**Dear Shareholder,**
This has been a year of both operational progress and disappointment on the prospects for short-term profitability. The decisions taken by management in the second half of the year will benefit the delivery of sustainable growth and performance, but the Trading Update issued on 6 December 2017, which set out the revised profit expectations for 2017 and 2018, had a material negative impact on the share price of the Company. This in turn has framed decisions and outcomes on both current and future remuneration and these are detailed in this summary and the body of the Remuneration Report itself.

Our current Remuneration Policy was approved at the AGM in June 2015. This Report includes the proposed Policy which will be subject to shareholder approval at the AGM in June this year. In arriving at our proposed Policy, the Committee has discussed the developments in legislative and governance matters relating to remuneration. We believe that the proposed Policy reflects the intent of these developments, but we will continue to monitor the regulatory framework after June 2018 and consider any further policy adjustments that might be appropriate.

This report also lays out the activities and decisions of the Remuneration Committee over the past 12 months. We believe these take full account of our actual performance and the desire to deliver sustainable, long term value creation in the business.

### Proposed Policy
This report lays out the proposed Directors' Remuneration Policy for the next three years which will be subject to shareholder approval at our AGM and our practice over the past year, based on the current Policy. I trust we have done this with a transparency and clarity that aid your understanding of both our intent and our activity. There are few material changes from our current and proposed Policy (see pages 89-91 for an overview).

### The Company's core principles of remuneration are to support:
- sustainable long-term value creation;
- profitable growth and strong cash generation; and
- attraction and retention of high calibre individuals.

### Further evolution in our performance conditions for the LTIP in 2018
Our strategy is evolving along with our operating model, and we have been keen to avoid a disconnection between the basis for the earnings per share (EPS) target established at IPO and the strategy now driving underlying growth.

To support our evolving strategy, we introduced an Organic earnings per share (Organic EPS) measure last year which allows the significant acceleration of growth which is called for over and above that which has been delivered since IPO to be recognised and targeted. The Group has worked hard to build and develop the Travel business since IPO to provide a diversified profit stream from a range of products and services in addition to the Insurance business. An assessment of Organic EPS allows the Company to reward and incentivise the Executive Directors and the Executive Team (together defined as the Group Executive as detailed on page 11 of this Annual Report and Accounts) to deliver this step change in growth.

We are now proposing a change in respect of the implementation of the Policy for 2018/19 to further increase the focus of the LTIP in supporting the strategy over the next period. The change is a replacement of the Basic earnings per share (Basic EPS) performance condition with Return on Capital Employed (ROCE). The rationale for this change is:

- The ROCE metric will ensure that the Executive Directors are focused on generating an appropriate level of return on the investments being made over the next period.
- The dynamic tension between ROCE and the Organic EPS growth targeted will ensure that the Executive Directors are focused on both growing earnings and the quality of those earnings.
- The ROCE metric will ensure that the Executive Directors have an equal focus on ROCE, Organic EPS and TSR (Total Shareholder Return). We felt that once ROCE was included, operating two EPS performance conditions did not provide any additional benefit to the Company or shareholders.
- When looking at the current two EPS measures, we felt that Organic EPS, which excludes insurance reserve releases, is an appropriate long-term measure of profit for the Company and is more closely aligned to the medium and long-term strategy of the business, as it focuses management on accelerating operating performance and growth.

The targets have been set with reference to our internal business plan and we are satisfied that they are sufficiently stretching. Our view is that these changes to the operation of the LTIP in 2018 will ensure that the Executive Directors are rewarded for delivering a balanced and sustainable set of results across the profit, capital efficiency and shareholder return of the Company over the next critical period in the implementation of the Company's strategy.

The following table shows the performance conditions and targets currently operated and those proposed:

| Performance measures | 2017 LTIP weightings and targets | Proposed 2018 LTIP weightings and targets |
|---|---|---|
| Basic EPS | Weighting: 30%<br>Threshold: 5% p.a.<br>Maximum: 12% p.a. | Removed from 2018 LTIP |
| Organic EPS | Weighting: 30%<br>Threshold: 12% p.a.<br>Maximum: 21% p.a. | Unchanged |
| Relative total shareholder return (TSR) | Weighting: 40%<br>Measured against FTSE 250 (excluding investment trusts)<br>Threshold: median<br>Maximum: upper quartile | Unchanged |
| Return on capital employed (ROCE) | New for 2018 LTIP | Weighting: 30%<br>Threshold: 10.5% p.a.<br>Max: 11.5% p.a. |

**Company performance for the 2017/18 financial year (audited)**

The implementation of our strategy (as outlined on pages 1-51) has been substantiated through the key performance outcomes of the year:

- Continued strong performance in Travel and growth in written profits in Insurance, which has led to a stable level of underlying profits for the Group.
- Group profit before tax from continuing operations decreased by 7.6% to £178.7m (2017: £193.3m), on revenue of £860.1m (2017: £871.3m).
- Underlying Profit Before Tax (which excludes derivatives, restructuring costs, debt issue costs and the Ogden impact in the prior year) increased by 1.4% to £190.1m (2017: £187.4m). For the purpose of setting management bonus targets, debt issue costs were included, so the profit before tax measure for bonus purposes was £185.8m (2017: £187.4m).
- Continued high levels of cash conversion meant that the Group has continued its deleveraging. The net debt to Trading EBITDA ratio is now 1.7x (2017: 1.9x).
- Dividend payments to our shareholders of 5.8p per share in respect of 2017 and an interim dividend of 3.0p in respect of 2018 that reflect the strong cash generative performance of the business.
- Demonstrated confidence in the growth and potential of our Cruise business by exercising the option for a second new cruise ship to be delivered in August 2020.
- Launched the membership programme 'Possibilities' which supports the attraction, retention and growth of High Affinity Customers (HACs).
- Strengthened our insurance operating model with a significant information technology upgrade, a new broking platform in the final stages of testing and a new claims platform which is now live.

**Impact of Company performance for 2017/18 on remuneration for the year (unaudited)**

We issued a Trading Update on 6 December 2017 (full details are on the Company's website).

The Trading Update setting out the revised profit expectations for 2017 and 2018 had a material negative impact on the share price of the Company. We took into account that 2017 has been a challenging year for the Company and its shareholders. Recognising the broader picture:

- 2018 salaries – salaries will be frozen for the Executive Directors this year.
- 2017 bonus outcome – the formulaic outcome under the bonus would have resulted in a bonus payout of 47.4% and 39.5% of salary for the CEO and CFO respectively. The Executive Directors felt that, taking into account this broader picture and looking in a holistic way at the performance of the business and the experience of shareholders, it would be appropriate to waive their 2017 bonuses. The Committee accepted the offer of the Executive Directors given its view that the formulaic outcome from the bonus would not entirely reflect the performance of the business over the period nor the impact on near-term profitability.

Full details of the bonus are set out on pages 107-108.

**2015 LTIP vesting (audited)**
It is currently anticipated that 26.0% of the 2015 LTIP will vest on 29 June 2018. The EPS performance condition resulted in 52.0% of this proportion of the award vesting. No element is currently expected to vest in respect of the TSR performance of the Company over this performance period. The Committee is comfortable that this level of vesting is consistent with the underlying performance of the business and has therefore not exercised any discretion to depart from the formulaic outcomes.

**What we have done during the year – matters discussed, decisions made and actions taken**

- Made grants in May 2017 under the Saga Long Term Incentive plan (LTIP) for the Executive Committee and senior management of the Company. Grant levels were consistent with our normal award policy.
- Approved the award of free shares to all eligible employees in July 2017.
- Reviewed the governance and processes of the three Saga Share Schemes in operation in the Company and confirmed that they met the necessary standards and were well communicated.
- Supported base salary increases of 2.0% (average) for the employee population. As explained above, Executive Director salaries will be frozen at their current level. The Board concurrently agreed that Non-Executive fees would remain at their current level.
- Reviewed and approved the bonus outcomes for 2017 as detailed above.
- Reviewed a risk evaluation for the subsidiary regulated businesses, Saga Personal Finance Limited, Saga Services Limited and AICL, and considered whether they highlighted any material adverse activities, decisions or outcomes that should impact subsidiary or Group bonus calculations. We concluded that these evaluations were robust and that there were no risk issues to consider in determining bonus outcomes for any of the regulated entities.
- Approved the business and personal objectives for 2018/19. These were considered in light of both overall performance expectations for 2018 and our medium-term business strategy. Details of the personal objectives for the Executive Directors are on page 107.
- Noted the voting results on our Remuneration Report at the 2017 AGM. Despite overall support being at 94.46%, the Committee wanted to understand the concerns of those who had voted against the report, or who had not voted at all. The views of those who responded to our subsequent approach were discussed as part of our review of the Remuneration Policy.
- Reviewed in great depth our existing Remuneration Policy. Given the strong support for the Policy in 2015, we considered it largely fit for purpose. However, we believe that a number of changes are appropriate:
  - Reduce the maximum pension entitlement for existing Executive Directors to 15% of salary; and limit it to 10% for new Executive Directors.
  - Increase the shareholding requirement for the CEO and CFO to 250% and 200% of salary respectively.
  - Eliminate the existing provision of sign-on compensation for new Executive Directors.
- We have also given significant consideration to the performance measures in the LTIP. See above.

### Changes to the Executive Directors

On 28 March 2018, the Company announced that Jonathan Hill, Chief Financial Officer, informed the Board of his decision to resign from Saga to join Paddy Power Betfair Plc as Chief Financial Officer. Jonathan will remain with Saga until September. The Board and the management team are extremely grateful for the contribution Jonathan has made to Saga over the last three years, and wish him every success in the future.

Following Jonathan Hill's resignation he will continue to remain employed until the end of his notice in September 2018 during which period he will receive his current salary, benefits and pension contribution. He will not be eligible for a bonus for the 2018/19 financial year.

Jonathan Hill has a number of subsisting share awards under the following discretionary Company share plans:

- The Saga plc Long Term Incentive Plan;
- The Saga plc Deferred Bonus Plan.

He will not be granted any awards under these Plans in respect of the 2018/19 financial year. Any awards which have not vested by the date of his cessation of employment will lapse. In addition, he has awards under the Saga plc Short Term Incentive Plan, the Company's all employee arrangement; these awards will be treated in accordance with the HMRC approved rules of the Plan.

Jonathan Hill will receive no payments for loss of office.

### A summary of our remit

- To review the broad Remuneration Policy for the senior executives.
- To recommend and monitor the level and structure of remuneration for senior management.
- To govern all share schemes.
- To review any major changes in employee benefit structures throughout the Company or Group.

### Attendance

All Committee members are independent Non-Executive Directors. We held four meetings during the year.

| Member | Attendance |
|---|---|
| Gareth Williams (Chair) | 4 |
| Philip Green[1] | 1 |
| Ray King | 4 |
| Bridget McIntyre | 4 |
| Orna NiChionna | 3 |

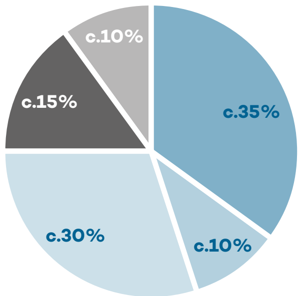
Note:
1 Philip Green resigned on 31 March 2017

The Committee receives assistance from Karen Caddick, Group HR Director and Vicki Haynes, Company Secretary. Our adviser (PwC) attends by invitation, as do Lance Batchelor, Group Chief Executive Officer, Jonathan Hill, Group Chief Financial Officer, and Andrew Goodsell, Chairman, except when issues relating to their own remuneration are being discussed.

### Our terms of reference

Our terms of reference were reviewed by the Committee and subsequently approved by the Board on 18 September 2017. They are available on our website, http://corporate.saga.co.uk/corporate-information/corporate-governance and from the Company Secretary at Saga's registered office.

### Time spent on matters




### Structure of the report

- Remuneration Committee Chair's Annual Statement (pages 83-87).
- Summary Report (pages 88-99).
- Fairness, diversity and wider workforce considerations (pages 100-105).
- Annual Report on Remuneration (pages 106-111).
- Proposed Remuneration Policy (pages 112-121).

### New elements to this report

Saga is committed to creating an inclusive working environment and to rewarding its employees throughout the organisation in a fair manner. In making decisions on executive pay, the Remuneration Committee considers wider workforce remuneration and conditions. We believe that employees should be able to share in the success of the Company through ownership. We have enabled this via a Share Incentive Plan (SIP) through which people can buy shares. We also provide all employees with more than a year's service free shares every year. We also believe that employees should have the opportunity to save for their future and to this end we have in place an open defined benefit scheme which operates on a career average basis. The Company also has a matched contributions defined contribution scheme, which allows people up to 10% of their base salaries as pension benefits. This is aligned with the proposed Policy for our Executive Directors.

As part of our commitment to fairness, we have introduced a new section to this report (see pages 100-105 which sets out more information on the pay conditions of our wider workforce, the cascade of incentives throughout our business, our CEO to employee pay ratio, our gender pay statistics, and our diversity policy). Whilst we recognise there is much work still to do, we believe that transparency is an important first step towards making improvements in relation to these important issues.

### Effectiveness of the Remuneration Committee
An evaluation of the Committee's effectiveness took place during the year, as part of the Board effectiveness review (for details see page 65). The review found that the Committee feels it is working effectively, and that it has good support from management and external advisers and that sound solutions and outcomes are identified.

### Looking ahead
We will keep our work under review including assessing the scope of our involvement in remuneration deliberations and how we work with executives on such matters. We will also be watching developments in the evolution of the corporate governance environment and the impact of the new Code on widening the remit of the Committee. Given that we have now disclosed our gender pay data we will be working closely with executives on action planning for reducing the gender pay gap by proactively addressing the demographic and non-demographic reasons for the gap.

### Shareholder consultation
The Committee consulted its major shareholders and the main shareholder representative bodies IA, ISS and Glass Lewis on the proposed new Remuneration Policy. The Committee is grateful for the time taken to consider the Committee proposals and provide feedback. At the end of the consultation the majority of shareholders consulted indicated they were supportive of the new Remuneration Policy.

### Conclusion
I hope you find the information contained in this report helpful, thoughtful and clear. I welcome any feedback from the Company's shareholders and you can contact me at gareth.williams@saga.co.uk if you have any questions or comments on this report. I look forward to hearing your views and will be available to answer any questions at the Company's AGM, where we will ask our shareholders to approve the Directors' Remuneration Report and Policy.

**Gareth Williams**
Chair, Remuneration Committee

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the current Code and the Listing Rules.

In this section, we summarise:

- the Remuneration Policy which applied for the 2017/18 financial year; how it was operated; the proposed changes under the new Remuneration Policy and its proposed application in 2018/19;
- the actual performance and remuneration outcomes for the 2017/18 financial year; and
- the link between our strategy for 2018/19 and the proposed new Remuneration Policy.

The proposed new Remuneration Policy will be put to a binding vote at the AGM on 21 June 2018. Pages 112-121 set out full details of the proposed Policy.

Further information on this year's outcomes is given in the Annual Report on Remuneration on pages 106-111.

### Overall summary

The table on pages 89-91 summarises the following information:

- the current Remuneration Policy and the Proposed Remuneration Policy; and
- the operation of the current Policy in 2017/18 and the proposed operation of the new Policy in 2018/19.

### Remuneration philosophy

This remains unchanged between the current Policy and the new Policy.

The Remuneration Policy and strategy are designed to stimulate sustainable, value creating growth and performance for the business and to reward Executives' performance accordingly.

The Company's core principles of remuneration are to support:

- sustainable long-term value creation;
- profitable growth and strong cash generation; and
- attraction and retention of high-calibre individuals.

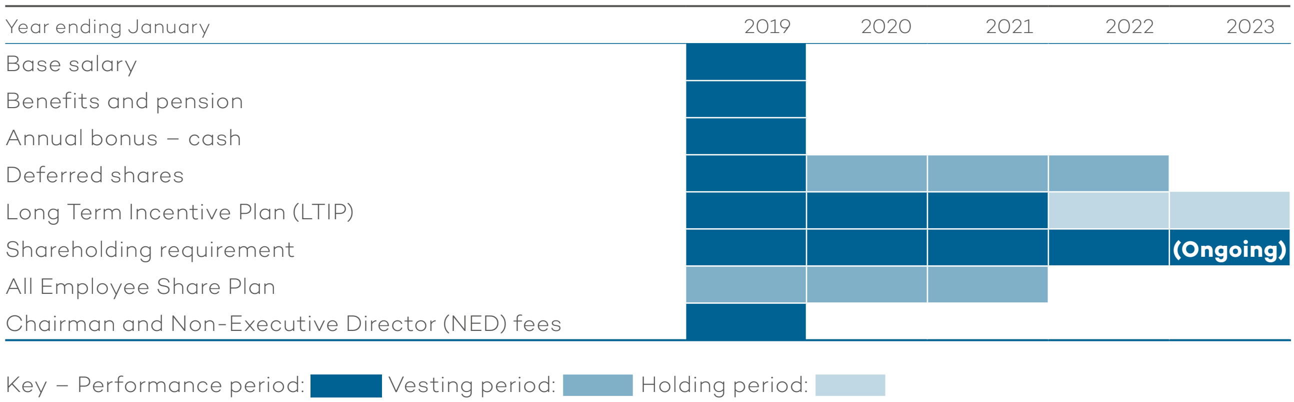
The Committee will review the remuneration arrangements for the Executive Directors and the Executive Team annually drawing on trends and adjustments made to all employees across the Group and taking into consideration:

- our business strategy;
- overall corporate performance;
- market conditions affecting the Company;
- the recruitment market in which Saga competes for talent;
- broader remuneration practices within the Company; and
- changing views of institutional shareholders and their representative bodies.

### Long-term nature of our proposed Remuneration Policy

The graphic below illustrates the time horizons for each of the key elements of our Policy:

#### Key elements of the Policy and time horizon



Details of each of these elements and any proposed changes are included in the table below:

## Summary table

### Base salary

| | |
|---|---|
| **Current Policy** | The Remuneration Committee ensures that maximum salary levels are positioned in line with companies of a similar size to Saga in the comparator group. The companies in the comparator group are the constituents of the FTSE 250.<br>In general, salary increases for Executive Directors will be in line with the increase for employees. |
| **Proposed Policy** | No change. |
| **Operation in 2017/18** | Executive Directors received a 2% increase on 1 February 2017 (all employee rise 2%). As a result, the salaries for the Executive Directors are:<br>• Lance Batchelor: £689,785<br>• Jonathan Hill: £424,483 |
| **Proposed operation in 2018/19** | Executive Directors will not receive an increase on 1 February 2018 (all employee rise 2%). As a result, the salaries for the Executive Directors remain as:<br>• Lance Batchelor: £689,785<br>• Jonathan Hill: £424,483 |

### Benefits

| | |
|---|---|
| **Current Policy** | The Executive Directors receive family private health cover, death in service life assurance, a car allowance, subsistence expenses and staff discounts in line with other employees. |
| **Proposed Policy** | No change. |
| **Operation in 2017/18** | Standard benefits. |
| **Proposed operation in 2018/19** | No change. |

### Pension

| | |
|---|---|
| **Current Policy** | The maximum contribution to an Executive Director's pension or salary supplement is 20% of gross basic salary. A salary supplement would not itself be pensionable or form part of salary for the purposes of determining the extent of participation in the Company's incentive arrangements. |
| **Proposed Policy** | The maximum value of the pension contribution allowance is 15% of gross basic salary for current Executive Directors and limited to 10% of salary for newly appointed Executive Directors. |
| **Operation in 2017/18** | Executive Directors received the following:<br>• Lance Batchelor: 15% of salary supplement in lieu of pension;<br>• Jonathan Hill: 15% of salary supplement in lieu of pension. |
| **Proposed operation in 2018/19** | No change. |

## Annual Bonus (Cash and Deferred Shares)

| | |
|---|---|
| **Current Policy** | The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary. The Remuneration Committee can determine that part of the bonus earned under the Annual Bonus Plan is provided as an award of shares under the DBP. The maximum value of deferred shares is 50% of the bonus earned. The main terms of these awards are:<br>• minimum deferral period of three years; and<br>• the participant's continued employment at the end of the deferral period unless he/she is a good leaver. |
| **Proposed Policy** | Normal maximum bonus opportunity as a percentage of salary is unchanged:<br>• Group Chief Executive Officer – 150%<br>• Group Chief Financial Officer – 125% |
| **Operation in 2017/18** | The annual bonus is paid in cash and deferred shares.<br>Two thirds of the total bonus to be paid immediately in cash and one third deferred into shares for three years.<br>Performance measures were:<br>• Group PBT[1] – 55%<br>• Group cash flow[2] – 15%<br>• Personal objectives – 30%<br>(See page 107 for the FY17/18 targets). |
| **Proposed operation in 2018/19** | No change in policy.<br>Performance measures are:<br>• Group PBT[3] – 55%<br>• Group cash flow[2] – 15%<br>• Personal objectives – 30% |

## Long Term Incentive Plan (LTIP)

| | |
|---|---|
| **Current Policy** | LTIP maximum grant is 200% of salary p.a. Awards will vest at the end of three years subject to the achievement of:<br>• EPS performance which ensures the achievement of the annual profit performance targeted by the Annual Bonus Plan flows through to long-term sustainable EPS growth; and<br>• TSR performance of the Company compared to the FTSE 250 (excluding real estate and equity investment trusts) which measures the success of the implementation of the Company's strategy in delivering an above market level of return. |
| **Proposed Policy** | LTIP awards will be subject to a two year holding period post vesting. |
| **Operation in 2017/18** | 2017 LTIP award:<br>• No change in the LTIP grant levels and no change to the type of performance measures from the 2016 LTIP award.<br>• Introduction of a new additional measure of Organic EPS[4].<br>• A reweighting of the performance measures to reflect the new EPS component as follows:<br>– 30% Basic EPS – growth of 5% p.a. for 25% of this element of the award to vest with full vesting occurring for EPS growth of 12% p.a;<br>– 30% Organic EPS[4] – growth of 12% p.a. for 25% of this element of the award to vest with full vesting occurring for EPS growth of 21% p.a;<br>– 40% Comparative TSR performance – the relative TSR comparator group and the vesting schedules for this element are unchanged from the 2016 award. |
| **Proposed operation in 2018/19** | 2018 LTIP award:<br>• No change in the LTIP grant levels.<br>• Performance measures for the 2018 LTIP will be: Comparative TSR (40%), Organic EPS[4] (30%) - growth of 12% p.a. for 25% of this element of the award to vest with full vesting occurring for EPS growth of 21% p.a., ROCE[5] (30%) – 10.5% p.a. for 25% of this element of the award to vest with full vesting at 11.5% p.a. See page 92 for rationale behind the change.<br>• Straight line vesting to take place from 25% to 100% of the award.<br>• Introduction of a new two year holding period after vesting for Executive Directors. |

## Shareholding Requirement

| | |
|---|---|
| **Current Policy** | The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up over a five-year period, and then subsequently hold, a shareholding equivalent to a percentage of base salary.<br>• Group Chief Executive Officer – 200% of salary<br>• Group Chief Financial Officer – 150% of salary |
| **Proposed Policy** | Increase to the minimum shareholding requirements.<br>• Group Chief Executive Officer – 250% of salary<br>• Group Chief Financial Officer – 200% of salary |
| **Operation in 2017/18** | • Group Chief Executive Officer – 200% of salary<br>• Group Chief Financial Officer – 150% of salary |
| **Proposed operation in 2018/19** | • Group Chief Executive Officer – 250% of salary<br>• Group Chief Financial Officer – 200% of salary |

## All Employee Share Plan

| | |
|---|---|
| **Current Policy** | The Company operates a HMRC Share Incentive Plan. |
| **Proposed Policy** | No change. |
| **Operation in 2017/18** | Saga continued to operate the Share Incentive Plan for all employees in 2017, with a free share award of up to £300 in July 2017 to all eligible employees. |
| **Proposed operation in 2018/19** | Saga will continue to provide eligible employees the opportunity to participate in employee equity arrangements. |

## Chairman & NED Fees

| | |
|---|---|
| **Current Policy** | The fees for Non-Executive Directors are set at broadly the median of the comparator group.<br>In general the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce. |
| **Proposed Policy** | No change. |
| **Operation in 2017/18** | 2% rise (in line with Group employees) for the Chairman fee and Board fee (no change in Committee Chair fee or Senior Independent Director fee). Chairman and Non-Executive fees with effect from 1 June 2017 were:<br>• Chairman fee: £286,110<br>• Board fee: £63,672<br>• Committee Chair fee: £10,000<br>• Senior Independent Director fee: £20,000 |
| **Proposed operation in 2018/19** | No increase in the Board fee, Committee Chair fee or Senior Independent Director fee. Non-Executive fees will remain from 1 June 2018 as:<br>• Chairman fee: £325,000[6]<br>• Board fee: £63,672<br>• Committee Chair fee: £10,000<br>• Senior Independent Director fee: £20,000 |

Notes:
1 Measured as profit before tax excluding derivatives and the Ogden impact (see page 83 of the 2016/17 annual report)
2 Defined as net available cash generation
3 Defined as profit before tax excluding derivatives
4 Defined as post-tax profit excluding the effect of reserve releases divided by the fully diluted number of shares in issue
5 Defined as earnings before interest and tax divided by the carrying value of shareholders' equity plus long-term liabilities (debt)
6 This is the fee for the newly appointed Chairman who was appointed after a full market search. There are no other benefits apart from the fee

### 2018 LTIP performance conditions and targets

As part of the strategic business review conducted in the year, the Remuneration Committee considered the performance conditions and targets for the 2018 LTIP award to ensure that they aligned with, and supported, the strategic business plan.

Following the findings of this review, the following changes were proposed:

- The current weighting of the performance condition for comparative TSR be retained at 40% of the total award. Maintain the current comparator group (FTSE 250) and the vesting schedule.
- That the Organic EPS target be maintained at 30% of the award. This is the EPS element calculated on underlying EPS growth excluding the impact of reserve releases. We are also proposing that the target range for this metric be maintained at 12% - 21% cumulative growth from Threshold to Maximum.
- Removal of the Basic EPS metric in favour of replacing this with ROCE metric which we believe is more aligned with our strategy including heavy investments over the next few years as we invest in systems and ships, for which we expect superior returns. We propose that the payment range for this ROCE condition be 10.5% - 11.5% between Threshold and Maximum. The definition of ROCE is the ratio of earnings before interest and tax to shareholders' equity plus long-term liabilities (debt), expressed as a percentage. This is a measure of how well a company uses all its sources of long-term financing to generate a profit (before tax and interest).
- Implementation of a two year holding period for the LTIP grant in 2018 and thereafter.

### Actual performance and remuneration outcomes for 2017/18

#### How we have performed in 2017/18

| KPIs | Threshold | Target | Maximum | Actual | Percentage of target bonus earned/current potential LTIP vesting | Percentage of maximum bonus earned |
|---|---|---|---|---|---|---|
| **Annual Bonus Plan** | | | | | | |
| Group PBT[1] | £185.7m | £191.3m | £195.1m | £185.8m | 0% | 0% |
| Group cash flow[2] | 59.8% | 65.8% | 69.8% | 73.4% | 0% | 0% |
| Personal objectives | See pages 107-108 for details of the measures and performance for the year. | | | | | |
| **2015 LTIP Award as at year end 31 January 2018** | | | | | | |
| EPS growth (p.a.) | 7% | – | 12% | 8.8% | 52.0% | |
| TSR | Median | – | Upper quartile | Below median | 0% | |
| **2016 LTIP Award as at year end 31 January 2018** | | | | | | |
| EPS growth (p.a.) | 5% | – | 12% | 4.5% | 0% | |
| TSR | Median | – | Upper quartile | Below median | 0% | |
| **2017 LTIP Award as at year end 31 January 2018** | | | | | | |
| Basic EPS growth (p.a.) | 5% | – | 12% | 5.1% | 26.1% | |
| Organic EPS[3] growth (p.a.) | 12% | – | 21% | 7.2% | 0% | |
| TSR | Median | – | Upper quartile | Below median | 0% | |

Notes:
1 Defined as underlying profit before tax excluding derivatives, restructuring costs and the Ogden impact in the prior year, but after deducting debt issue costs. The actual amount shown is above Threshold; however, Executive Directors have offered to waive their bonus which has been accepted by the Committee (see Remuneration Committee Chair's Annual Statement on page 84)
2 Defined as net available cash generation. The actual amount show is above Maximum; however, Executive Directors have offered to waive their bonus which has been accepted by the Committee (see Remuneration Committee Chair's Annual Statement on page 84)
3 Defined as post-tax profit excluding the effect of reserve releases divided by the fully diluted number of shares in issue

The 2015 LTIP will vest on 29 June 2018. The indications for the LTIP performance in the table on page 92 are as at 31 January 2018. The relative TSR target for the 2015 LTIP is substantially (but not fully) completed as at 31 January 2018. The EPS target is complete.

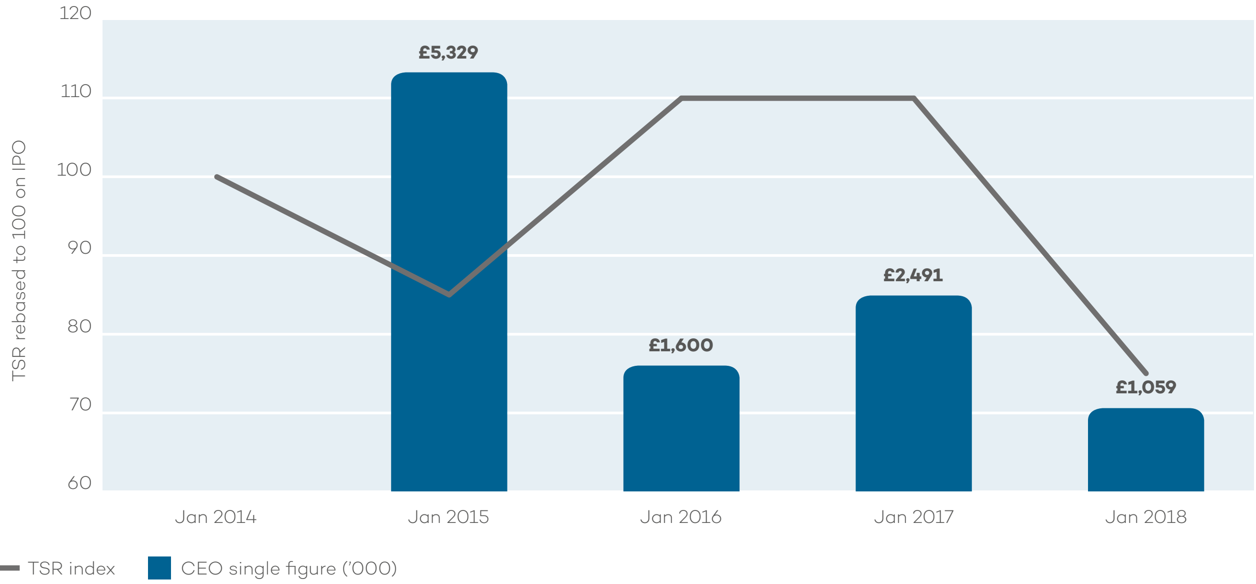
The Committee has included the current position for the 2016 and 2017 LTIP awards to allow shareholders to see the potential value in the long-term remuneration over the next three years.

The final level of performance and corresponding level of vesting of the LTIP awards will be dependent on the performance at the end of the relevant performance period.

See the Remuneration Committee Chair's Annual Statement on pages 83-87 for additional details on bonus and LTIP outcomes.

### Long-term performance

The following chart shows the single figure of remuneration for the Group CEO since IPO compared to the Company's TSR over the same period. The chart demonstrates that if the one-off buyout award made to the Group CEO on recruitment is excluded, there has been strong correlation between returns to shareholders and the remuneration paid to our Group CEO.




### Single total figure of remuneration for Executive Directors for the 2017/18 financial year

| Executive Directors | Period | Salary £ | Taxable benefits £ | Bonus £ | LTIP[1] £ | Pension[2] £ | Total £ |
|---|---|---|---|---|---|---|---|
| **Lance Batchelor** | 2017/18 | 689,785 | 32,346 | 0 | 233,270 | 103,468 | 1,058,869 |
| (Group Chief Executive Officer) | 2016/17 | 676,260 | 30,403 | 684,455 | 965,275 | 134,224 | 2,490,617 |
| **Jonathan Hill** | 2017/18 | 424,483 | 24,243 | 0 | 107,663 | 63,672 | 620,061 |
| (Group Chief Financial Officer) | 2016/17 | 416,160 | 24,185 | 351,003 | 0 | 80,876 | 872,224 |

Notes:

1 Values shown for 2017/18 represent the indicative vesting of the 2015 award. As per regulations, the value of the award was calculated based on quarterly average share price up to the reporting date. The three month average share price to 31/01/2018 was 146.8p. The performance period of the TSR element of the award is due to be tested in June 2018. The value in the table above assumes zero vesting under the TSR element based on performance to year end. For 2016/17 the final value of the 2014 LTIP award as at vesting date is shown which has been restated from the 2016/17 annual report. The share price at vesting date of 30/06/2017 was 209.4p

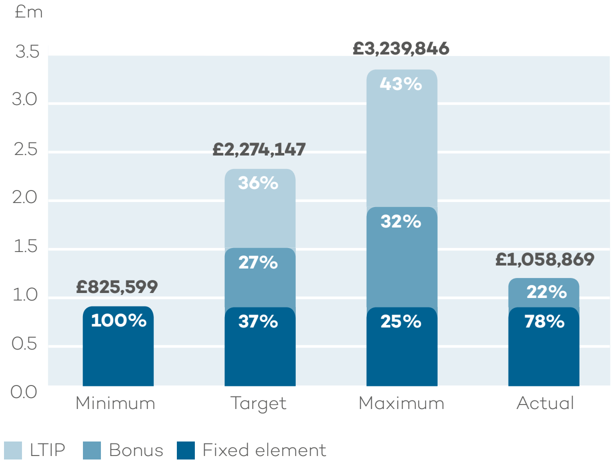
2 Reflects the value of the defined benefit pension accrual in the year and the pension cash supplement. Pension salary supplement paid to Executive Directors is the difference between the employer contribution into the Saga Pension Scheme and 15% of the Executive Director's base salary

For the full single figure table, please see page 106 in the Annual Report on Remuneration.

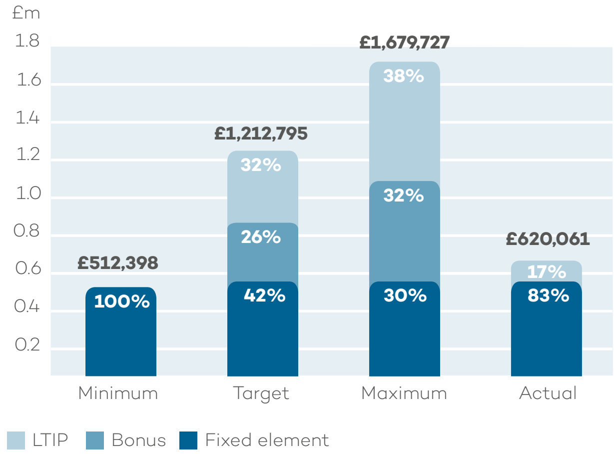
### Illustration and application of current Remuneration Policy in 2017/18

The following charts show the 2017/18 actual remuneration against the current Policy levels of remuneration for the Executive Directors.

**Group Chief Executive Officer (Lance Batchelor)**




**Group Chief Financial Officer (Jonathan Hill)**




Under the Policy, the remuneration payable to each of the Executive Directors is based on salaries at the start of 2017/18, under three different performance scenarios: (i) Minimum; (ii) Target; and (iii) Maximum. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual Bonus; and (iii) LTIP. In addition, for the purposes of comparison we have included the actual single figure remuneration paid in 2017/18. The following table outlines the elements included in the illustration above:

| Element | Description | Minimum | Target | Maximum |
|---|---|---|---|---|
| Fixed | Salary, benefits and pension[1] | Included | Included | Included |
| Annual Bonus | Annual bonus (including deferred shares) | No annual variable | 60% of maximum bonus | 100% of maximum bonus[2] |
| LTIP | Award under the LTIP | No multiple year variable | 60% of the maximum award | 100% of the maximum award[3] |

Notes:
1 Based on 2017/18 financial year salary, benefit payments and pension
2 Equating to 150% for the Group Chief Executive Officer and 125% for the Group Chief Financial Officer
3 Equating to 200% for the Group Chief Executive Officer and 150% for the Group Chief Financial Officer
4 Participation in the SIP has been excluded given the relative size of the opportunity levels

In accordance with the regulations share price growth has not been included for the Policy scenarios. In addition, dividend equivalents have not been added to deferred share bonus and LTIP share awards.

### Pay at risk

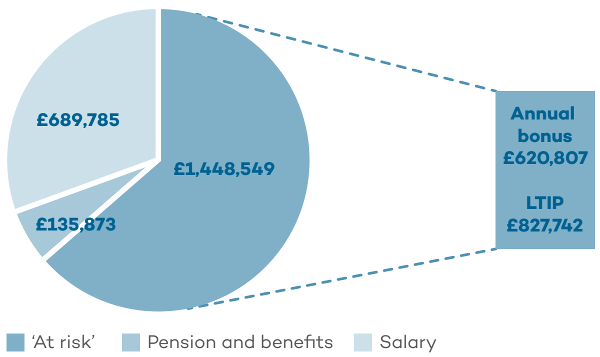
The charts below set out the elements of the remuneration provided under the Policy which remain 'at risk'. For example:

- payment is subject to continuing employment for a period (deferred shares and LTIP awards);
- performance conditions must still be satisfied (LTIP awards); or
- elements are subject to clawback or malus for a period, over which the Company can recover sums paid or withhold vesting.

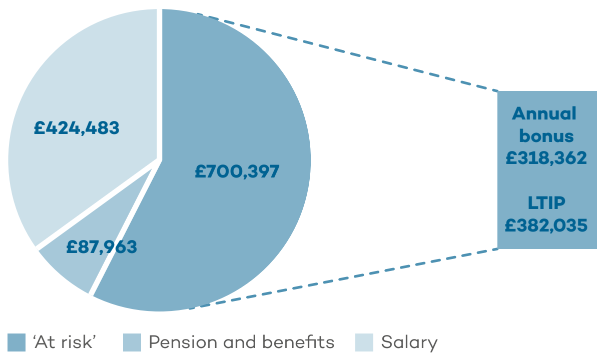
Figures have been calculated based on target performance (fixed elements plus 60% of maximum annual bonus and 60% of the maximum LTIP). The charts have been based on the same assumptions as set out on page 94 in 'Illustration and application of the current Remuneration Policy in 2017/18.

Malus is the adjustment of unvested awards in specific circumstances. Clawback is the recovery of vested awards or payments in specific circumstances.

**Group Chief Executive Officer (Lance Batchelor)**




**Group Chief Financial Officer (Jonathan Hill)**

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## Equity exposure of the Board (audited)

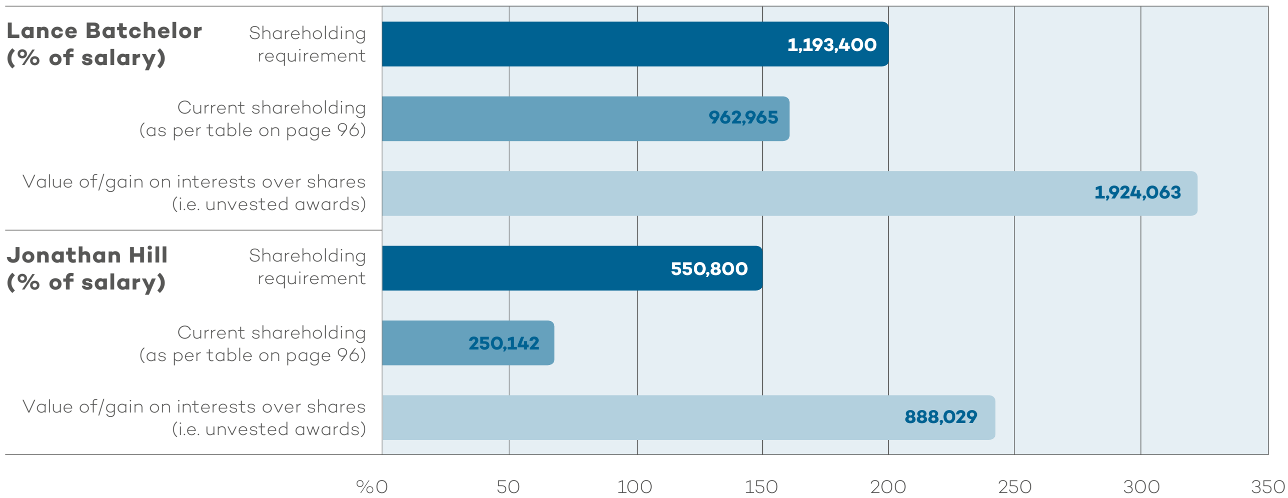
The following table and chart sets out all subsisting interests in the equity of the Company held by the Executive and Non-Executive Directors:

| | Shares held directly | | | Other shares held | | | Options[4] | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Director | Shareholding requirement (% salary)[1] | Current shareholding (% salary)[2] | Beneficially owned[3] | Deferred shares not subject to performance conditions | LTIP interests subject to performance conditions | LTIP interests vested but not yet exercised | Vested | Unvested | Outstanding interests in the Share Incentive Plan | Shareholding requirement met? |
| **Executive Directors** | | | | | | | | | | |
| Lance Batchelor[5] | 200% | 161% | 161,169 | 338,891 | 1,924,063 | 460,972 | 540,540 | 1,621,622 | 1,933 | No |
| Jonathan Hill[5] | 150% | 68% | 139,749 | 108,097 | 888,029 | – | – | – | 2,296 | No |
| **Non-Executive Directors** | | | | | | | | | | |
| Andrew Goodsell[6] | – | – | 5,379,805 | 150,882 | – | 137,841 | – | – | – | n/a |
| Ray King | – | – | 27,027 | – | – | – | – | – | – | n/a |
| Bridget McIntyre | – | – | 7,245 | – | – | – | – | – | – | n/a |
| Orna NiChionna | – | – | 27,690 | – | – | – | – | – | – | n/a |
| Gareth Williams | – | – | 32,433 | – | – | – | – | – | – | n/a |

Notes:
1 Shareholding requirements are those that were in existence throughout the course of the year and as at 31 January 2018
2 Values not calculated for Non-Executive Directors as they are not subject to shareholding requirements
3 Lance Batchelor – 31,458 shares owned by his spouse. Jonathan Hill – 89,954 shares owned by his spouse
4 Lance Batchelor – these represent IPO Options with an exercise price of £1.85. 540,540 options vested on 29 May 2017. 540,540 options vest on 29 May 2018, and the remaining 1,081,082 options vest on 29 May 2019
5 Since the year end, Lance Batchelor and Jonathan Hill have bought an additional 261 shares and 1,551 shares respectively through the SIP. There have been no other changes to the shareholdings above
6 Deferred bonus shares and LTIP in relation to his service as Executive Chairman

Executive Directors are required to build up their shareholdings over a reasonable amount of time, which would normally be five years, and then subsequently hold a shareholding equivalent to a percentage of base salary.

The number of shares of the Company in which current Executive Directors had a beneficial interest and details of long-term incentive interests as at 31 January 2018 are set out below.




Notes:
- The mid-market quoted share price of 115.6p as at 31 January 2018 has been used for the purpose of calculating the current shareholding and value of/gain on interests over shares as a percentage of salary
- Value of/gain on interests over shares comprises unvested 2015, 2016 and 2017 LTIP awards. The one-off IPO share option award for the Group Chief Executive Officer has an exercise price of 185.00p hence there was no gain on this award at 31 January 2018
- Unvested LTIP shares and options do not count towards satisfaction of the shareholding guidelines

**Overall link to remuneration, equity and wealth of the Executive Directors**

It is the Committee's view that it is important when considering the remuneration paid in the year under the single figure to take a holistic view of the Director's total wealth linked to the performance of the Company. In the Committee's opinion, the impact on the total wealth of the Director is more important than the single figure in any one year; this approach encourages Directors to take a long term view of the sustainable performance of the Company; this is critical in a cyclical business. The ability for the Directors to gain and lose is dependent on the share price performance of the Company at a level which is material to their total remuneration is a key facet of the Company's Remuneration Policy.

The following table sets out the single figure for 2017/18, the number of shares held by the Executive at the beginning and end of the financial year and the impact on the value of these shares taking the opening price and closing price for the year. Shares held includes those owned outright as well as nil-cost options currently held under incentive plans which have not yet vested.

| | 2017/18 Single Figure | Shares held at start of year | Shares held at end of year | Value of shares at start of year | Value of shares at end of year | Difference |
|---|---|---|---|---|---|---|
| Lance Batchelor | 1,058,869 | 2,286,009 | 2,887,028 | £4,224,545 | £3,337,404 | - £887,141 |
| Jonathan Hill | 620,061 | 780,865 | 1,138,171 | £1,443,039 | £1,315,726 | - £127,313 |

The loss in value of the shareholding at the end of the year demonstrates that a meaningful amount of management's wealth is tied to the share price of the Company aligning management with the ownership experience of other shareholders during the period.

**The link between our strategy for 2018/19 and the proposed new Remuneration Policy**

The table below summarises the purpose of our new Remuneration Policy and its linkage to our corporate strategic objectives. The Group's strategy is laid out on pages 1-51 of the Strategic Report.

| Remuneration policy | Becoming increasingly customer-centric | Growing our Retail Insurance and Travel businesses |
|---|---|---|
| **Fixed remuneration (salary, benefits and pension)**<br>The Company provides competitive levels to attract and retain talent required to successfully deliver on our business strategy. | Delivered enhanced digital capabilities.<br><br>Enhanced understanding of our High Affinity Customer base. | Delivered profit growth across all key insurance lines.<br><br>Increased passengers in our tour operating business. |
| **Annual bonus metrics**<br>Maximum annual bonus opportunity is 150% of salary:<br>• two thirds of the total bonus to be paid immediately in cash; and<br>• one third deferred into shares subject to a three year vesting period. | Targeting the growth in number of HACs, products they hold and customer loyalty will support the long-term growth of the business. | Profit before tax growth.<br>An incentive to grow in the core markets is provided in the short term through the profit before tax (PBT) growth and cash flow targets in the Annual Bonus Plan. |
| **LTIP metrics**<br>Maximum annual award is 200% of salary.<br>Awards will vest at the end of three years subject to the achievement of:<br>• stretching EPS conditions which provide alignment to our core strategic priorities;<br>• relative total shareholder returns (TSR) performance of the Company which provides alignment to the success of our business in delivering value to our shareholders compared with relevant comparator companies; and<br>• return on capital employed (ROCE) which tests for the quality of investments made by management. | | Total shareholder returns, earnings per share and return on capital employed.<br>The generation of cash and PBT growth targeted by the annual bonus will help enhance the value of the Company which will be measured through the success of the Company's TSR performance against its comparators (a performance condition under the LTIP).<br>The ROCE element tests for the quality of earnings growth. |
| **Minimum shareholding requirements**<br>• Group Chief Executive Officer 250% of salary.<br>• Group Chief Financial Officer 200% of salary. | | |
| **All employee share plan** | | |

| Strategic priorities | | |
|---|---|---|
| Investing for future growth | Maintaining our efficient operating model | Developing our people |
| Started the build of new ship. | Started the investment in a new insurance platform. | Continued to build engagement levels.<br>Continued to promote employee share ownership. |
| | Group cash flow.<br>The success in maximising operational excellence will be reflected through increased profitability and cash flow. | Equity ownership.<br>Encouraged through bonus deferral and shareholding requirements. |
| An incentive to grow in these markets in the longer term is provided through both ROCE and EPS growth targeted by the LTIP. | The success in maximising operational excellence will be measured through the long-term EPS growth targeted by the LTIP. In addition, sustained value generation will be reflected in the share price of the Company which will be measured through the Company's TSR performance under the LTIP.<br>The efficiency of use of capital will be reflected in the ROCE measure. | A good incentive will aid the retention of key people.<br>Careful selection of measures ensures management are incentivised to deliver the Company strategy and be fairly rewarded for its successful implementation. |
| | | Encouraged through the alignment of interests with shareholders by Executive Directors becoming locked-in shareholders. |
| | | Encourages all employees to become shareholders in the Company providing a focus on growth and long-term shareholder value creation. |

## Fairness, diversity and wider workforce considerations

Saga is committed to creating an inclusive working environment and to rewarding our employees throughout the organisation in a fair manner. In making decisions on executive pay, the Remuneration Committee considers wider workforce remuneration and conditions. We believe that employees throughout the Company should be able to share in the success of the Company. To this end we have a Share Incentive Plan in place that employees can contribute to annually or monthly. We also issue free shares to employees on an annual basis as part of our overall approach to reward and recognition. We also believe that employees should have the opportunity to save for their future and to this end we recently carried out a full review of our pension arrangements following which we retained an open defined benefit scheme, though restructured to ensure affordability, and significantly enhanced defined contribution arrangements. We also introduced a monthly savings product to enable our employees to save through payroll.

As part of our commitment to fairness, we have introduced this section which sets out more information on our wider workforce pay conditions, our Group CEO to employee pay ratio, our gender pay statistics, and our diversity policy. Whilst we recognise there is much work still to do, we believe that transparency is an important first step towards making improvements in relation to these important issues.

## Competitive pay and cascade of incentives

| Organisational level | Number of employees[1] | Maximum bonus percentage of salary | Maximum proportion of bonus payable in cash | Maximum proportion of bonus deferrable in shares | Maximum LTIP award | SIP |
|---|---|---|---|---|---|---|
| Group Chief Executive Officer | 1 | 150% | 67%[2] | 33%[2] | 200% | ✓ |
| Group Chief Financial Officer | 1 | 125% | 67%[2] | 33%[2] | 150% | ✓ |
| Executive Team | 6 | 100% | 67%[2] | 33%[2] | 100% | ✓ |
| Directors[3] | 14 | 60% | 100% | 0% | 60% | ✓ |
| Senior leadership | 56 | 40% | 100% | 0% | 40% | ✓ |
| Other bonused employees | 2,525 | 20% | 100% | 0% | n/a | ✓ |
| Non-bonused employees | 1,666 | n/a | n/a | n/a | n/a | ✓ |

Notes:
1 Employees of the Group as at 31 January 2018
2 The maximum level of deferral of bonus in shares for these employees is 50%. Minimum deferral has been set at 33%
3 Director defined as a statutory executive director of any board of the Group other than Executive Directors of the Company or members of the Executive Team

## Area and considerations

### Informing the Committee on wider workforce

Each year, prior to reviewing the remuneration of the Executive Directors and the members of the Executive Team, the Remuneration Committee considers a report prepared by the Group HR Director detailing base pay and share scheme arrangements in place across the business. As part of its evolving remit the Remuneration Committee will in the future review all remuneration policies across the Group.

While the Company does not currently directly consult with employees as part of the process of reviewing executive pay and formulating the Remuneration Policy, the Company does receive an update and feedback from the broader employee population on an annual basis using an engagement survey which includes a number of questions relating to remuneration.

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same core structure as for the Executive Directors. The Group operates employee share and variable pay plans, with pension provisions for all Executive Directors and employees. In addition, any salary increases for Executive Directors are expected to be generally in line with those for UK-based employees.

### Communication with employees

The Group's employees are kept informed of its activities and performance through a series of Director-led staff briefings at key points during the year and the circulation of corporate announcements and other relevant information to staff which is supplemented by updates on the intranet. These briefings also serve as an informal forum for employees to ask questions about the Company.

### Share schemes

Share schemes are a long-established and successful part of our total reward package, encouraging and supporting employee share ownership. In particular, all employees are invited to participate in the Company's SIP.

### Equal opportunities

The Company is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. The Company is responsive to the needs of its employees, customers and the community at large. We are an organisation which uses everyone's talents and abilities, where diversity is valued. The Company remains supportive of the employment and advancement of disabled persons and ensures its promotion and recruitment practices are fair and objective. The Company encourages the continuous development and training of its employees and the provision of equal opportunities for the training and career development of all employees.

### Retirement benefit provision

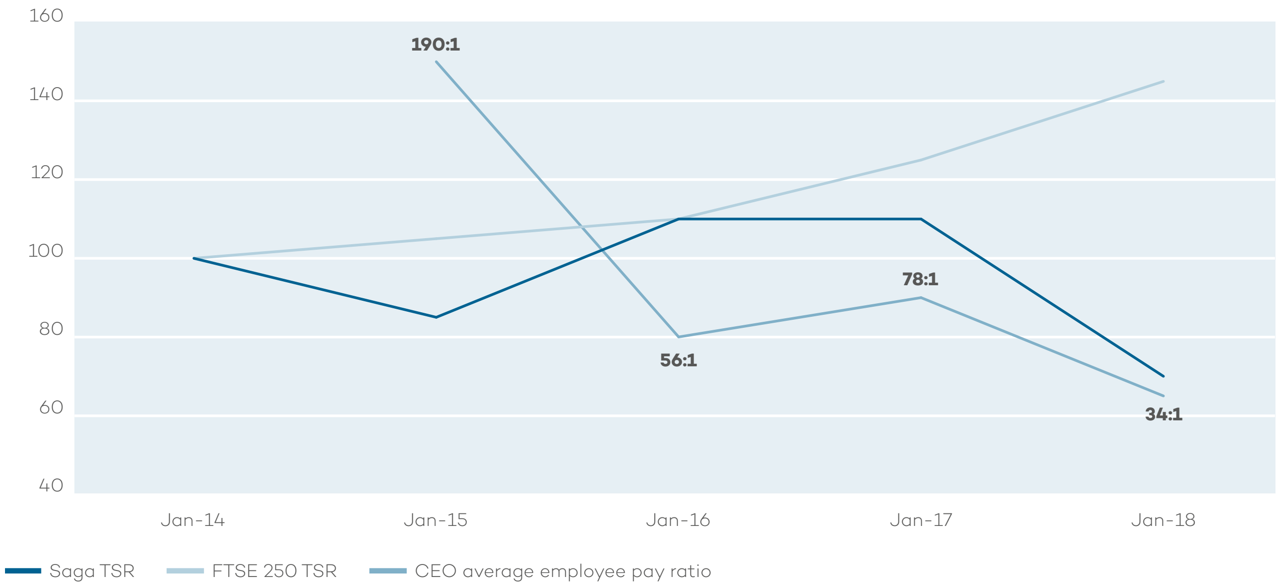
The Group provides retirement benefits for the majority of its employees. The Group's commitment with regard to pension contributions, is to provide employees with an option to either contribute to a defined benefit pension scheme after three years of employment, or to benefit from a defined contribution scheme with matched contributions up to a maximum of 10% of base salary dependent upon service. The defined contribution scheme is open to all employees in accordance with the new Government auto enrolment rules. The defined benefit scheme is open to new members after three years of service. Individuals in the defined benefit scheme can also flex up their contributions through a better accrual scheme that is age dependent.

### Pay comparisons

#### CEO Ratio

- Our Group CEO to average employee pay ratio for 2017/18 is 34:1. This is measured as the ratio of CEO single figure pay realised in the year to average (mean) employee pay. To give context to this ratio, we have set out below a chart tracking the CEO to average employee pay ratio since 2014/15 alongside Saga's TSR performance since IPO.
- Our Group CEO to average Executive Committee pay ratio for 2017/18 is 2:1. This is measured as the ratio of CEO single figure pay realised in the year to average (mean) Executive Committee pay. To give context to this ratio, we have set out a table on page 102 tracking CEO pay and average Executive Committee pay over time.

The TSR graph shows the value of £100 invested in the Company's shares since listing compared with the FTSE 250 index. The graph shows the TSR generated by both the movement in share value and the reinvestment over the same period of dividend income. The Remuneration Committee considers that the FTSE 250 is the appropriate index because the Company has been a member of this since listing. This graph has been calculated in accordance with the regulations. It should be noted that the Company listed on 23 May 2014 and therefore only has a listed share price for the period from 23 May 2014 to 31 January 2018.



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## Employee & Executive Committee Ratios

The table below sets out the total remuneration delivered to the Group Chief Executive Officer using the methodology applied to the single total figure of remuneration. The Remuneration Committee believes that the remuneration payable in its earlier years as a private company to the Executive Chairman does not bear comparative value to that which has been and will be paid to the Group Chief Executive Officer, and has therefore chosen only to disclose remuneration for the Group Chief Executive Officer:

| Group Chief Executive Officer | 2017/18 | 2016/17 | 2015/16 | 2014/15 |
|---|---|---|---|---|
| Total single figure | £1,058,869 | £2,490,617[1] | £1,600,287 | £5,328,702[2] |
| Annual bonus payment level achieved (percentage of maximum opportunity) | 0% | 67.5% | 78.6% | 80.7% |
| LTIP vesting level achieved (percentage of maximum opportunity) | 26.0%[3] | 65.6% | n/a | n/a |
| Ratio of single total remuneration figure shown to employees as a whole[4] | | | | |
| • to employee mean | 34:1 | 78:1 | 56:1 | 190:1 |
| • to employee median | 48:1 | 95:1 | 78:1 | 258:1 |
| Ratio of single total remuneration figure shown to Executive Committee members | | | | |
| • to member mean | 2:1 | 4:1 | 2:1 | 3:1 |
| • to member median | 3:1 | 4:1 | 2:1 | 3:1 |

Notes:
1 For 2016/17 the final value of the 2014 LTIP award as at vesting date is shown which has been restated from the 2016/17 annual report. The share price at vesting date of 30/06/2017 was 209.4p
2 The Group Chief Executive Officer joined the Company on 24 March 2014. The remuneration shown is therefore not for the full financial year. Included within the single figure is a cash award of £4m with vesting based on continued employment. 25% immediately on the IPO, 25% on the first anniversary of the award and 50% on the second anniversary; this was part of the buyout on the recruitment of the Group Chief Executive Officer to compensate for awards lapsing on his ceasing employment with his former employer
3 Based on indicative vesting as at 31 January 2018. The award will vest on 29 June 2018. The final vesting outcome will be stated in the 2018/19 annual report
4 The fall in this ratio in 2017/18 is due to the forfeiture of bonus by the CEO and the relatively low payout on the LTIP. This reflects the fact that shareholders want Executive Directors to have a higher proportion of pay at risk and this is reflected in the volatility in the chart on page 101. The percentage change in CEO remuneration set out in the table below shows that year on year when the volatility of payouts from equity based awards is excluded that the changes in remuneration for the CEO and average employee are broadly in line. This demonstrates that the underlying compensation ratio is not increasing year on year

There was no long-term incentive plan or share option plan operated prior to listing.

### Percentage change in Group CEO remuneration

The following table sets out the change in the remuneration paid to the Group Chief Executive Officer from 2016/17 to 2017/18 compared to the average percentage change for employees.

The Group Chief Executive Officer's remuneration disclosed in the table below has been calculated to take into account base salary, taxable benefits excluding pension, and annual bonus (including any amount deferred).

The employee pay has been calculated using the following elements: annual salary – base salary and standard monthly allowances; taxable benefits – car allowance and private medical insurance premiums; and annual bonus – Company bonus, management bonus, commission and incentive payments.

| | Salary | | | Taxable benefits | | | Bonus | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2017/18 | 2016/17 | Percentage change | 2017/18 | 2016/17 | Percentage change | 2017/18 | 2016/17 | Percentage change |
| Group Chief Executive Officer | £689,785 | £676,260 | 2.0% | £32,346 | £30,403 | 6.4% | £0 | £684,455 | -100% |
| Average per employee | £28,064 | £27,380 | 2.5% | £927 | £714 | 29.8% | £1,813 | £3,259 | -44.4% |

## Gender pay

### Background

Gender pay reporting legislation which came into force in April 2017 requires all UK employers with 250 or more employees to publish annual information illustrating pay differences between male and female employees. At Saga, we are passionate about equality, diversity and inclusion and are committed to addressing our gender pay gap. We therefore welcome the new legislation and have embraced this as an opportunity to drive our focus on diversity forward.

### Definitions

Difference between gender pay and equal pay:

- A gender pay gap is the difference between average male and female pay across an organisation, regardless of nature of work. This means that gender distribution across grades will be a significant driver of any gap.
- An equal pay gap, on the other hand, refers to an unlawful pay gap between male and female employees carrying out the same roles with the same experience and skills.
- The 'gender pay gap' is a metric that measures the difference in average hourly pay across all men and women across an organisation, by reference to both the mean and median figures.
- The mean is an arithmetic average of a set of numbers. The mean calculation considers basic average pay/bonus across all of our employees.
- The median is the number in the middle of a set of ordered numbers. The median calculation focuses on those employees in the middle of pay/bonus ranges, thereby reducing the impact of our highest and lowest paid employees. The median calculation reduces the very significant impact of our most senior male employees, in order to provide a gender pay gap figure which is much more representative of the majority of our employees.

### Gender distribution across salary quartiles

Saga's demographic (i.e. the gender makeup of our employee population across the grades) has a significant impact on our gender pay and bonus gaps. The charts below show the gender makeup of the Saga Group workforce in each of our four salary quartiles. If we lined up every employee from the lowest paid to the highest paid and split them into four equal sized groups this gives us our salary quartiles.

Lower quartile


Upper middle quartile

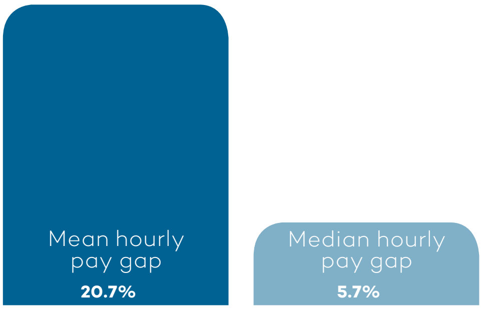

Lower middle quartile

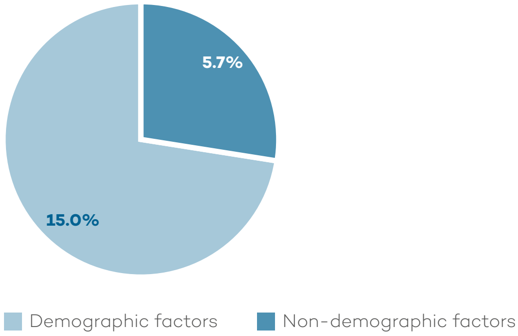

Upper quartile


Overall, 56.4% of our employees across the Group are female (as at April 2017). The quartiles above show that we have proportionally more women at the lower end of the pay spectrum, and more men at the upper end. This gender imbalance is a key driver of our gender pay and bonus gaps shown below, and is something that we are working hard to address through our focus on the development and progression of talented individuals of all genders and backgrounds.

## Saga Group gender pay gaps

This chart shows our mean and median hourly pay gaps, based on April 2017 payroll data.



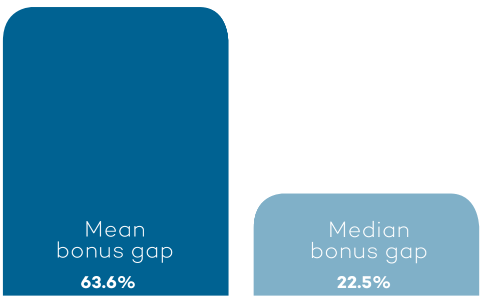

As shown above, our median hourly pay is much lower than the mean gaps. This is easily explained, as the median calculation reduces the significant impact of our most senior male employees in order to provide a gender pay gap figure which is much more representative of the majority of our employees. We wanted to fully understand the impact of Saga's gender demographic on our pay gaps, so we carried out further analysis which showed that around three quarters of our overall gap was due to demographic factors, i.e. having more male employees in senior roles. When looking at the gap amongst employees at similar levels, the gap significantly reduced to 5.7%. This is the same as our median gap, which reinforces the fact that our most senior male employees have a major impact on our figures. It is purely coincidental that our non-demographic percentage is the same as our median hourly pay gap.

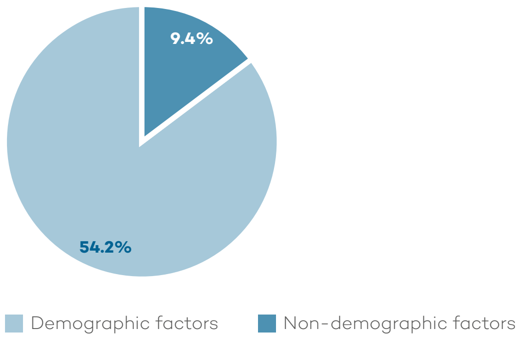
Our 5.7% median hourly pay gap is lower than the national average median pay gap of 18.4%* across all sectors, as well as the national averages for the financial and insurance activities sector (31%) and the retail trade sector (17%)**. However, we want to equalise gender representation across our grades and thereby reduce our gaps further, so will continue to proactively review and address pay and diversity on an ongoing basis.

* Based on Office for National Statistics Annual Survey of Hours and Earnings 2017
** Based on PwC's Women In Work Index 2018

## Saga Group gender bonus gaps

This chart shows our mean and median bonus gaps, based on data from April 2016 to March 2017. As required by law, we have included annual bonus, commission and equity payments in these calculations.




While men and women are offered the same opportunities to receive bonuses, our bonus gaps are larger than our pay gaps. This is expected for a number of reasons and can be explained.

Demographic gaps in both pay and bonus are caused by an overrepresentation of male employees in our senior roles, which has the impact of increasing the average male salary across Saga (and therefore driving the overall pay gaps). The majority of our bonus rates, and share awards are also linked to a percentage of salary, and so our bonus gap is further increased by the presence of more men in the higher-paying upper quartiles. The buyout award made on IPO to the Group CEO as part of his recruitment to compensate for awards lapsing on his ceasing employment with his previous employer had a significant impact on our overall mean bonus gap because part of the deferred portion was paid during this gender pay reporting period.

In order to understand this gap further, we completed additional analysis on our bonus gap. As you can see from the chart on page 104 the vast majority of our mean bonus gap (63.6%) was caused by our gender imbalance, for the reasons outlined above.

Our non-demographic gap is something that we will review in more detail. However, this could be attributed to a number of factors that are not part of the calculation, for example performance, experience or our broad grading structure. We are proud to support and promote flexible working at Saga and as a result a large number of our employees work part-time. However, as we are required to use actual bonus amounts in our calculations (rather than full-time equivalent amounts), this was a key contributor to our 22.5% 'median' bonus gap figure, particularly as the majority of our employees who work part-time are female.

### Proportion of employees receiving a bonus

Across all Saga Group employees, 68.3% of men and 75.9% of women received a bonus in the 12 months prior to April 2017. This difference is due to a number of factors, such as the inclusion of commission payments in the calculation and the fact that we have a higher proportion of female employees in those roles which are able to earn commission. Given the nature of both our bonus and commission schemes being linked directly to performance this will also contribute to the percentage of entitled employees receiving a bonus.

### What we are doing to close the gap

We are passionate about providing a fair and transparent workplace which welcomes and celebrates difference. We are a diverse organisation and want to ensure that our workforce and employment practices reflect this.

We are committed to continually developing and improving our gender pay position. Our demographic analysis has shown that the key driver of our gaps is a lack of female representation in our most senior roles. This is therefore a crucial area of focus for us, and one which we are confident that the initiatives below will help to tackle:

- Review of our grading structure and introduction of published salary banding for all roles across Saga.
- The promotion of flexible working opportunities and part-time roles across all roles at Saga regardless of seniority.
- The provision of on-site childcare for head office employees.
- Targeted development programmes for high performers of all backgrounds, including mentorships, executive shadowing, internal and external training.

## Diversity policy

Creating a thriving and diverse workforce is a high priority for our business. A diverse workforce means we are attracting the best people and that the business is benefiting from broad experience and a range of different backgrounds and skill sets.

Saga employs enthusiastic, committed and well-trained people. We recognise the benefits of diversity of skills, knowledge and independence, as well as gender, ethnicity and sexual orientation and are fully committed to an active equal opportunities policy covering recruitment and selection, training and development, performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

See Strategic Report for more information on pages 1-51.

## Single total figure of remuneration (audited)

### Executive and Non-Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Director in respect of the 2017/18 financial year. Comparative figures for the 2016/17 financial year have also been provided. Figures provided have been calculated in accordance with the UK disclosure requirements: the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Schedule 8 to the Regulations).

| | Period | Salary/ fees £ | Taxable benefits[1] £ | Bonus £ | LTIP[2] £ | Pension[3] £ | Total £ |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| Lance Batchelor (Group Chief Executive Officer) | 2017/18 | 689,785 | 32,346 | – | 233,270 | 103,468 | 1,058,869 |
| | 2016/17 | 676,260 | 30,403 | 684,455 | 965,275 | 134,224 | 2,490,617 |
| Jonathan Hill (Group Chief Financial Officer) | 2017/18 | 424,483 | 24,243 | – | 107,663 | 63,672 | 620,061 |
| | 2016/17 | 416,160 | 24,185 | 351,003 | – | 80,876 | 872,224 |
| **Non-Executive Directors** | | | | | | | |
| Andrew Goodsell[4] (Chairman) | 2017/18 | 284,240 | 45,488 | – | – | – | 329,728 |
| | 2016/17 | 278,667 | 45,373 | – | 288,639 | – | 612,679 |
| Philip Green[5] (Non-Executive Director) | 2017/18 | 15,404 | – | – | – | – | 15,404 |
| | 2016/17 | 91,616 | – | – | – | – | 91,616 |
| Ray King (Non-Executive Director, Audit Committee Chair) | 2017/18 | 73,256 | – | – | – | – | 73,256 |
| | 2016/17 | 71,883 | – | – | – | – | 71,883 |
| Bridget McIntyre[5] (Non-Executive Director) | 2017/18 | 136,512 | – | – | – | – | 136,512 |
| | 2016/17 | 98,026 | – | – | – | – | 98,026 |
| Orna NiChionna[6] (Senior Independent Non-Executive Director, Nomination and Risk Committee Chair) | 2017/18 | 95,756 | – | – | – | – | 95,756 |
| | 2016/17 | 71,883 | – | – | – | – | 71,883 |
| Gareth Williams (Non-Executive Director, Remuneration Committee Chair) | 2017/18 | 73,256 | – | – | – | – | 73,256 |
| | 2016/17 | 71,883 | – | – | – | – | 71,883 |

Notes:
1 The types of benefits provided are set out in the Remuneration Policy section of the report
2 Values shown for 2017/18 represent the indicative vesting of the 2015 award. As per regulations, the value of the award was calculated based on quarterly average share price up to the reporting date. The three month average share price to 31/01/2018 was 146.8p. The performance period of the TSR element of the award is due to be tested in June 2018. The value in the table above assumes zero vesting under the TSR element based on performance to year end. For 2016/17 the final value of the 2014 LTIP award as at vesting date is shown which has been restated from the 2016/17 annual report. The share price at vesting date of 30/06/2017 was 209.4p
3 Reflects the value of the defined benefit pension accrual in the year and the pension cash supplement. Pension salary supplement paid to Executive Directors is the difference between the employer contribution into the Saga Pension Scheme and 15% of the Executive Director's base salary
4 Andrew Goodsell continues to receive taxable benefits which are legacy arrangements from his employment as Executive Chairman and comprise a leased car with associated fuel, and healthcare
5 Bridget McIntyre has been a member of the Board throughout the year, and is the Chair of a subsidiary company, Saga Services Limited, for which she receives £72,424 per annum
6 Orna NiChionna replaced Philip Green as Senior Independent Non-Executive Director and Nomination Committee Chair when he left the Board on 31 March 2017

## Annual bonus

The details of the targets and outcomes against the targets for the annual bonus in respect of the 2017/18 financial year are shown in the table below.

| Performance condition | Weighting | Threshold performance required | Target performance required | Maximum performance required | Actual performance | Annual bonus value for Threshold and Maximum performance (% of max) | Percentage of Target performance achieved | Percentage of Maximum performance achieved | Annual bonus value achieved (% of salary) Lance Batchelor | Jonathan Hill |
|---|---|---|---|---|---|---|---|---|---|---|
| Group PBT[1] | 55% | £185.7m | £191.3m | £195.1m | £185.8m | 20%-100% | 97.1% | 20.1% | 16.6% | 13.8% |
| Group cash flow[2] | 15% | 59.8% | 65.8% | 69.8% | 73.4% | 20%-100% | 111.6% | 100.0% | 22.5% | 18.7% |
| Personal objectives | 30% | See below for details of the 2017/18 personal objectives and their achievement | | | | 0%-100% | | 50% achievement of personal objectives | | |
| Total | 100% | | | | | | | | 47.4% | 39.5% |
| Total £ (calculated)[4] | | | | | | | | | £327,109 | £167,748 |
| Total £ (payable) | | | | | | | | | – | – |

Notes:

1 Defined as underlying profit before tax excluding derivatives, restructuring costs and the Ogden impact in the prior year, but after deducting debt issue costs

2 Defined as net available cash generation as a percentage of underlying profit before tax as defined in note 1 above

3 Under the terms of the Annual Bonus Plan, 20% for each element (PBT and cash flow) is payable for achieving the Threshold performance increasing to 60% for target performance and 100% for achieving Maximum performance. Achievements between these points are calculated on a straight-line basis

4 These are the formulaic outcomes on PBT and cash as per the Bonus Plan. As stated in the Remuneration Committee Chair's Annual Statement, the Executive Directors waived their right to a bonus

The following table sets out the details of the personal objectives for the Group Chief Executive Officer and Group Chief Financial Officer:

| Name | Weighting | Objective | Details | Achievement of objective |
|---|---|---|---|---|
| **Lance Batchelor** Group Chief Executive Officer | 6% | High and Potential High Affinity Customers (HACs) | Increase product holdings of HACs by 2% by growing HACs or average product holding. | Not achieved |
| | 6% | Launch Membership | Launch to all customers by 31/7/17 with 3 iconic and 3 other partners. | Achieved - 6% |
| | 6% | Deliver new cross-sales in core products | Achieve 110,000 policies, Threshold 55,000 policies. | Partially achieved - 3% |
| | 6% | Deliver pipeline sales for new ship | Achieve 8,000 advance registrations and 13,000 booked passengers. | Achieved - 6% |
| | 6% | Group-wide employee engagement | Achieve 2% increase in sustainable employee engagement. | Not achieved |
| **Jonathan Hill** Group Chief Financial Officer | 6% | High and Potential High Affinity Customers (HACs) | Increase product holdings of HACs by 2% by growing HACs or average product holding. | Not achieved |
| | 6% | Launch Membership | Launch to all customers by 31/7/17 with 3 iconic and 3 other partners. | Achieved - 6% |
| | 6% | Deliver new cross-sales in core products | Achieve 110,000 policies, Threshold 55,000 policies. | Partially achieved - 3% |
| | 6% | Deliver efficiency savings | Achieve £10m of efficiency savings, Threshold £6m. | Achieved - 6% |
| | 6% | Group-wide employee engagement | Achieve 2% increase in sustainable employee engagement. | Not achieved |

The formulaic outcome under the bonus would have resulted in a bonus pay out of 47.4% and 39.5% of salary for the Group CEO and Group CFO respectively. The Executive Directors felt that, looking in a holistic way at the performance of the business and the experience of shareholders over the year, it would be appropriate to waive their 2017 bonuses. The Committee accepted the offer of the Executive Directors given its view that the formulaic outcome from the bonus did not entirely reflect both the underlying performance of the business over the period and the impact on near term profitability. See the Remuneration Committee Chair's Annual Statement on pages 83–87 for further information.

### Long-term incentives vested in 2017/18 (audited)

The LTIP awards granted on 30 June 2014 vested on 30 June 2017. The final vesting percentage was 65.6%, compared to 50.0% estimated in the 2016/17 annual report. This increase represents the improvement in the relative TSR performance between 31 January 2017 and 30 June 2017. The TSR element resulted in Saga's ranking giving a TSR vesting of 31.2%.

The table confirms the vesting of the 2014 LTIP award for Lance Batchelor and Andrew Goodsell, who was awarded the LTIP as Executive Chairman in 2014 (prior to his change in role to Non-Executive Chairman). The final vesting percentage of 21.9% for Andrew Goodsell reflects the pro rating of his award up to the date he ceased to be an Executive Director on 30 June 2015.

| Name | Award level (% of salary | Portion of EPS vesting | Portion of TSR vesting | Total vesting (as % of award) | LTIP value for single figure |
|---|---|---|---|---|---|
| **Lance Batchelor** | 200% | 100% | 31.2% | 65.6% | £965,275 |
| **Andrew Goodsell** | 150% | 100% | 31.2% | 21.9% | £288,639 |

For the 2016/17 annual report, the average share price for the final quarter of 2016/17 of 192.5p was used to estimate the value of the award. Now that the share price on vesting as well as final number of awards vesting is known, the LTIP value above and in the single figure table have been restated. The value of the award has been calculated using the share price at vesting date of 209.4p.

No discretion has been exercised by the Committee in determining the level of LTIP vesting.

### Long-term incentives vesting in respect of 2017/18 performance (audited)

The LTIP awards granted on 30 June 2015 have not yet vested but as performance was substantially completed during the 2017/18 financial year, an estimate of the vesting and the indicative value of the awards has been provided below. This figure will be updated in the 2018/19 Annual Report on Remuneration to reflect the final vesting outcome and the actual share price on the date of vesting (currently, in line with the regulations, the average share price for the last quarter of the financial year has been used).

The 2015 LTIP is equally weighted between EPS and relative TSR performance conditions. The EPS growth is measured to the 2017/18 year end and the three year TSR condition concluding on 29 June 2018.

The EPS over the period has grown by 8.8% p.a. against the range of 7-12% p.a. equating to a vesting of 52.0% of the EPS element.

The Company has assessed relative TSR performance against the FTSE 250 (excluding real estate and investment trusts) to 31 January 2018. Saga ranked below the median equating to an indicative vesting of 0%.

The table presents the indicative vesting of the 2015 LTIP award for Lance Batchelor and Jonathan Hill.

| Name | Award level (% of salary) | Portion of EPS vesting | Estimate of TSR vesting[1] | Estimate of total vesting (as % of award) | Indicative LTIP value for single figure[2] |
|---|---|---|---|---|---|
| **Lance Batchelor** | 200% | 52.0% | 0% | 26.0% | £233,270 |
| **Jonathan Hill** | 150% | 52.0% | 0% | 26.0% | £107,663 |

Notes:
1 Based on TSR performance against the peer group to 31 January 2018
2 Value based the Company's final quarter average share price to 31 January 2018 of 146.8p

### Long-term incentives awarded in 2017/18 (audited)

The table below sets out the details of the long-term incentive awards granted in the 2017/18 financial year where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods:

| Name | Award type | Basis on which award made | Face value of award | Shares awarded | Percentage of award vesting at Threshold performance (%) | Maximum percentage of face value that could vest (%) | Performance conditions |
|---|---|---|---|---|---|---|---|
| **Lance Batchelor** | LTIP | Annual | £1,379,570 | 658,348 | 25% | 100% | Relative TSR 40% and EPS 60% |
| **Jonathan Hill** | LTIP | Annual | £636,725 | 303,853 | 25% | 100% | Relative TSR 40% and EPS 60% |

The awards were granted on 1 May 2017; the face value is calculated with reference to the share price on 28 April 2017 of 209.55p. The performance conditions are set out on page 90 of the Summary Report. The awards will vest, subject to the level of performance achieved, on 1 May 2020.

### Pension entitlements (audited)

Pension benefits were provided to Executive Directors through the Saga Pension Scheme (a defined benefit scheme) and a salary supplement.

Employer contributions were made into the Saga Pension Scheme until the Executive Directors opted to cease further accrual under the Scheme on 31 March 2016. The Executive Directors were also provided a pension salary supplement calculated as the difference of the employer contribution into the Saga Pension Scheme and 15% of each Executive Director's base salary.

The table below outlines the accrued pension amounts for the Executive Directors, the valuation of the defined benefit accruals made in the financial year calculated in accordance with the reporting guidelines and the pensions salary supplement, to derive a pensions benefit value for the single total figure of remuneration.

| | | | Accrued pension | | Single figure numbers | | Extra information disclosed under 2013 Directors' Remuneration Regulations | |
|---|---|---|---|---|---|---|---|---|
| Name | Age at 31/01/2018 | Pensionable service at 31/01/2018 | 01/02/2017 | 31/01/2018 | Pension salary supplement[1] | Value x 20 over year[2] | Total pension benefits | Normal retirement age |
| **Lance Batchelor** | 54 | 2 years, 9 months | £6,213 | £6,213 | £103,468 | £0 | £103,468 | 65 |
| **Jonathan Hill** | 49 | 1 year, 10 months | £3,156 | £3,156 | £63,672 | £0 | £63,672 | 65 |

Notes:
1 Pension salary supplement paid is the difference between the employer contribution into the Saga Pension Scheme and 15% of the Executive Director's base salary
2 Reflects the growth in the Executive Director's pension accrued in the Saga Pension Scheme over the year multiplied by 20, less the contributions by the Executive Director in the year

The maximum employer pension contribution or salary supplement in lieu of pension as per the Remuneration Policy is 20% of salary. The Executive Directors can choose to opt out of the pension scheme and receive a cash allowance on their full base salary.

Having opted out of further accruals under the Saga Pension Scheme, Lance Batchelor and Jonathan Hill will receive a 15% salary supplement in lieu of pension for the 2018/19 financial year.

### Payments to past Directors/payments for loss of office (audited)

There were no payments to past Directors or payments for loss of office during the financial year.

### Directors' share interests

Directors' share interests are discussed in the Summary Report on page 96.

### Performance graph and table

The TSR performance graph and single figure of remuneration for the Group CEO are set out in the section of the report headed Fairness, diversity and wider workforce considerations on page 101.

### Percentage change in remuneration of Director undertaking the role of Chief Executive Officer

This information is set out in the section of the report headed Fairness, diversity and wider workforce considerations on page 102.

### Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as Non-Executive Directors and retain the fees.

Lance Batchelor is a trustee of the charity White Ensign Association and is a Trustee of the National Gallery. He does not receive a fee for either position. Jonathan Hill holds no external directorships.

### Implementation of policy

Implementation of policy is discussed in the Summary Report on page 88.

### Relative importance of the spend on pay

The table below sets out the relative importance of spend on pay in the 2017/18 financial year and 2016/17 financial year compared with other disbursements. All figures provided are taken from the relevant company accounts.

| | Disbursements from profit in 2017/18 financial year (£m) | Disbursements from profit in 2016/17 financial year (£m) | Percentage change |
|---|---|---|---|
| Profit distributed by way of dividend | 98.5 | 86.1 | 14.4% |
| Total tax contributions[1] | 75.1 | 74.9 | 0.3% |
| Overall spend on pay including Executive Directors | 130.5 | 131.2 | -0.5% |

Note:
1 Total tax contributions include corporation tax, national insurance contributions, VAT and Air Passenger Duty

### Shareholder voting at general meeting

The Directors' Remuneration Policy was put to a binding vote at the AGM on 23 June 2015. The Remuneration Committee Chair's Annual Statement and the Annual Report on Remuneration were subject to an advisory vote at the AGM on 22 June 2017. Below we outline the voting outcomes in respect of approving the Directors' Remuneration Report and approving the Directors' Remuneration Policy. Based on the positive level of support received from shareholders both on the Policy and its implementation the Committee is comfortable that only minor changes were required in respect of the new Remuneration Policy which will be subject to shareholder approval at the AGM of the Company on 21 June 2018.

| Resolution | Votes for | % of votes cast | Votes against | % of votes cast | Votes cast in total | % of issued share capital voted | Votes withheld |
|---|---|---|---|---|---|---|---|
| To approve the Directors' Remuneration Report | 701,600,314 | 94.46 | 41,146,035 | 5.54 | 744,835,005 | 66.62 | 2,088,656 |
| To approve the Directors' Remuneration Policy | 824,261,354 | 99.63 | 3,031,154 | 0.37 | 827,292,508 | 74.00 | 1,631,155 |

### Advisers to the Remuneration Committee

Following a selection process carried out by the Board prior to the IPO of the Company, the Committee has engaged the services of PwC as independent remuneration adviser.

During the financial year, PwC advised the Remuneration Committee on all aspects of the Remuneration Policy for Executive Directors and members of the Executive Team. PwC also provided the Company with tax and assurance work during the year. The Remuneration Committee reviewed the nature of the services provided and was satisfied that no conflict of interest exists or existed in the provision of these services.

PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fixed fees of £51,250 (2017: £45,000) were provided to PwC during the year in respect of remuneration advice received.

This section of the Report sets out the Company's proposed new policy on remuneration for Executive and Non-Executive Directors, to be approved by shareholders at the AGM on 21 June 2018. The structure of incentives remain largely unchanged from that approved by shareholders in 2015, but include a number of key enhancements. Once approved, the Policy may operate for up to three years.

The Remuneration Policy has been prepared in accordance with the requirements of the UK's Companies Act 2006 (the Act) and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations), the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code.

As previously, the Committee has built in a degree of flexibility to ensure the practical application of the Policy over this period. Where such discretion is reserved, the extent to which it may be applied is described. The Remuneration Policy remains to attract, retain and motivate its leaders and ensure they are focused on delivering business priorities within a framework designed to promote the long-term success of Saga, aligned with shareholder interests.

## Changes to the Policy

| Element | Changes to Policy | Rationale |
|---|---|---|
| **Pension** | Reduce maximum from 20% to 15% of salary.<br>Maximum for new joiners reduced to 10% of salary. | Unchanged for current Executive Directors. Changes bring benefits into line with wider employees for new Executive Directors.<br>CEO: 15% of salary;<br>CFO: 15% of salary. |
| **Annual bonus** | Formally introduce minimum level of deferral of one third of the bonus. | The current Policy allows for deferral of up to 50% of the bonus with no minimum level of deferral.<br>This change ensures that the current operation of one third deferral remains in place for the duration of the proposed Policy. |
| **LTIP** | Introduction of two year post-vesting holding period. | Whilst the current Policy contains discretion to apply a two year post-vesting holding period, this has not been applied for past awards.<br>To ensure greater and sustained alignment of incentives to shareholder value a two year holding period will now be applied to future LTIP grants. |
| **Shareholding requirements** | Increase shareholding requirements for executives by 50% of salary:<br>CEO: 250% of salary.<br>CFO: 200% of salary. | The Committee recognises the importance of aligning the long-term interests of Executive Directors with shareholders. |
| **Recruitment policy** | Removal of provision of sign-on compensation in exceptional circumstances. | This change ensures that the Policy continues to be in line with corporate governance best practice. |

### Proposed Remuneration Policy table

| Element and link to strategy | Operation | Maximum | Performance conditions and recovery provisions |
|---|---|---|---|
| **Salary** | | | |
| Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy. | An Executive Director's basic salary is set on appointment and reviewed annually or when there is a change in position or responsibility.<br><br>When determining an appropriate level of salary, the Committee considers:<br>• pay increases to other employees;<br>• remuneration practices within the Group;<br>• any change in scope, role and responsibilities;<br>• the general performance of the Group and each individual;<br>• the experience of the relevant Director; and<br>• the economic environment.<br><br>Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved. | The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to Saga and validated against an appropriate comparator group, so that they are competitive against the market.<br><br>The Committee intends to review the comparators each year and will add or remove companies from the groups as it considers appropriate.<br><br>In general salary increases for Executive Directors will be in line with the increase for employees. However, larger increases may be offered if there is a material change in the size and responsibilities of the role (which covers significant changes in Group size and/or complexity).<br><br>The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the salaries for that year for each of the Executive Directors. | A broad assessment of individual and business performance is used as part of the salary review.<br><br>No recovery provisions apply. |
| **Pension** | | | |
| Provides a minimum level of benefits to support a low fixed cost and a performance-based Remuneration Policy. | The Company provides a pension contribution allowance in line with practice relative to its comparators to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy.<br><br>This allowance will be a non-consolidated allowance and will not impact any incentive calculations. | The maximum value of the pension contribution allowance is 15% of basic salary p.a. for current Executive Directors and limited to 10% of salary for newly appointed Executive Directors.<br><br>The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year the pension contributions for that year for each of the Executive Directors. | No performance or recovery provisions applicable. |

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| Element and link to strategy | Operation | Maximum | Performance conditions and recovery provisions |
|---|---|---|---|
| **Benefits** | | | |
| Provides a minimum level of benefits to support a low fixed cost and a performance-based Remuneration Policy. | Benefits include family private health cover, death in service life assurance, a car allowance, subsistence expenses and staff discounts in line with other employees.<br><br>The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits which are available to other employees on broadly similar terms may therefore be offered such as relocation allowances on recruitment. | The maximum is the cost of providing the relevant benefits set out adjacent. | No performance or recovery provisions applicable. |
| **Annual Bonus** | | | |
| The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.<br><br>In particular, the Annual Bonus Plan supports the Company's objectives allowing the setting of annual targets based on the businesses' strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable. | The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary.<br><br>The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the nature of the targets and their weighting for each year.<br><br>Details of the performance conditions, targets and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration.<br><br>The Remuneration Committee can determine that part of the bonus earned under the Annual Bonus Plan is provided as an award of shares under the DBP.<br><br>The maximum value of deferred shares is 50% of the bonus earned and the minimum will be one third of the bonus earned. The main terms of these awards are:<br><br>• minimum deferral period of three years;<br>• the participant's continued employment at the end of the deferral period unless he/she is a good leaver.<br><br>The Remuneration Committee may award dividend equivalents on those shares to Plan participants to the extent that they vest. The Remuneration Committee has the discretion to apply a holding period of two years post vesting for deferred bonus shares. | The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary.<br><br>Percentage of bonus maximum earned for levels of performance:<br><br>• Threshold 20%;<br>• Target 60%;<br>• Maximum 100%. | The Annual Bonus Plan is based on a mix of financial and strategic/operational conditions and is measured over a period of one financial year. The financial measures will account for no less than 50% of the bonus opportunity.<br><br>The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate.<br><br>Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of bonus earned resulting from the application of the performance measures.<br><br>Any adjustments or discretion applied by the Remuneration Committee will be fully disclosed in the following year's Remuneration Report.<br><br>The Remuneration Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the Annual Bonus Plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any payouts under the annual bonus.<br><br>Both the Annual Bonus Plan and the DBP contain malus provisions. In addition, the Annual Bonus Plan contains clawback provisions. |

| Element and link to strategy | Operation | Maximum | Performance conditions and recovery provisions |
|---|---|---|---|
| **LTIP** | | | |
| Awards are designed to incentivise the Executive Directors over the longer-term to successfully implement the Company's strategy. | Awards are granted annually to Executive Directors in the form of a conditional share award or nil cost option. These will vest at the end of a three year period subject to:<br>• the Executive Director's continued employment at the date of vesting; and<br>• satisfaction of the performance conditions.<br><br>A two year holding period will apply following the three year vesting period for LTIP awards granted to the Executive Directors. Upon vesting, sufficient shares can be sold to pay tax.<br><br>The Remuneration Committee may award dividend equivalents on awards to the extent that these vest. | Maximum value of 200% of salary p.a. based on the market value at the date of grant set in accordance with the rules of the Plan.<br><br>25% of the award will vest for Threshold performance. 100% of the award will vest for maximum performance. Straight-line vesting between these points. | Awards vest based on performance against stretching targets, measured over a three year performance period.<br><br>The Committee will review and set weightings and targets before each grant to ensure they remain appropriate. The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate.<br><br>No material change will be made to the type of performance conditions without prior shareholder consultation.<br><br>The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate.<br><br>Discretion may also be exercised in cases where the Remuneration Committee believes that the outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of the LTIP vesting resulting from the application of the performance measures.<br><br>Details of the performance conditions for grants made in the year will be set out in the Annual Report on Remuneration and for future grants in the section headed Implementation of Remuneration Policy, in the future financial year.<br><br>The LTIP contains clawback and malus provisions. |

## Minimum shareholding requirement

The Committee has adopted formal shareholding requirements that will encourage the Executive Directors to build up over a five year period and subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. This policy ensures that the interests of Executive Directors and those of shareholders are closely aligned.

In addition, Executive Directors will be required to retain 50% of the post-tax amount of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. The following table sets out the minimum shareholding requirements:

| Role | Shareholding requirement (percentage of salary) |
|---|---|
| Group Chief Executive Officer | 250% |
| Other Executive Directors | 200% |

The Committee retains the discretion to increase the shareholding requirements.

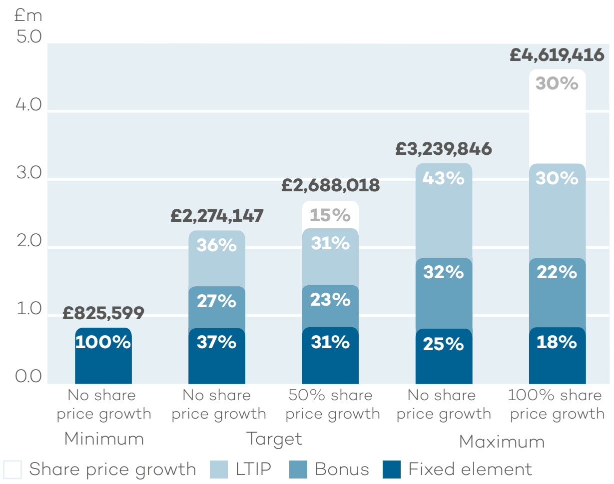
| Element and link to strategy | Operation | Maximum | Performance conditions and recovery provisions |
|---|---|---|---|
| **Non-Executive Director fees** | | | |
| Provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives. | The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chairman's fees.<br><br>Non-Executive Directors are paid an annual fee and additional fees for chairmanship of committees. The Company retains the flexibility to pay fees for the membership of committees. The Chairman does not receive any additional fees for membership of committees.<br><br>Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors.<br><br>Non-Executive Directors and the Chairman do not participate in any variable remuneration or benefits arrangements. | The fees for Non-Executive Directors and the Chairman are broadly set at a competitive level against the comparator group.<br><br>In general the level of fee increase for the Non-Executive Directors and the Chairman will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce. The aggregate fee for the Non-Executive Directors and the Chairman will not exceed £2,000,000.<br><br>The Company will pay reasonable expenses incurred by the Non-Executive Directors and Chairman and may settle any tax incurred in relation to these. | No performance or recovery provisions applicable. |

## Illustration of application of Remuneration Policy

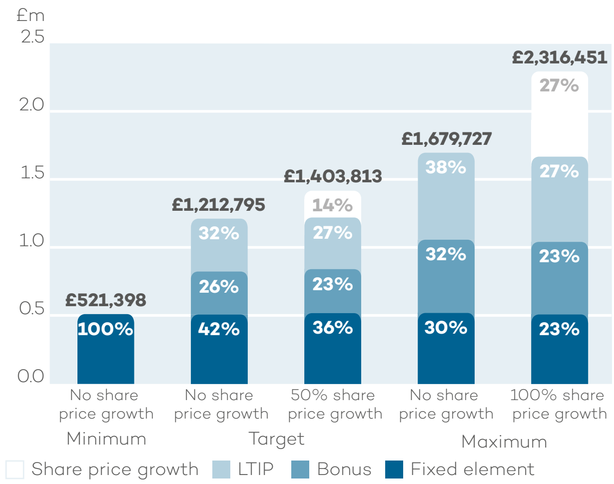
The charts below show an estimate of the remuneration that could be received by Executive Directors under the proposed new Policy set out in this Report.

Assumptions used in determining the level of pay out under given scenarios are as follows:

### Group Chief Executive Officer (Lance Batchelor)




### Group Chief Financial Officer (Jonathan Hill)



| Element | Minimum | On-Target | Maximum |
|---|---|---|---|
| Fixed Elements | Base salary for FY 2018<br>Benefits paid for FY 2017<br>Pension in line with Policy at 15% of salary | | |
| Annual Bonus | Nil | 60% of Maximum being 90% of salary for the Group CEO and 75% of salary for the Group CFO. | 100% of the Maximum being 150% of salary for the Group CEO and 125% of salary for the Group CFO. |
| LTIP | Nil | 60% of Maximum being 120% of salary for the Group CEO and 90% of salary for the Group CFO.<br>For the additional scenario, a 50% share price growth assumption over 3 years has been shown. | 100% of the Maximum being 200% of salary for the Group CEO and 150% of salary for the Group CFO.<br>For the additional scenario, a 100% share price growth assumption over 3 years has been shown. |

Scenario charts show "Minimum", "Target" and "Maximum" scenarios in accordance with the regulations with no share price growth assumed. For illustrative purposes additional scenarios are shown with various share price growth assumptions for the vesting of the LTIP. Dividend equivalents have not been added to deferred share bonus and LTIP share awards for any scenario.

### Discretion within the Directors' Remuneration Policy

The Committee has discretion in several areas of Policy as set out in this Report. The Committee may also exercise operational and administrative discretions under relevant plan rules as set out in those rules. In addition, the Committee has the discretion to amend Remuneration Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

### Malus and clawback

Malus is the adjustment of the annual bonus payments or unvested LTIP awards because of the occurrence of one or more circumstances listed below. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of payments made under the annual bonus or vested LTIP awards as a result of the occurrence of one or more circumstances listed below.

Clawback may apply to all or part of a participant's payment under the annual bonus or LTIP award and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:

- the discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any performance condition or condition in respect of an annual bonus payment or LTIP award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the annual bonus payment or LTIP award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct; or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant.

| | Annual Bonus (cash) | Annual Bonus (deferred shares) | LTIP |
|---|---|---|---|
| Malus | Up to the date of the cash payment. | To the end of the 3 year vesting period. | To the end of the 3 year vesting period. |
| Clawback | 2 years post the date of any cash payment. | n/a | 2 years post vesting. |

The Committee believes that the rules of the Plans provide sufficient powers to enforce malus and clawback where required.

### Loss of office policy

When considering compensation for loss of office, the Committee will always seek to minimise the cost to the Company whilst applying the following philosophy:

| Remuneration element | Treatment on cessation of employment |
|---|---|
| **General** | The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited, or no abatement on, severance or early retirement. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. |
| **Salary, benefits and pension** | These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu. |

| | Good leaver reason | Other reason | Discretion |
|---|---|---|---|
| **Cash bonus** | Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year. | No bonus payable for year of cessation. | The Committee has the following elements of discretion:<br>• to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; and<br>• to determine whether to pro-rate the bonus to time. The Remuneration Committee's normal policy is that it will pro-rate bonus for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders. |

| | Good leaver reason | Other reason | Discretion |
|---|---|---|---|
| **Deferred share awards** | All subsisting deferred share awards will vest. | Lapse of any unvested deferred share awards. | The Committee has the following elements of discretion:<br>• to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;<br>• to vest deferred shares at the end of the original deferral period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and<br>• to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will determine whether or not to pro-rate based on the circumstances of the Executive Directors' departure. |

| | Good leaver reason | Other reason | Discretion |
|---|---|---|---|
| **LTIP** | Pro-rated to time and performance in respect of each subsisting LTIP award. | Lapse of any unvested LTIP awards. | The Committee has the following elements of discretion:<br>• to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders;<br>• to measure performance over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation;<br>• to determine to vest shares at the end of the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation;<br>• to determine whether to apply the holding period post cessation at all, in part or in full; and<br>• to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders. |
| **Other contractual obligations** | There are no other contractual provisions other than those set out above agreed prior to 27 June 2012. | | |

The following definition of leavers will apply to both the Annual Bonus and the LTIP. A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill-health;
- injury or disability;
- retirement;
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- at the discretion of the Committee (as described above).

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

### Change of control policy

| Name of Incentive Plan | Change of control | Discretion |
|---|---|---|
| **Cash awards** | Pro-rated to time and performance to the date of the change of control. | The Committee has discretion regarding whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders. |
| **Deferred share awards** | Subsisting deferred share awards will vest on a change of control. | The Committee has discretion regarding whether to pro-rate the award to time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control. |
| **LTIP** | The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance. | The Committee has discretion regarding whether to pro-rate the LTIP awards to time. The Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders. |

### Recruitment and promotion policy

The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the Executive Directors, as set out in the Remuneration Policy table. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any performance measures associated with an award. The Company's detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below:

| Remuneration element | Recruitment policy |
|---|---|
| **Salary, benefits and pension** | Salary and benefits will be set in line with the policy for existing Executive Directors. Maximum pension contribution will be 10% of salary. |
| **Annual bonus** | Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 150% of salary. |
| **LTIP** | Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 200% of salary. |
| **Maximum variable remuneration** | The maximum variable remuneration which may be granted is 350% of salary (excluding the value of any buy-outs). |
| **"Buy Out" of incentives forfeited on cessation of employment** | Where the Committee determines that the individual circumstances of recruitment justify the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following:<br>• the proportion of the performance period completed on the date of the Executive Director's cessation of employment;<br>• the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and<br>• any other terms and conditions having a material effect on their value (lapsed value);<br>The Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used. |
| **Relocation policies** | In instances where the new Executive Director is required to relocate or spend significant time away from their normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling. |

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the remuneration report for the relevant financial year.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.

### Service contracts and letters of appointments

The Remuneration Committee's policy for setting notice periods is that a six month period will apply for Executive Directors unless the Remuneration Committee determines that 12 months would be more appropriate in the circumstances. The Remuneration Committee may in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to either six or 12 months following the first year of employment. The Non-Executive Directors of the Company do not have service contracts. The Non-Executive Directors are appointed by letters of appointment. Each independent Non-Executive Director's term of office runs for a three year period.

The Company follows the UK Corporate Governance Code's recommendation that all directors of FTSE 350 companies be subject to annual re-appointment by shareholders.

### Executive Directors

| Name | Date appointed | Nature of contract | Notice periods: From Company | Notice periods: From Director | Compensation provisions for early termination |
|---|---|---|---|---|---|
| Lance Batchelor | 2 May 2014 | Rolling | 6 months | 6 months | None |
| Jonathan Hill | 7 April 2015 | Rolling | 6 months | 6 months | None |

### Non-executive Directors

| Name | Original appointment | Appointment of current term | Arrangement | Notice period/ unexpired term |
|---|---|---|---|---|
| Andrew Goodsell | 05/12/2003 (transitioned to Non-Executive 01/07/2015) | 05/07/2015 | Letter of appointment | 3 months/ 3 months |
| Ray King | 29/05/2014 | 29/05/2017 | Letter of appointment | 3 months/ 26 months |
| Bridget McIntyre | 01/01/2016 | plc 01/01/2016 SSL 01/09/2016 | Letter of appointment | 3 months/ 26 months (plc) 3 months/17 months (SSL) |
| Orna NiChionna | 29/05/2014 | 29/05/2017 | Letter of appointment | 3 months/ 26 months |
| Gareth Williams | 29/05/2014 | 29/05/2017 | Letter of appointment | 3 months/ 26 months |

The Board allows Executive Directors to accept appropriate outside Non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board.

**Consideration of employment conditions elsewhere in the Group**

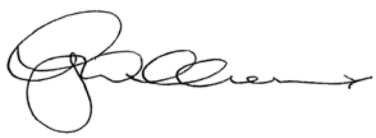
Each year, prior to reviewing the remuneration of the Executive Directors and the members of the Executive Team, the Remuneration Committee considers a report prepared by the Group HR Director detailing base pay and share schemes practice across the Company. The report provides an overview of how employee pay compares to the market and any material changes during the year, and includes detailed analysis of basic pay and variable pay changes within the UK.

While the Company does not directly consult with employees as part of the process of reviewing executive pay and formulating the Remuneration Policy, the Company does receive an update and feedback from the broader employee population on an annual basis using an engagement survey which includes a number of questions relating to remuneration. The Company does not use remuneration comparison measurements.

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same core structure as for the Executive Directors. The Group operates employee share and variable pay plans, with pension provisions provided for all Executive Directors and employees. In addition, any salary increases for Executive Directors are expected to be generally in line with those for UK-based employees. See pages 100-105 for our new section on fairness, diversity and wider workforce considerations.

**Consideration of shareholder views**

The Remuneration Committee takes the views of the shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Remuneration Committee welcomes an open dialogue with its shareholders on all aspects of remuneration. The Committee consulted its major shareholders and the main shareholder representative bodies IA, ISS and Glass Lewis on the proposed new Remuneration Policy. The Committee is grateful for the time taken to consider the Committee proposals and provide feedback. At the end of the consultation the majority of shareholders consulted indicated they were supportive of the new Remuneration Policy.



**Gareth Williams**
Chair, Remuneration Committee
11 April 2018