Structure	**Annual bonus:**

Maximum opportunity: 125% of base salary for each of the Executive Directors. Any bonus award above 100% of base salary will be deferred into *Trifast* shares for three years

- Performance measures: 75% of maximum bonus opportunity will be based on organic underlying EPS growth, and 25% of maximum bonus opportunity based on a range of strategic and operational measures (40% of the strategic and operational measures will be linked to a minimum ROCE target).
- The table below sets out the percentage of the overall maximum bonus payable at each performance level.

Performance Level	% of maximum bonus opportunity achieved		
	EPS	Strategic & Operational	Total
Threshold	10%	0%–25%	10%–35%
Target	45%	0%–25%	45%–70%
Maximum	75%	0%–25%	75%–100%
Threshold to maximum	Straight line vesting between Threshold & Target and Target & Maximum		

- The organic underlying diluted EPS growth targets will be 5% growth for threshold pay-out, 7.5% for target pay-out and 10% growth for maximum pay-out with straight-line pay-out between these performance levels. The impact of current and previous year acquisitions and share buybacks will be excluded from the calculation of EPS.
- A financial underpin will apply such that in order for a payment under the strategic and operational element the Company will need to achieve at least the threshold level of organic EPS growth.

  Thereafter, the Committee has defined the strategic and operational measures for FY2019 as follows; the quantifiable metric will again be a minimum ROCE of 15%. Given the size and strategic importance of 'Atlas', a financial and operational excellence measure has been included that will reward delivery of the next twelve months of this project. Alongside these two measures, a further two measures have been established under the headings of Growth strategy and Risk mitigation, both of which are deemed commercially sensitive
- Full disclosure of the measures, including those we consider to be commercially sensitive this year, the targets and their achievement will be provided in the FY2019 Directors remuneration report

Long term incentive plan

Annual award of 150% of base salary for each of the Executive Directors

Performance measures: 70% of opportunity will be based on Underlying diluted Earnings Per Share growth, and 30% of opportunity based on a relative TSR versus the FTSE Small Cap Index (excluding investment trusts)

The performance targets will be as follows:

Vesting % of maximum opportunity achieved	Performance required	
	EPS growth p.a.	Relative TSR*
Below threshold (0%)	Below 5%	Below FTSE Small Cap Index (excluding investment trusts)
Threshold (25%)	5%	Equal to FTSE Small Cap Index (excluding investment trusts)
Maximum (100%)	15%	8% p.a. outperformance of FTSE Small Cap Index (excluding investment trusts)
Threshold to maximum	Straight line vesting between Thresholds & Maximums	

* TSR growth for *Trifast* and the FTSE Small Cap Index (excluding investment trusts) will be measured using a three month average prior to the start and the end of the three year performance period

Pension and Benefits

Pensions and benefits will be provided in line with the remuneration Policy for Executive Directors.

Discretion

The Committee will also consider whether it is appropriate to use any of its discretions in the operation of the Policy for FY2019. In particular, it will consider whether to use the general discretion to scale incentives outcomes upwards or downwards taking into account corporate performance.

Non-Executive Director fees effective 1 April 2018 are:

- Chairman fee (Malcolm Diamond): £125,000
- Non-Executive fee (Neil Warner): £60,000
- Non-Executive fee (Jonathan Shearman): £55,000
- Non-Executive fee (Scott Mac Meekin): £50,000

In line with policy, Non-Executive Directors only receive fees as set out above.

Directors' remuneration report continued

10) Functioning of Remuneration Committee

The role of the Committee is to ensure that the remuneration arrangements for Executive Directors provide them with the motivation to deliver our strategy and create shareholder value in a sustainable manner. In addition, it is our task to ensure that the remuneration received by the Executive Directors is proportionate to the performance achieved and the returns received by you as shareholders.

The Committee is composed entirely of Non-Executive Directors. Members have no day-to-day involvement in the running of the business. No Executive Director sits on the Committee. The Remuneration Committee is formally constituted with written Terms of Reference. A copy of the Terms of Reference is available to shareholders by writing to the Company Secretary, whose details are set out on page 163 this publication.

Alongside numerous conference calls and meetings with advisors, the Committee had three formal meetings during the year. All members of the Committee attended each of these meetings. On most occasions, the CEO and CFO were invited to attend to ensure the Committee was in possession of all the relevant facts. During these meetings the Committee considered the implementation of the new Directors' Remuneration policy that was approved at the 2017 AGM. The other key activities the Committee undertook during the year were; determining the final remuneration outcomes for the year to 31 March 2018, consideration of the appropriate targets for the year to 31 March 2019, consideration of Gender Pay reporting and determining Geoff Budd's remuneration arrangements on stepping down from the Main Board.

During the year the Committee received independent advice from PwC in relation to the remuneration Policy review. The fees paid by the Company to PwC for services to the Committee during the financial year was £55,955 (excl. VAT). The Group also retains PwC with regard to taxation services and consulting services in the ordinary course of business of *Trifast*. The Committee believes that this does not create a conflict of interest and the advice they receive is independent and objective. PwC is a signatory to the Remuneration Consultants' Code of Conduct which requires its advice to be objective and impartial.

The Committee consults with the Company Secretary regarding issues on areas of remuneration and Corporate Governance. With regard to senior Executives in the Company (excluding Board Directors), the Committee also takes advice from the Executive Board.

	Attendance in 2017/2018
Jonathan Shearman (Chairman)	3
Malcolm Diamond	3
Neil Warner	3
Scott Mac Meekin	3

11) Statement of AGM voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes.

The table below shows the actual voting on the 2017 remuneration report and the 2017 remuneration policy at the AGM held on 27 July 2017:

	Votes for	%	Votes against	%	Votes Withheld
2017 remuneration report	79,242,987	96.2	3,088,547	3.8	2,400
2017 remuneration policy	78,087,128	94.8	4,246,406	5.2	400

This Report was approved by the Board of Directors and signed on its behalf by:

Jonathan Shearman
Chairman of the Remuneration Committee
11 June 2018

Statement of Directors' responsibilities

in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue to as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or cease operations, or have no realistic alternative but to do so;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- we consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

On behalf of the Board

Mark Belton
Chief Executive Officer
11 June 2018

Clare Foster
Chief Financial Officer
11 June 2018