"The Committee is focused on ensuring the Group's remuneration policy is closely aligned with shareholders' interests."

ROLE OF THE REMUNERATION COMMITTEE

The main responsibilities of the Remuneration Committee are to:

- determine the remuneration policy and keep it under review, including consulting with, and obtaining approval from, shareholders as appropriate;
- implement the approved remuneration policy as regards Executive Director remuneration, benefits and incentives, including the design of, targets for and payout of all incentive arrangements; and
- ensure alignment of the remuneration structure for senior executives to the Executive Director remuneration policy, including approval of changes to packages.

The Remuneration Committee will also prepare an Annual Remuneration Report to be approved by the members of the Company at the Annual General Meeting. The Remuneration Committee meets not less than twice a year. The Remuneration Committee is chaired by Jo Hallas, and its other members are Martin Towers and David McKeith.

Dear shareholders,

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2017.

The Committee continues to place the interests of shareholders at the forefront of its decision-making when implementing the remuneration policy approved by shareholders. The Group's remuneration policy was first presented to the AGM in 2014 and was approved with 99.9% of votes cast in support of the policy. Our remuneration policy has remained unchanged in 2015/16 and 2016/17 and, in accordance with the relevant regulations, is required to be submitted to a new binding shareholder vote at the 2017 AGM.

During the year under review, we reviewed our remuneration policy, taking into account an assessment of its effectiveness to date at Norcros, the wider market context and developments in best practice remuneration governance. The Committee concluded from its review that the current Policy remains appropriate, and is therefore proposing only minor changes to the Policy for the next three-year period, as described below. As required by the regulations, the policy is included in full on pages 44 to 50 with the minor changes highlighted on page 44.

Remuneration strategy

The Committee's overall approach to executive remuneration remains unchanged. We are focused on ensuring the Group's remuneration policy is closely aligned with shareholders' interests and enables us to attract, retain and motivate quality executive leadership, but without paying more than is necessary for this purpose. We do this with a simple remuneration structure comprising base salary and benefits, an annual bonus and a single performance-based long-term incentive. Targets for the annual bonus and long-term incentive are set at levels that are stretching and provide a clear link between pay and the achievement of our strategic objectives.

Our policy delivers an on-target reward mix for the Group Chief Executive and Group Finance Director comprising 61% fixed pay (51% base salary, 8% pension and 2% benefits), 26% annual bonus and 13% long-term incentive. Under a scenario where all performance conditions are met in full, the Executive Directors' package consists of 38% fixed pay, 31% annual bonus and 31% long-term incentive.

Remuneration strategy continued

To further ensure remuneration is aligned with shareholder interests, half of any bonus paid is deferred for three years, shares vesting from APSP awards made in 2015 onwards need to be held for a further two years (i.e. until the fifth anniversary of grant), and the Executive Directors are additionally required to build and maintain a shareholding of at least 100% of salary. Finally, in the event of material misstatement in accounting records or gross misconduct, deferred bonus and APSP awards may be subject to malus or clawback.

The Group has for many years successfully operated an all-employee Save As You Earn (SAYE) share scheme in the UK, enabling the workforce to participate in growth opportunities for the business. This statutory scheme has now time-expired and therefore a resolution will be proposed at the 2017 AGM for the approval of a successor SAYE scheme.

Year in review

As highlighted in the Chairman's Statement and the Group Chief Executive's Statement on pages 4 and 6 respectively, Norcros continues to perform strongly with an eighth consecutive year of growth in both revenue and underlying operating profit. Highlights for the year ended 31 March 2017 include:

- revenue growth of 15.0% (10.6% on a constant currency basis) to £271.2m;
- underlying operating profit up 11.7% to £23.8m;
- underlying diluted earnings per share consistent with the previous year at 27.8p; and
- underlying ROCE at 18.4%, which is ahead of the Group strategic target of 12–15%.

This strong performance delivered underlying profit above the target set by the Committee for the year, resulting in bonus outcomes of 68.42% of the maximum opportunity for the year ended 31 March 2017. The Group has also exceeded its targets for aggregate underlying earnings per share (EPS) over the three-year period from 1 April 2014 to 31 March 2017. As a result, 100% of the APSP awards granted in 2014 will vest on 27 July 2017. The Committee considers this outcome to appropriately reflect the Group's very strong performance over the period.

2018 remuneration

In accordance with our remuneration policy, the Executive Director base salaries were increased by 2.0%, which is broadly in line with the increases for our senior employees in the wider UK-based workforce. There are no other changes to Executive Director remuneration for the year ending 31 March 2018.

The Committee believes that our remuneration strategy and its implementation remain appropriate. I hope you will feel able to support the binding vote on our remuneration policy and its implementation as described in the Annual Report on Remuneration at the 2017 AGM.

On behalf of the Remuneration Committee, I would like to thank shareholders for their continued support.

J.C.Hallas

Jo Hallas
Chairman of the Remuneration Committee

14 June 2017

REMUNERATION DISCLOSURE

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Report meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules. In this Report, we describe how the principles of good governance relating to Directors' remuneration, as set out in the UK Corporate Governance Code (the Code), are applied in practice. The Remuneration Committee confirms that throughout the financial year the Group has complied with these governance rules and best practice provisions set out in the Code.

Directors' remuneration policy

This section of the report sets out the remuneration policy for Executive Directors and Non-executive Directors, which will be put to a binding shareholder vote at the 2017 AGM. If this resolution is carried, the Policy will come into effect on that date and will remain effective for up to a three-year period ending on the date of the 2020 AGM. The Policy set out in this report is unchanged from that approved by shareholders in 2014, other than the following minor updates:

- in calculating the personal holding of shares of an Executive Director for the purposes of the Policy, nil-cost options granted under the Deferred Bonus Plan on or after 27 July 2017 can be taken into account; and
- for the avoidance of doubt, the Policy makes clear that, in calculating such holdings, shares held beneficially by an Executive Director's spouse or partner can be taken into account.

Executive Director remuneration policy table

This policy has been designed to support the principal objective of enabling the Group to attract, motivate and retain the people it needs to maximise the value of the business.

Component and objective	Operation	Opportunity	Performance measures
Base salary To enable the Group to attract, motivate and retain the people it needs to maximise the value of the business	Generally reviewed each year, with increases effective 1 April with reference to salary levels at other FTSE companies of broadly similar size or sector to Norcros. The Committee also considers the salary increases applying across the rest of the UK business when determining increases for Executive Directors. Base salary increases are applied in line with the outcome of the annual review.	Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. Salary increases for Executive Directors will normally not exceed those of the wider workforce over the period this policy will apply. Where increases are awarded in excess of the wider employee population, for example if there is a material change in the responsibility, size or complexity of the role, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.	n/a
Pension To provide a level of retirement benefit that is competitive in the relevant market	Executive Directors receive pension contributions (either as a direct payment or a cash allowance). Base salary is the only element of remuneration that is pensionable.	Maximum of 15% of base salary.	n/a
Benefits Provision of benefits in line with the market	Executive Directors are provided with a company car (or a cash allowance in lieu thereof) and medical insurance. Other benefits may be introduced from time to time to ensure the benefits package is appropriately competitive and reflects the needs and circumstances of the Group and individual Executive Director.	Benefits may vary by role, and the level is determined each year to be appropriate for the role and circumstances of each individual Executive Director. It is not anticipated that the cost of benefits (as set out in the Annual Report on Remuneration) would increase materially over the period for which this policy will apply. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation expenses or an expatriation allowance on recruitment, etc.) or in circumstances where factors outside the Company's control have changed materially (e.g. market increases in insurance costs).	n/a

Component and objective	Operation	Opportunity	Performance measures
Annual bonus and Deferred Bonus Plan (DBP) To focus Executive Directors on achieving demanding annual targets relating to Group performance and encourage retention	Performance targets are set at the start of the year and aligned with the annual budget agreed by the Board. At the end of the year, the Committee determines the extent to which these targets have been achieved. 50% of the total bonus payment is paid in cash, and 50% is converted into nil-cost options over Norcros shares under the 2011 Deferred Bonus Plan (DBP). These options are exercisable after three years, subject to continued employment and malus (in whole or in part) during the deferral period in the event of a material misstatement in accounting records or gross misconduct. A payment equivalent to the dividends that would have accrued on deferred bonus awards that vest will be made to participants on vesting.	Maximum opportunity: 100% of base salary. Target opportunity: 50% of base salary. For threshold performance, the bonus payout is up to 25% of maximum.	The bonus will be based primarily on the achievement of financial performance targets but may, from time to time, include non-financial performance measures (the weighting of which, if any, will be capped at 20% of the total opportunity). The primary bonus measure is Group underlying operating profit, although the Committee may, at its discretion and from time to time, supplement this with additional financial measures that reflect the strategic priorities for Norcros for the financial year. The Committee has discretion to adjust the formulaic bonus outcomes (including down to zero) within the limits of the scheme to ensure alignment of pay with performance. Further details including targets attached to the bonus for the year under review are given on page 53 of the Annual Report on Remuneration.
Approved Performance Share Plan (APSP) To incentivise Executive Directors to deliver long-term performance by aligning their performance with shareholders' interests	APSP awards comprise annual conditional awards of nil-cost options following the announcement of the Group's final results. Awards normally vest after three years, subject to the achievement of a performance condition and continued employment with the Group until the vesting date. To the extent an award vests, Executive Directors will be required to hold net vested shares for an additional holding period of two years. A payment equivalent to the dividends that would have accrued on APSP awards that vest will be made to participants on vesting. APSP awards are also subject to malus over the vesting period and clawback over the holding period (in both cases in whole or in part) in the event of a material misstatement in accounting records or gross misconduct.	Maximum opportunity: 100% of base salary. Threshold performance results in 25% vesting. Details of actual APSP awards in respect of each year will be disclosed in the Annual Report on Remuneration.	Vesting of APSP awards is dependent upon the Group's diluted underlying earnings per share (EPS) performance over a three-year period. At the start of each cycle, the Committee will determine the targets that will apply to an award. If the performance targets are not met at the end of the performance period, awards will lapse. The Committee has discretion to adjust the formulaic APSP outcomes within the limits of the scheme if certain relevant events take place (e.g. a capital restructuring, a material acquisition/divestment, etc.) with any such adjustment to result in the revised targets being no more or less challenging to achieve. The Committee will consult major shareholders on changes to the APSP, although it retains discretion to make non-significant changes to the performance measure without reverting to a full shareholder vote. Further details, including the targets attached to the APSP in respect of each year, are disclosed in the Annual Report on Remuneration.

Executive Director remuneration policy table continued

Component and objective	Operation	Opportunity	Performance measures
SAYE To encourage the ownership of Norcros plc shares	An HMRC-approved scheme where employees (including Executive Directors) may save up to the individual monthly limit set by HMRC from time to time over three years. Options are granted at a discount of up to 20%.	Savings capped at the individual monthly limit set by HMRC (or other such lower limit as the Committee may determine) from time to time.	n/a
Shareholding requirements To align Executive Director and shareholder interests and reinforce long-term decision-making	Executive Directors are required to retain at least 50% of any DBP or APSP awards that vest (net of tax) until they have built up a personal holding of Norcros plc shares worth 100% of salary. Only shares that are held beneficially by an Executive Director or their spouse or partner, or nil-cost options granted under the DBP on or after 27 July 2017 count in the assessment of whether an Executive Director has met the required ownership level.	n/a	n/a

Notes to the policy table

Payments from previous awards

For the avoidance of doubt the Group will honour any commitment entered into, and Executive Directors will be eligible to receive payment from any award made, prior to the approval and implementation of the remuneration policy detailed in this report, i.e. before 27 July 2017 (or the date, if later, at which the policy is approved). Details of these awards are, and will be, disclosed in the Annual Report on Remuneration.

Performance measure selection and approach to target setting

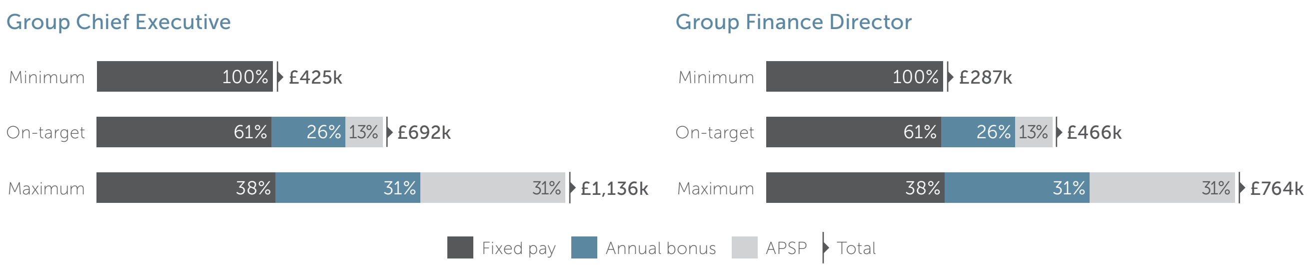
The use of Group underlying operating profit in the annual bonus directly reinforces our medium-term growth-oriented strategy (see page 9 for further details). For the APSP, the Committee considers that diluted underlying EPS is a transparent, objective and effective measure of performance which is in the long-term interests of all of our shareholders.

Targets applying to the bonus and APSP are reviewed annually, based on a number of internal and external reference points. Bonus targets are aligned with the annual budget agreed by the Board. Annual bonus targets are considered to be commercially sensitive but will be disclosed retrospectively in next year's Annual Report on Remuneration (see page 53 of the Annual Report on Remuneration). APSP targets reflect industry context, expectations of what will constitute appropriately challenging performance levels and factors specific to the Group. The Committee will determine the APSP targets at the time awards are made and these targets (along with other relevant details of the grant) will be disclosed in next year's Annual Report on Remuneration (see page 54 of the Annual Report on Remuneration).

Differences from remuneration policy for other employees

The remuneration policy for other employees is based on broadly consistent principles as described above. Annual salary reviews across the Group take into account Group performance, local pay and market conditions, and salary levels for similar roles in comparable companies.

Executives and senior managers are eligible to participate in annual bonus schemes. Opportunities and performance measures vary by organisational level, geographical region and an individual's role. Other members of the Group senior leadership team participate in the APSP on similar terms as the Executive Directors, although award sizes may vary by organisational level. All UK employees are eligible to participate in the Group's SAYE scheme on identical terms.



Performance scenario charts
The graphs above provide estimates of the potential future reward opportunity for Executive Directors, and the potential mix between the different elements of remuneration under three different performance scenarios: "Minimum", "On-target" and "Maximum". This information is for the current financial year, as explained below.

The potential opportunities illustrated above are based on the policy applied to the base salary at 1 April 2017. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for the year to 31 March 2018. It should be noted that any bonus deferred into the DBP and APSP awards do not normally vest until the third anniversary of the date of grant. This is intended to illustrate the relationship between executive pay and performance. The values of the DBP and APSP assume no increase in the underlying value of the shares, and actual pay delivered will further be influenced by changes in factors such as the Group's share price and the value of dividends paid.

Valuation assumptions
The "Minimum" scenario reflects base salary, pension and benefits (i.e. fixed remuneration), being the only elements of the Executive Directors' remuneration package not linked to performance.

The "On-target" scenario reflects fixed remuneration as above, plus target bonus payout (50% of salary) and APSP threshold vesting at 25% of the maximum award level.

The "Maximum" scenario reflects fixed remuneration, plus full payout under all incentives (100% of salary under each of the annual bonus and APSP).

Approach to Executive Director recruitment and remuneration
External appointment
In cases of hiring or appointing a new Executive Director from outside the Group, the Remuneration Committee may make use of all existing components of remuneration, as follows:

Component	Policy
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and the current salary of the incumbent in the role. Where a new appointee has an initial base salary set below market, the Committee may make phased increases over a period of three years, subject to the individual's development and performance in the role.
Benefits	As set out in the policy table, benefits may include (but are not limited to) the provision of a company car or car allowance, medical insurance, and any necessary expatriation allowances or expenses relating to an executive's relocation.
Pension	New appointees will receive pension contributions into a defined contribution pension arrangement or an equivalent cash supplement, or a combination of both. The maximum employer contribution will be 15% of salary on the same terms as other Executive Directors.
SAYE	New appointees will be eligible to participate on identical terms to all other employees.
Annual bonus	The bonus structure described in the policy table will apply to new appointees. The maximum opportunity will be 100% of salary, pro-rated in the year of joining to reflect the proportion of that year employed. Performance measures may include strategic and operational objectives tailored to the individual in the financial year of joining. 50% of any bonus earned will be deferred into the DBP on the same terms as other Executive Directors.
APSP	New appointees will be granted annual awards under the APSP on the same terms as other Executive Directors, as described in the policy table. In exceptional circumstances, such as to facilitate the recruitment of an external hire, the Committee may, in its absolute discretion, make awards up to 150% of salary.

Approach to Executive Director recruitment and remuneration continued

External appointment continued

In determining the appropriate remuneration structure and level for the appointee, the Remuneration Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of our shareholders. It is not the intention of the Committee that a cash payment such as a "golden hello" would be offered. However, the Committee may make an award in respect of a new appointment to "buy out" incentive arrangements forfeited on leaving a previous employer, over and above the approach and award limits outlined in the table above. Any such award will be made under existing incentive structures, where appropriate, and will be subject to the normal performance conditions of those incentives. The Committee may also consider it appropriate to make "buy out" awards under a different structure, using the relevant Listing Rule, where necessary to replicate the structure of forfeited awards. Any "buy out" award (however this is delivered) would have a fair value no higher than that of the awards forfeited, taking into account relevant factors including performance conditions, the likelihood of those conditions being met and the proportion of the vesting period remaining. Details of any such award will be disclosed in the first Annual Report on Remuneration following its grant.

Internal promotion to the Board

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to the Board, and it is agreed that a commitment is to continue, the Group will continue to honour these arrangements even if there are instances where they would not otherwise be consistent with the prevailing Executive Director remuneration policy at the time of promotion.

Service contracts and policy for payment for loss of office

Executive Directors have signed rolling contracts, terminable on twelve months' notice by either the Group or the Director. The Group entered into a contract with Nick Kelsall on 1 April 2011, and with Shaun Smith on 31 March 2016. Copies of these contracts are available to view at the Group's registered office.

The Committee's policy for Directors' termination payments is to provide only what would normally be due to Directors had they remained in employment in respect of the relevant notice period, and not to go beyond their normal contractual entitlements. Any incentive arrangements will be dealt with subject to the relevant rules, with any discretion exercised by the Committee on a case by case basis taking into account the circumstances of the termination. Termination payments will also take into account any statutory entitlement at the appropriate level, to be considered by the Committee on the same basis. The Committee will monitor and where appropriate enforce the Directors' duty to mitigate loss. When the Committee believes that it is essential to protect the Group's interests, additional arrangements may be entered into (for example post-termination protections above and beyond those in the contract of employment) on appropriate terms.

Under the service contracts for each Executive Director, the Company has the discretion to terminate the employment lawfully without any notice by paying to the Director a sum equal to, but no more than, the salary and other contractual benefits of the Director. The payment would be in respect of that part of the period of notice which the Director has not worked, less any appropriate tax and other statutory deductions. The Director would be entitled to any holiday pay which may otherwise have accrued in what would have been the notice period. The Company may pay any sums due under these pay in lieu of notice provisions as one lump sum or in instalments of what would have been the notice period. If the Company elects to pay in instalments, the Director is under an express contractual duty to mitigate his losses and to disclose any third-party income he has received or is due to receive. The Company reserves the right to reduce the amount of the instalments by the amount of such income. The Committee would expect to include similar pay in lieu of notice provisions in any future Executive Director's service contract. In the case of Nick Kelsall's service contract, these pay in lieu of notice provisions can also be activated by Mr Kelsall if he exercises his contractual right to terminate his employment upon a change of control of the Company or a transfer of his employment to an acquirer of the Company's business. The Committee would not envisage including a similar right to terminate in any future Executive Director's service contract, and there is no such provision in Shaun Smith's service contract.

Also under their service contracts, if the Director's employment is terminated for whatever reason, he agrees that he is not entitled to any damages or compensation to recompense him for the loss or diminution in value of any actual or prospective rights, benefits or expectations under or in relation to the APSP, the DBP, the SAYE plan or the annual discretionary bonus scheme. This is without prejudice to any of the rights, benefits or entitlements which may have accrued to the Director under such arrangements at the termination of employment.

The table below summarises how awards under the annual bonus, DBP and APSP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion:

Reason for cessation	Calculation of vesting/payment	Timing of vesting
Annual bonus		
Voluntary resignation or summary dismissal	No bonus paid.	n/a
All other circumstances	Bonuses are paid only to the extent that the associated objectives, as set at the beginning of the plan year, are met. Any such bonus would normally be paid on a pro-rata basis, taking account of the period actually worked.	At the normal vesting date unless the Committee, in its absolute discretion, determines that awards should vest on cessation of employment.
DBP		
Summary dismissal	Awards lapse.	n/a
Injury, illness, disability, death, retirement with the agreement of the Group, redundancy or employing company leaving the Group	Unvested awards vest.	At the normal vesting date unless the Committee, in its absolute discretion, determines that awards should vest on cessation of employment.
Voluntary resignation or other reason not stated above	Unvested awards lapse unless the Committee, in its absolute discretion, determines that an award should vest.	If the Committee determines that an award should vest, then awards will vest on their normal vesting date, unless the Committee, in its absolute discretion, determines that awards should vest on cessation of employment.
Change of control	Unvested awards will be pro-rated for the portion of the vesting period elapsed on change of control, unless the Committee, in its absolute discretion, determines otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.	On change of control.
APSP		
Summary dismissal	Awards lapse.	n/a
Voluntary resignation, injury, retirement with the agreement of the Group, redundancy or other reason that the Committee determines in its absolute discretion	Unapproved option awards lapse unless the Committee, in its absolute discretion, determines that awards should vest, subject to being pro-rated for time and performance to the date of cessation of employment. Approved option awards lapse, except in the case of retirement with the agreement of the employer, when awards will vest, subject to pro-rating as stated above.	On cessation of employment unless the Committee, in its absolute discretion, determines otherwise.
Death	Unapproved option awards vest in full, but may be subject to the application of the performance conditions attached to them. Approved option awards are pro-rated for time and performance to that date.	Immediately.
Change of control	Awards vest, subject to being pro-rated for time and performance to the date of cessation of employment, unless the Committee determines otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.	On change of control.

External appointments

Executive Directors are permitted to take up non-executive positions on the boards of other companies, subject to the prior approval of the Board. The Executive Director may retain any fees payable in relation to such appointment. Details of external appointments and the associated fees received are included in the Annual Report on Remuneration.

Consideration of employment conditions elsewhere in the Group

The Group seeks to promote and maintain good relations with employees and (where relevant) their representative bodies as part of its broader employee engagement strategy. The Committee is mindful of salary increases applying across the rest of the business in relevant markets when considering salaries for Executive Directors, but does not currently consult with employees specifically on executive remuneration policy and framework.

Consideration of shareholder views

The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. The vast majority of shareholders continue to express support for remuneration arrangements at Norcros. The Committee keeps the remuneration policy under regular review, to ensure it continues to reinforce the Group's long-term strategy and aligns Executive Directors with shareholders' interests. We will consult shareholders before making any significant changes to our remuneration policy.

Non-executive Director remuneration policy

Non-executive Directors (including the Chairman) have letters of appointment which specify an initial term of at least three years, although these contracts may be terminated at one month's notice by either the Company or Director. In line with the UK Corporate Governance Code guidelines, all Directors are subject to re-election annually at the AGM.

Details of terms and notice periods for Non-executive Directors are summarised below:

Non-executive Director	Date of appointment	Notice period
Martin Towers	28 July 2011	1 month
Jo Hallas	27 September 2012	1 month
David McKeith	24 July 2013	1 month

It is the policy of the Board of Directors that Non-executive Directors are not eligible to participate in any of the Group's bonus, long-term incentive or pension schemes. Details of the policy on fees paid to our Non-executive Directors are set out in the table below:

Component and objective	Operation	Opportunity	Performance measures
Fees To attract and retain Non-executive Directors of the highest calibre with broad commercial experience relevant to the Group	The fee paid to the Chairman is determined by the Committee excluding the Chairman. The fees paid to the other Non-executive Directors are determined by the Chairman and the Executive Directors. Fee levels are reviewed periodically, with any adjustments effective 1 April. Fees are reviewed by taking into account external advice on best practice and fee levels at other FTSE companies of broadly similar size and sector to Norcros. Time commitment and responsibility are also taken into account when reviewing fees. Additional fees are payable for acting as Chairman of the Audit and Remuneration Committees.	Aggregate fees are limited to £350,000 p.a. by the Group's Articles of Association. Fee increases will be applied taking into account the outcome of the review. The fees paid to Non-executive Directors in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration.	n/a

Approach to Non-executive Director recruitment remuneration

In recruiting a new Non-executive Director, the Remuneration Committee will use the policy as set out in the table above. A base fee in line with the prevailing fee schedule would be payable for serving as a Director of the Board, with additional fees payable for acting as Chairman of the Audit or Remuneration Committees.

The following section provides details of how our policy was implemented during the year ended 31 March 2017, and will be implemented in the year ending 31 March 2018.

Remuneration Committee membership in the year ended 31 March 2017

The Remuneration Committee is responsible for recommending to the Board the remuneration policy for Executive Directors and the members of the Group's senior management, and for setting the remuneration packages for the Board Chairman and each Executive Director. The Committee's responsibilities are set out in its Terms of Reference, which can be found on the Company's website at www.norcros.com.

During the year under review, the following Directors were members of the Remuneration Committee:

- Jo Hallas (Chair);
- David McKeith; and
- Martin Towers.

All members of the Committee are independent. They serve on the Committee for a minimum three-year term and a maximum of nine years, provided the Director remains independent. As part of an effectiveness review for the entire Board, an evaluation of the Remuneration Committee was undertaken in the year to 31 March 2017. We are pleased to report this review concluded that the Committee continues to operate effectively.

In addition, the Group Chief Executive was invited to attend Committee meetings to advise on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers, other than in relation to his own remuneration. The Group Counsel and Company Secretary acts as secretary to the Committee. No individual was present while decisions were made regarding their own remuneration.

The Committee met six times during the year. Attendance by individual members at meetings is detailed on page 34.

Main activities of the Committee during the year ended 31 March 2017

The main activities carried out by the Committee during the year under review were:

- reviewing and setting salary levels for Executive Directors and senior management;
- determining the annual bonus outcome for the year ended 31 March 2016;
- setting operating profit targets for the annual bonus for the year ended 31 March 2017;
- approving the APSP outcome for the 2013 APSP awards (which vested in 2016);
- calibrating EPS targets for, and granting of, 2016 APSP awards;
- reviewing and setting the fees payable to the Non-executive Chairman; and
- reviewing and aligning, where appropriate, the compensation and benefits provided to senior management.

Advisers

The Company uses Kepler, now a brand of Mercer, as the independent remuneration advisers to the Remuneration Committee. Kepler is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. In the year to 31 March 2017, Kepler provided the following services:

	Services provided	Fees (excl. VAT) £
Kepler	Benchmarking remuneration, guidance on setting incentive targets, Remuneration Report drafting support and general support to the Remuneration Committee throughout the year	£11,770

Kepler provides no other services to the Company or its Directors (nor does Kepler's parent company, Mercer) and the Committee is satisfied that the advice it receives continues to be independent.

Summary of shareholder voting at the AGM

The following table shows the results of the most recent binding vote on the remuneration policy (at the 2014 AGM) and advisory vote on the 2016 Annual Report on Remuneration (at the 2016 AGM):

	At the 2014 AGM		At the 2016 AGM	
	Policy (binding)	Policy (binding)	Advisory	Advisory
	Total number of votes	% of votes cast	Total number of votes[1]	% of votes cast
For (including discretionary)	424,480,213	99.89%	38,527,056	99.89%
Against	483,296	0.11%	42,507	0.11%
Total votes cast (excluding withheld votes)	424,963,509	100.00%	38,569,563	100.00%
Votes withheld	137,035		257,481	
Total votes (including withheld votes)	425,100,544		38,827,044	

1. Reflects the ten-for-one share consolidation completed on 29 September 2015.

The Committee welcomes the very strong support it continues to receive from shareholders for remuneration at Norcros.

Single figure for total remuneration for Executive Directors (audited information)

The following table provides a single figure for total remuneration of the Executive Directors for the year to 31 March 2017, together with comparative figures for the year to 31 March 2016. The values of each element of remuneration are based on the actual value delivered, where known. The value of the annual bonus includes the element of bonus deferred under the Deferred Bonus Plan.

	Nick Kelsall		Shaun Smith		Martin Payne	
	2017 £	2016 £	2017[1] £	2016 £	2017[1] £	2016 £
Base salary	**348,534**	341,700	**232,590**	–	**27,611**	229,500
Taxable benefits[2]	**16,616**	16,754	**13,355**	–	**1,415**	13,754
Annual bonus[3]	**238,466**	277,632	**159,138**	–	**—**	93,234
Long-term incentives[4]	**341,402**	208,948	**—**	–	**—**	–
Pension benefit[5]	**80,140**	83,730	**34,888**	–	**4,142**	35,056
SAYE[6]	**—**	–	**2,013**	–	**—**	–
Total	**1,025,158**	928,764	**441,984**	–	**33,168**	371,544

1. Shaun Smith was appointed Group Finance Director on 4 April 2016. The column for Shaun Smith shows remuneration received for the period 4 April 2016 to 31 March 2017. Martin Payne stood down from that role at that date, but continued in employment as a Director during the handover period ending 12 May 2016, when his employment ceased. The column for Martin Payne shows remuneration received for the period 1 April 2016 to 12 May 2016.
2. Taxable benefits consist of car allowance (Nick Kelsall – 2017: £15,000, 2016: £15,000; Shaun Smith – 2017: £11,923, 2016: n/a; and Martin Payne – 2017: £1,415, 2016: £12,000) and private medical insurance. For 2017, Shaun Smith's taxable benefits also include the cost of hotel accommodation of £1,432 in connection with his relocation on joining Norcros. This cost is part of the relocation allowance (capped at £100k gross of tax) agreed in connection with his appointment and disclosed in last year's report. Further costs relating to Shaun Smith's relocation are expected to be reimbursed (up to the disclosed maximum) in the first half of the year ending 31 March 2018, and will be disclosed in next year's Annual Report on Remuneration.
3. Annual bonus comprises both the cash annual bonus for performance during the year and, where applicable, the face value of the deferred bonus element on the date of deferral. Any deferred share element is deferred for three years. See "Annual bonus in respect of performance in the year ended 31 March 2017" below for further details. Martin Payne received no annual bonus in respect of his period of employment in 2017.
4. For 2017, the APSP value reflects the estimated value of APSP awards granted in July 2014, of which 100% will vest to Nick Kelsall on 23 July 2017, and includes the value of dividends accrued on these awards over the vesting period (£33,500). The value of awards is estimated using the three-month average share price to 31 March 2017 of 165.44p, and will be trued up to reflect the vest-date value of awards in next year's Annual Report on Remuneration. For 2016, the APSP value has been trued up from that disclosed in last year's Remuneration Report to reflect the Group's share price of 157.0p on the date of vesting (28 September 2016) of awards granted in September 2013. All of Martin Payne's outstanding APSP awards lapsed on cessation of employment.
5. The pension benefit provided to Nick Kelsall and Shaun Smith in 2017 comprises cash in lieu (Nick Kelsall – £52,280; Shaun Smith – £34,888; and Martin Payne – £4,142 for the period of his employment in that year) and amounts related to the defined benefit scheme (Nick Kelsall – £27,860; and Shaun Smith – n/a). In 2016, pension benefits comprised cash in lieu (Nick Kelsall – £51,255; and Martin Payne – £34,425) and amounts related to the defined benefit scheme (Nick Kelsall – £32,475; Martin Payne – £631). See "Total pension entitlements" on page 55 for further details.
6. Embedded gain on grant of Save As You Earn scheme grants made. See "2016 SAYE" on page 54 for further details.

Incentive outcomes for the year ended 31 March 2017 (audited information)

Annual bonus in respect of performance in the year ended 31 March 2017

The 2017 Annual Bonus Plan was based 100% on Group underlying operating profit performance for the year to 31 March 2017. The maximum annual bonus opportunity for the year was 100% of base salary for the Group Chief Executive and for the Group Finance Director. Based on the Company's performance in 2017, against targets set at the start of the year, the Committee decided to award an annual bonus of 68.42% of the maximum opportunity to the Executive Directors. Further details, including the profit targets set and actual performance, are provided below:

	Underlying profit target £m	Payout (% of max.)	2017 outturn £m	Bonus (% of max.)
Maximum	25.0	100%		
Target	23.1	50%	23.8	68.42%
Threshold	21.4	25%		

50% of each Executive Director's annual bonus award of 68.42% of base salary, i.e. 34.21% of salary, will be deferred into shares under the DBP. This DBP award will vest on the third anniversary of grant, subject to continued employment.

The table below sets out the actual bonuses to be paid in cash and deferred shares for each Executive Director for the year to 31 March 2017:

	Annual cash bonus		Deferred share bonus	
	% of salary	£	Value of deferred shares	Total
N Kelsall	34.21%	£119,233	£119,233	£238,466
S Smith	34.21%	£79,569	£79,569	£159,138

Deferred Bonus Plan (DBP)

The grant of options under the DBP in respect of the year to 31 March 2017 has not yet been made. As a result of this, the precise number of options to be granted in respect of the year to 31 March 2017 cannot yet be calculated, though the proposed monetary value of the bonus earned is known. Accordingly, Nick Kelsall will receive a number of nil-cost options calculated by dividing the proposed value of £119,233 by the share price at the date of grant. Shaun Smith will receive a number of nil-cost options calculated by dividing the proposed value of £79,569 by the share price at the date of grant.

2014 APSP awards vesting

Effective July 2014, an APSP award of 186,111 shares was granted to Nick Kelsall. Vesting of this award was based on Norcros' aggregate diluted underlying EPS over the three financial years to 31 March 2017. Based on performance over this period, the Committee determined that 100% of this award will vest on 23 July 2017, being the end of the relevant three-year vesting period according to the APSP rules. Performance targets and actual performance against these, as determined by the Committee, are summarised in the table below:

Performance level	Aggregate underlying EPS	% vesting	Norcros' performance	Award vesting (% of APSP award)
Threshold	59.4p	25%		
Maximum	68.1p	100%	74.9p	100%

Martin Payne's 2014 APSP award lapsed on cessation of employment.

Scheme interests awarded in 2017 (audited information)

2016 DBP

During the year under review, the following DBP awards were made to the Executive Directors (relating to the annual bonus earned for performance over the year to 31 March 2016):

	Nick Kelsall
Basis of award	50% of earned bonus
Grant date	27 July 2016
Number of nil-cost options granted	92,544
Grant-date share price (p)	150.0
Grant-date face value (£)	138,816
Normal vesting date	27 July 2019
Performance conditions	None

Shaun Smith was not eligible for a bonus in respect of the year ended 31 March 2016 (having joined Norcros on 4 April 2016). Martin Payne's entitlement to a deferred element of his 2016 annual bonus lapsed on cessation of employment.

2016 APSP

During the year under review, the following APSP awards were granted to the Executive Directors:

	Nick Kelsall	Shaun Smith
Basis of award	100% of base salary	100% of base salary
Grant date	27 July 2016	27 July 2016
Number of nil-cost options granted	232,356	156,060
Grant-date share price (p)	150.0	150.0
Grant-date face value (£)	348,534	234,090
Normal vesting date	27 July 2019	27 July 2019
Performance period	1 April 2016–31 March 2019	1 April 2016–31 March 2019
Performance conditions	Three-year aggregate underlying EPS	
	Threshold: 84.3p (25% of element vesting)	
	Maximum: 96.5p (100% of element vesting)	
	Straight-line vesting between these points	
Holding period	27 July 2019–27 July 2021	27 July 2019–27 July 2021

2016 SAYE

Nick Kelsall did not enter into a savings contract under the SAYE in the year ended 31 March 2017. In the year ended 31 March 2017, Shaun Smith entered into a savings contract under the SAYE and was granted 11,900 options under a SAYE savings contract which had an embedded value at the date of grant of £2,013.

Total pension entitlements (audited information)

As part of their remuneration arrangements, Nick Kelsall and Shaun Smith are entitled to receive pension contributions from the Company. Under these arrangements, they can elect for those contributions to be paid in the form of taxable pension allowance, or direct payments into a personal pension plan or the Group's UK defined contribution scheme. If a payment is made in the form of taxable pension allowance, the amount payable is not reduced to allow for employment taxes.

During the year Nick Kelsall elected to take a taxable pension allowance of £52,280 (2016: £51,255) with no amounts paid directly into a pension scheme (2016: £nil). Shaun Smith elected to take a taxable pension allowance of £34,888 (2016: n/a) with no amount paid into a personal pension plan (2016: n/a). In line with the Regulations, the single figure table reflects the total of these amounts, as well as the capitalised increase in accrued pension (net of inflation) under the UK defined benefit scheme, of which Nick Kelsall is a deferred member. Shaun Smith is not a member of the UK defined benefit scheme. Details of Executive Directors' retirement benefits under the Group's UK defined benefit scheme and taxable pension allowances are summarised in the following table:

Director	Accrued pension £	Increase in accrued pension net of CPI £	Transfer value of net increase £	Additional value of pension on early retirement £	Pension value in the year from DB scheme £	Pension value in the year from cash allowance £	Total £
Nick Kelsall	22,137	1,393	30,585	—	27,860	52,280	80,140
Shaun Smith	—	—	—	—	—	34,888	34,888
Martin Payne	—	—	—	—	—	4,142	4,142

Single figure for total remuneration for Non-executive Directors (audited information)

The table below sets out a single figure for the total remuneration received by each Non-executive Director for the year ended 31 March 2017 and the prior year:

	Total fee 2017 £	Total fee 2016 £
Martin Towers	**99,000**	97,000
Jo Hallas	**41,825**	41,000
David McKeith	**41,825**	41,000

Payments to past Directors (audited information)

During the year under review, no payments were made to past Directors. Martin Payne ceased to be a Director on 12 May 2016. His remuneration up to that date is shown in the "Single figure for total remuneration for Executive Directors" shown on page 52. In accordance with the arrangements relating to his ceasing to be a Director Martin Payne was in the year under review entitled to exercise 21,206 nil-cost DBP option shares, which he did on 28 September 2016. He is also entitled to exercise a total of 64,730 nil-cost DBP option shares in the future, and if he exercises those options he is entitled to receive the dividends accrued on them since the date of grant. No other payments have been or will be made to Martin Payne.

Exit payments made in the year (audited information)

No exit payments to Directors were made during the year under review.

External appointments in the year

On 1 May 2016 Shaun Smith was appointed as a non-executive director of Air Partner plc. In respect of this role Shaun Smith received from Air Partner plc fees of £31,250, which he retained. No other external appointments were held by the Executive Directors during the year.

Percentage change in CEO remuneration

The table below shows the percentage change in the CEO's salary, benefits (excluding pension) and annual bonus between the 2016 and 2017 financial years compared with the percentage change in the average of each of those components of pay for all UK staff employed in continuing operations. A UK subset of employees was selected as a suitable comparator group for this analysis because the CEO is based in the UK (albeit with a global role and responsibilities) and pay changes across the Group vary widely depending on local market conditions (in particular fluctuations in the exchange rate between the South African Rand and British Pound). The comparison uses a per capita figure and accordingly this reflects an average across the Group's businesses. No account is therefore taken of the impact of operational factors such as new joiners and leavers and the mix of employees.

	CEO % change 2016–2017	Average of other employees % change 2016–2017
Salary	2.0%	2.0%
Benefits	(0.8)%	10.8%
Bonus	(14.1)%	(16.7)%

Relative importance of spend on pay

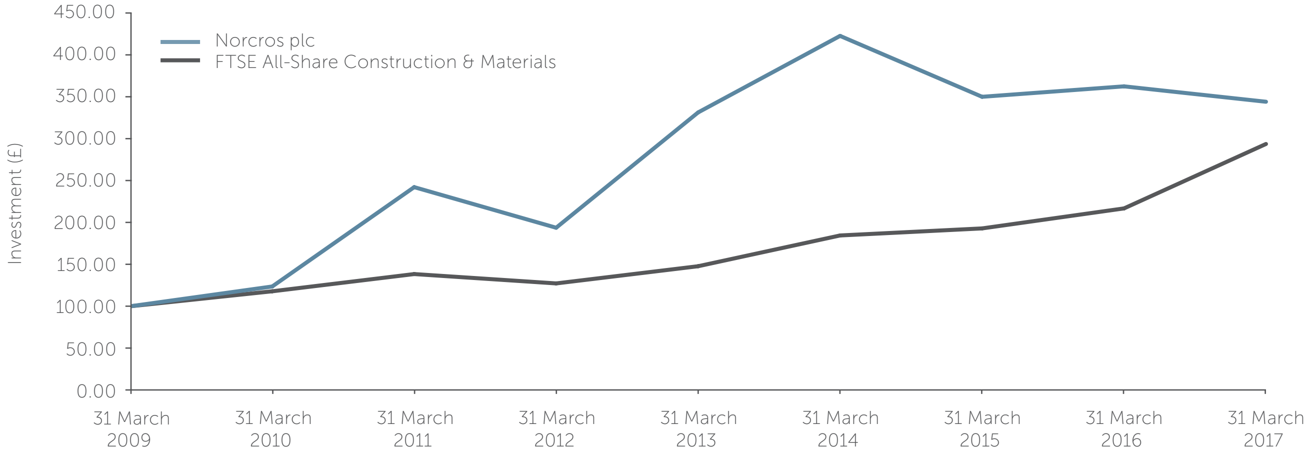
The table below shows shareholder distributions (i.e. dividends – there were no share buybacks in either year) and Norcros' expenditure on total employee pay for the year under review and the prior year, and the percentage change year on year.

	2017 £000	2016 £000	% change
Dividends	**4,151**	3,577	16.0%
Total staff costs	**59,555**	48,406	23.0%

Performance graph and table

The following graph shows the eight-year TSR performance of the Company relative to the FTSE All-Share Construction & Materials Index. This comparator was chosen because the Company is a constituent member of this index.

Total shareholder return
(Value of £100 invested on 31 March 2009)



The table below details the Chief Executive's single figure of remuneration over the same period:

	2010	2011	2012	2013	2014	2015	2016	**2017**
CEO single figure of remuneration (£000)								
Incumbent	Joe Matthews	Joe Matthews	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall	Nick Kelsall
Total remuneration	£488,000	£611,000	£380,780	£526,282	£917,530	£1,161,288	£928,764	**£1,025,158**
Annual bonus (as a % of max. opportunity)	38%	81%	0%	50%	54%	69%	81%	**68%**
APSP vesting (as a % of max. opportunity)	n/a	0%	n/a	n/a	100%	99%	100%	**100%**

Implementation of Executive Director remuneration policy for the year to 31 March 2018

The Remuneration Committee conducted its normal review of Executive Directors' remuneration, effective 1 April 2017. The results of this review are as follows:

Base salary

Base salaries were reviewed taking into account individual performance and competitive practice for similar roles in the Company's remuneration peer group, and remuneration awards within the Group. The Committee decided to increase Executive Director salaries in line with the rest of the UK businesses in the Group by 2%. For the year ending 31 March 2018, base salaries will be £355,505 for Nick Kelsall and £238,772 for Shaun Smith.

Pension

There is no change in the contribution percentage for Executive Directors for the year ending 31 March 2018, which remains at 15% of salary.

Benefits

There is no change in the car allowance for Executive Directors for the year ending 31 March 2018, which is £15,000 p.a. for Nick Kelsall and £12,000 p.a. for Shaun Smith.

Annual bonus

The annual bonus opportunity for Executive Directors will remain unchanged for the 2018 financial year with a maximum bonus entitlement of 100% of salary. The bonus outcome for Executive Directors will continue to be based entirely on Group underlying operating profit. Of any bonus earned 50% will be deferred into nil-cost options for a further three years under the DBP. Annual bonus targets are considered to be commercially sensitive but will be disclosed retrospectively in next year's Annual Report on Remuneration.

APSP

The structure of APSP awards to be made in the 2018 financial year will be unchanged from 2017. Awards with face values of 100% of salary will be granted to Nick Kelsall and Shaun Smith, with vesting subject to the achievement of three-year aggregate diluted underlying EPS targets. To the extent an award vests, vested shares will be subject to a further two-year holding period. The Committee will determine these targets at the time awards are made and these targets (along with other relevant details of this grant) will be disclosed in next year's Annual Report on Remuneration.

SAYE

Nick Kelsall and Shaun Smith will continue to be able to participate in any SAYE contract offered to all employees, on identical terms.

Implementation of Non-executive Director remuneration policy for the year to 31 March 2018

The Committee has reviewed the Board Chairman's fee and concluded that an increase of 2.0% (to £100,980 p.a.) was appropriate. The Board Chairman and the Executive Directors reviewed Non-executive Director fees at the same time and concluded that a similar percentage increase would be appropriate. Accordingly, for the 2018 financial year, Non-executive Director fees will be as follows:

Executive Director	Fee at 1 April 2017	Fee from 1 April 2016	Percentage increase
Board Chairman	**£100,980**	£99,000	2.0%
Non-executive Director	**£37,332**	£36,600	2.0%
Additional fee for chairing Audit or Remuneration Committees	**£5,330**	£5,225	2.0%

Executive Director shareholdings (audited information)

The table below shows the shareholding of each Executive Director and their respective shareholding requirement as at 31 March 2017:

		Options held					
	Shares owned outright	Vested but not exercised	Unvested and subject to performance	Unvested but not subject to performance	Shareholding guideline % of salary	Current holding	Requirement met?
N Kelsall	795,424	—	391,286	385,155	100%	795,424	Yes
S Smith	20,000	—	156,060	11,900	100%	20,000	No

Value of current shareholding based on average share price over three months ended 31 March 2017 of 165.44p.

Details of the options held are provided in the table overleaf.

Directors' share scheme interests (audited information)

Share options

	Scheme	Date of grant	Vested date	Expiration date	Exercise price	Shares under option 1 April 2016	Granted in 2017	Vested in 2017	Exercised in 2017	Lapsed in 2016	Shares under option 31 March 2017
N Kelsall	**DBP**	26.09.13	26.09.16	26.09.23	—	30,632	—	30,632	30,632	—	—
		23.07.14	23.07.17	23.07.24	—	41,174	—	—	—	—	41,174
		22.07.15	22.07.18	22.07.25	—	53,934	—	—	—	—	53,934
		05.08.16	05.08.19	05.08.26	—	—	92,544	—	—	—	92,544
					Total	**125,740**	**92,544**	**30,632**	**30,632**	**—**	**187,652**
	APSP	27.09.13	27.09.16	27.09.23	—	133,088	—	133,088	133,088	—	—
		23.07.14	23.07.17	23.07.24	—	186,111	—	—	—	—	186,111
		22.07.15	22.07.18	22.07.25	—	158,930	—	—	—	—	158,930
		27.07.16	27.07.19	27.07.26	—	—	232,356	—	—	—	232,356
					Total	**478,129**	**232,356**	**133,088**	**133,088**	**—**	**577,397**
	SAYE	19.12.14	01.03.18	31.08.18	158p	11,392	—	—	—	—	11,392
					Total	**11,392**	**—**	**—**	**—**	**—**	**11,392**
S Smith	**APSP**	27.07.16	27.07.19	27.07.26	—	—	156,060	—	—	—	156,060
	SAYE	16.12.16	01.03.20	01.03.20	151p	—	11,900	—	—	—	11,900
					Total	**—**	**167,960**	**—**	**—**	**—**	**167,960**

		Three-year aggregate EPS targets		
Performance	% vesting	23.07.14 award	22.07.15 award	27.07.16 award
Threshold	25%	59.4p	64.1p	84.3p
Maximum	100%	68.1p	72.9p	96.5p

Shareholder dilution

The Group's share incentive plans operate in line with the Investment Association's Principles, which require that commitments under all-share schemes satisfied by newly issued shares must not exceed 10% of the issued share capital in any rolling ten-year period, of which up to 5% may be used to satisfy options under executive share schemes. The Group's position against the dilution limits at 31 March 2017 was 6.4% for the all-share schemes limit and 3.9% for executive schemes.

Statement of Directors' shareholding and share interests (audited information)

Director	31 March 2017 Ordinary shares	31 March 2016 Ordinary shares
Nick Kelsall	**795,424**	795,424
Shaun Smith	**20,000**	—
Martin Towers	**134,454**	134,454
Jo Hallas	**20,000**	20,000
David McKeith	**15,000**	15,000

This report was approved by the Board of Directors on 14 June 2017 and signed on its behalf by:

Jo Hallas

Chairman of the Remuneration Committee

14 June 2017