DIRECTORS' REMUNERATION REPORT

We want this Executive team to continue into the next stage of growth for the Company whilst operating a Policy that is fit for purpose

Jonathan Shearman, Chairman of the Remuneration Committee

Dear Shareholder,

Introduction

As Chairman of the *Trifast* plc Remuneration Committee (the 'Committee'), I am pleased to introduce our remuneration report for 2017 which has been prepared by the Committee in accordance with the relevant legal and accounting regulations, then approved by the Board.

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

To fulfil our role, the Committee undertook a review of the Company's remuneration Policy ('Policy') during the year and consulted with shareholders on proposed changes to the current Policy. Details of the proposed Policy are set out in this report and I look forward to your support for the changes at the 2017 AGM.

Key 2017 remuneration outcomes

This year has been another successful one for *Trifast*. At Actual Exchange Rates (AER), our revenue grew by 15.6%, we delivered growth of 28.3% in underlying diluted Earnings per Share and ROCE remained extremely healthy at 19.9%. In addition, over the past year, our shareholders have benefitted from an increase in Total Shareholder Return ('TSR') of c.70%, a substantial outperformance against the FTSE Small Cap and industry benchmarks.

Our Annual Report sets out the key areas where we have made substantial progress against our strategic priorities with some key highlights including the successful integration of Kuhlmann into our business, opening a new distribution and technical centre in Barcelona and the continuing enhancement of our manufacturing capacity.

It is now nearly two years since Mark Belton moved into the role of Chief Executive Officer with Clare Foster joining as Chief Financial Officer. Any management change involves significant risks, but the Committee is delighted with the successful transition that has taken place and already seen Mark and Clare playing key roles in *Trifast*'s success. They, together with the continued support of Malcolm Diamond, Geoff Budd and Glenda Roberts, are overseeing a significant transformation of the business which will further benefit shareholders in the years to come.

In arriving at the annual bonus and deferred equity outcomes for the 2017 financial year, the Committee assessed the achievement of the Group's financial performance targets and the Executive team's personal performance targets that were set at the start of the year:

- Underlying diluted earnings per share growth of 28.3% exceeded the stretch target of 22%
    - It is worth noting that for the deferred equity element of the bonus scheme, the maximum performance target (threshold) was achieved ignoring the positive impact of currency movements in the year
- ROCE of 19.9% ensured that the underpin of ROCE exceeding group WACC + 2% (12%) was met
- Each Executive Director's personal objectives were met such that there was no requirement to apply a reduction to the formulaic bonus outcome based on the achievement of the EPS target and the ROCE underpin
- As a result, each Executive Director will receive the maximum annual bonus entitlement of 100% of salary and the maximum deferred equity award of 100% of salary

The Committee is comfortable that the 2017 annual bonus and deferred equity outcomes reflect the underlying performance of the Company.

Proposed remuneration Policy and structural changes

The remuneration structure that shareholders approved in 2014 and 2015 was designed for a specific purpose, pre-dominantly to bridge a period of management transition during a time when long-term target setting was difficult. Whilst the current Policy has been effective, given the Company's development since 2015, the Committee now feels comfortable setting long-term targets that would allow a more traditional remuneration model to be operated.

The Committee also acknowledges that a number of shareholders voted against the current Policy and its implementation given its focus on the short-term. We take shareholder feedback seriously and the changes to our remuneration Policy have been designed to reflect these views. The Committee also consulted, more recently, with its major shareholders regarding the introduction of the new Policy. Those shareholders will note that we have responded to many of the issues raised and made changes, highlighted in this statement, in an effort to ensure that we adopt a Policy that has the support of a large majority of our shareholders. We are grateful for the time shareholders have taken to review and comment on the Policy we are proposing and will continue to engage with our shareholders on remuneration matters and take account of those views.

Overall, the Policy has been constructed to provide management with a remuneration opportunity that is competitive against companies of a similar size and complexity, but with a greater emphasis on the variable elements of the package than those peers. Broadly, the Committee targeted lower quartile salaries combined with an above median incentive opportunity to provide a total remuneration opportunity at or approaching the median. As such, management will be well rewarded if material long-term sustainable value is delivered for shareholders but total remuneration is limited to the fixed elements of the package if performance falls below expectations.

The significant changes from the current Policy are in relation to the simplification of the annual bonus and the introduction of a traditional long-term incentive arrangement with a three year performance period.

The new Policy has been specifically designed to meet the following objectives:

- Alignment with the long-term business strategy during the Group's next stage of development
- Focus on the key performance metrics that drive shareholder value creation
- Motivate, retain and attract top talent from a competitive talent pool
- Align the interests of executives and shareholders
- Be in line with UK corporate governance best practice

Further details of the new Policy can be found on the pages hereafter in the Directors' Policy Report but outlined below are the key highlights.

Base salary and Non-Executive Director fees

The Committee determined that Executive Director base salaries will not usually be increased by a higher percentage than the average annual increase in salaries for UK employees. Larger increases may be awarded if, subject to performance, there is i) a material change in the role and responsibilities of the Executive Director, or ii) an Executive Director has been appointed at below the market level to reflect experience, or iii) an Executive Director has been promoted internally and their salary is below the market level.

As you will be aware, with effect from 1 April 2017, Malcolm Diamond transitioned from Executive Chairman to Non-Executive Chairman. In light of changes to the composition of the Executive team and the shift of responsibilities of Executive Directors, the Committee decided it was an appropriate time to review and adjust base salary levels. In line with the current and proposed Policy, set out in this report, with effect from 1 April 2017 the Committee will make the following salary increases:

- CEO: Increase base salary from £250,000 to £300,000
- CFO: Increase base salary from £200,000 to £230,000
- Other Executive Directors: Increase base salary from £200,000 to £210,000

In addition, given Malcolm Diamond's transition from Executive to Non-Executive Chairman, the Committee has determined that his fee will reduce from £200,000 to £150,000 from 1 April 2017 with a further reduction to £125,000 from 1 April 2018. This reduction reflects the Chairman's phased reduced time commitment to the role.

The Committee considered whether base salary increases should be staged over a number of years given their impact on the overall remuneration package. However, the Committee felt that given strong individual and corporate performance a one-time immediate increase was appropriate.

There will be no change to our Policy in relation to Non-Executive Director fees. The Board reviewed Non-Executive Director fees which have been unchanged for three years and compared current fee levels to levels in organisations of comparable size and complexity. In order to ensure Non-Executive Director fees reflect the increasing level of responsibility and time commitment as the Company grows, fees paid from 1 April 2017 will be based on a maximum of the following:

- NED base fee: £42,000
- SID fee: £6,000
- Audit / Remuneration Committee Chair: £8,000
- Audit / Remuneration Committee member: £5,000

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Annual Bonus

The annual bonus is being simplified. The primary performance condition will remain as Earnings per Share ("EPS") growth (75% of opportunity) alongside the introduction of a range of Strategic and Operational measures (25%) such as financial and operational excellence, growth strategy, customer satisfaction, people and risk mitigation. At least 40% of the Strategic and Operational measures will be linked to quantitative metrics and for FY2018 the Committee has determined to assess 10% of the total bonus opportunity against a ROCE target to ensure earnings growth is of a quality nature. These measures have been introduced to provide a holistic assessment of corporate performance. EPS will be measured on an organic growth basis only i.e. the impact of acquisitions and share buybacks will be stripped out from the reported EPS figure.

The maximum opportunity will be decreased to 125% of base salary (from 200%) due to the introduction of a standalone Long Term Incentive Plan. Up to 100% of base salary will be paid in cash with any bonus in excess of this being deferred into shares for three years. The deferral period was increased from two to three years based on feedback from the shareholder consultation, as was the exclusion of share buybacks in the EPS calculation.

Long-Term Incentive Plan (LTIP)

A more traditional long-term incentive plan is being introduced to help shift some focus towards longer-term performance. Awards under the new LTIP will vest over a three year performance period with a proportion of awards being subject to a holding period of up to two years.

Awards will be subject to the satisfaction of EPS growth (70% of opportunity) and relative TSR (30%) performance conditions and the maximum annual opportunity will be 150% of base salary. A new shareholding requirement of 200% of salary will also be implemented alongside the LTIP. The LTIP has been designed to be in line with market practice in terms of structure and features stretching performance conditions which support the business strategy and therefore aligns the interests of management and shareholders.

Performance conditions

EPS has been chosen as the primary performance condition for the annual bonus and LTIP as the Committee feels it is the most appropriate measure of growth for *Trifast* over the coming Policy cycle and provides a clear line of sight for the Executive team. The weighting of EPS in the annual bonus and LTIP has been reduced in response to shareholder feedback. The Committee is comfortable that the balance of EPS, Strategic and Operational and relative TSR provides a set of measures that will drive underlying performance in the short- and long-term which will translate to absolute and relative shareholder returns.

Looking Ahead

The company has had a number of years of successfully implementing its strategy, evidenced by our record EPS performance as well as value created for shareholders. We remain committed to the delivery of further growth from both organic and acquisitive sources.

Furthermore, the Committee believes that a key reason for the successes of the business has been having the right management team in place. We want this four strong Executive team to continue into the next stage of growth for the Company whilst operating a Policy that is fit for purpose. In order to do so we look forward to your support in approving our proposals at July's AGM.

Jonathan Shearman
Chairman of the Remuneration Committee
12 June 2017

Directors' remuneration Policy

This section of the remuneration report contains details of the Policy which is being proposed at the AGM on 27 July 2017 and, if approved, will be effective from that date. As set out in the Chairman's statement, the proposed Policy has been developed to support the business strategy in the next stage of the Company's growth.

1) Policy tables — Executives

Base Salary	**Purpose** To provide competitive salary levels recognising the market value of the role and individual's skills, experience and performance as well as their contributions and enable the recruitment and retention of high calibre Executives **Operation** Base salary is set annually on 1 April. Base salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance and levels of increase for the broader *Trifast* employee population. The Committee also considers the impact of any base salary increase on the total remuneration package. Increases awarded each year will be set out in the statement of implementation of Policy	**Maximum opportunity** The maximum annual salary increase will not normally exceed the average increase which applies across the wider *Trifast* (UK) employee population (typically inflation based) Larger increases, than the above maximum, may be awarded if subject to performance there is i) a material change in the role and responsibilities of the Executive Director, or ii) an Executive Director has been appointed at below the market level to reflect experience, or iii) an Executive Director has been promoted internally and their salary is below the market level **Changes from Policy approved at the 2014/2015 AGM** No substantive changes
Benefits	**Purpose** To provide market-competitive benefits **Operation** The Company provides the following ongoing benefits: • Company car (or car allowance) • Private medical insurance • Permanent health insurance • Critical illness cover and life cover In addition, the Company pays additional benefits when specific business circumstances require it. For example, for a non-UK Executive the Company may consider providing specific benefits appropriate for the local market. The Company reimburses all necessary and reasonable business expenses	**Maximum opportunity** Capped at the cost of providing the benefits **Changes from Policy approved at the 2014/2015 AGM** No change
Pension	**Purpose** To offer market-competitive levels of pension provision **Operation** Executive Directors participate in defined contribution pension arrangements. Executive Directors may request a pension allowance to be paid in cash, after deducting employer National Insurance costs, in place of defined contribution arrangements	**Maximum opportunity** 20% of base salary **Changes from Policy approved at the 2014/2015 AGM** No change

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Annual Bonus	**Purpose** To encourage and reward delivery of short-term organic growth alongside the execution of the Company's annual strategic priorities in line with shareholder interests **Operation and performance measures** Each year Executive Directors are eligible to participate in the annual bonus. The Committee will select performance measures which it considers appropriate to support the Company's strategic priorities and the delivery of value to shareholders. The individual targets and the weightings will be set annually by the Committee The annual bonus will reward for Earnings Per Share (EPS) growth and Strategic and Operational performance over the financial year as set out below: • 75% of maximum bonus opportunity will be based on organic EPS growth • 25% of maximum bonus opportunity will be based on a basket of Strategic and Operational measures. This basket will include measures relating to the following themes: financial and operational excellence, growth strategy, customer satisfaction, people and risk mitigation. The Committee will determine the three or four most appropriate targets each year in line with the business plan and at least 40% of these measures will be based on quantifiable metrics In relation to the EPS element, the impact of current and previous year acquisitions and share buybacks will be excluded from the calculation of EPS when determining performance outcomes. The performance measures that have been selected, in the Committee's view, most appropriately reflect the Company's strategy to: • Generate strong and sustainable organic earnings growth for the benefit of shareholders • Focus on delivering challenging specific Strategic and Operational targets which aid in long-term value creation A financial underpin will apply such that in order for a payment under the Strategic and Operational element to be made the Company will need to achieve at least the threshold level of EPS growth Performance targets will be disclosed prospectively, unless they are deemed commercially sensitive by the Board in which case the targets and their achievement will be reported on retrospectively Malus will apply during the bonus year and the share deferral period and clawback will apply for a period of two years post bonus payment and/or share vesting Circumstances where malus and clawback could apply include misstatement of accounts, fraud or gross misconduct by the employee and / or any assessment of performance being based on error, or inaccurate or misleading information	**Maximum opportunity and timing of payments** The annual bonus will be in the form of cash with a deferred share component The maximum annual award level is 125% of base salary The maximum amount that can be paid as cash is 100% of base salary and any remainder would be paid as deferred shares A deferral period of three years will apply to any portion of the annual bonus over 100% of base salary that is deferred into shares The percentage of bonus earned for differing levels of performance is: • Threshold: 10% – 35% of maximum opportunity • Target: 45% – 70% of maximum opportunity • Stretch: 75% – 100% of maximum opportunity **Changes from Policy approved at the 2014/2015 AGM** Decoupling of short-term and long-term incentive by removing the majority of the deferred share elements and the introduction of a more traditional Long-Term Incentive Plan (discussed below) Introduction of the Strategic and Operational measures to replace personal performance which acted as a payout moderator in the previous Policy Reduced annual maximum award from 200% to 125% of base salary Change in the deferral structure, whereby Executives are required to defer any bonus over 100% of salary into shares for three years

SAYE	**Purpose** Facilitate equity involvement for Executives and staff **Operation** The *Trifast* Savings Related Share Option Scheme is HMRC approved. The Scheme offers three and five year savings contracts which provide an option to purchase shares after maturity at a discount to the share price on the date the contract is taken out (the maximum discount is 20% of mid-market price)	**Maximum opportunity** Annual savings limit in line with HMRC limit **Changes from Policy approved at the 2014/2015 AGM** No change
Long-Term Incentive Plan	**Purpose** To incentivise delivery of the Group's long-term business strategy and sustainable value for shareholders and aid in the recruitment and retention of senior Executives **Operation and performance measures** The Committee may make an annual award of shares to each Executive Director in the form of nil-cost options under the Long-Term Incentive Plan (LTIP). The Committee will select performance measures at the time of grant taking into account the Company's long-term business strategy. The individual targets and the weightings will be set at grant by the Committee Performance will be measured against EPS growth and relative Total Shareholder Return (TSR) targets over three financial years as set out below: • 70% of the LTIP award will be based on EPS growth; and • 30% of the LTIP award will be based on relative TSR versus the FTSE Small Cap Index (excluding investment trusts) The EPS targets and relative TSR measures for future LTIP awards will be disclosed in the implementation of Policy section of the annual report on remuneration The EPS and relative TSR measures have been selected to reward senior Executives for the generation of strong and sustainable long-term earnings and the delivery of long-term sustainable value for the benefit of shareholders On vesting, 50% of after tax vested awards may be sold immediately. Thereafter, 25% of after tax vested awards will be subject to a one year holding period and the remaining 25% of after tax vested awards will be subject to a two year holding period Malus will apply during the vesting period and clawback will apply for a period of two years post vesting The circumstances where malus and clawback could apply include the misstatement of accounts, fraud or gross misconduct by the employee and / or any assessment of performance being based on error, or inaccurate or misleading information	**Maximum opportunity** The proposed annual award level is to grant awards of 150% of base salary. The maximum award level will be 250% of base salary and this would only be considered in certain exceptional recruitment circumstances 25% of the LTIP award will vest for threshold performance **Changes from Policy approved at the 2014/2015 AGM** Introduction of a new long-term incentive plan
Shareholding Guidelines	**Operation** A 200% of salary shareholding requirement for all Executive Directors. This is to be built up over five years and shall be effective at the start of the new Policy The Committee will annually review the progress against achievement of these guidelines	**Changes from Policy approved at the 2014/2015 AGM** Changed from minimum holding of 250,000 *Trifast* shares over five years

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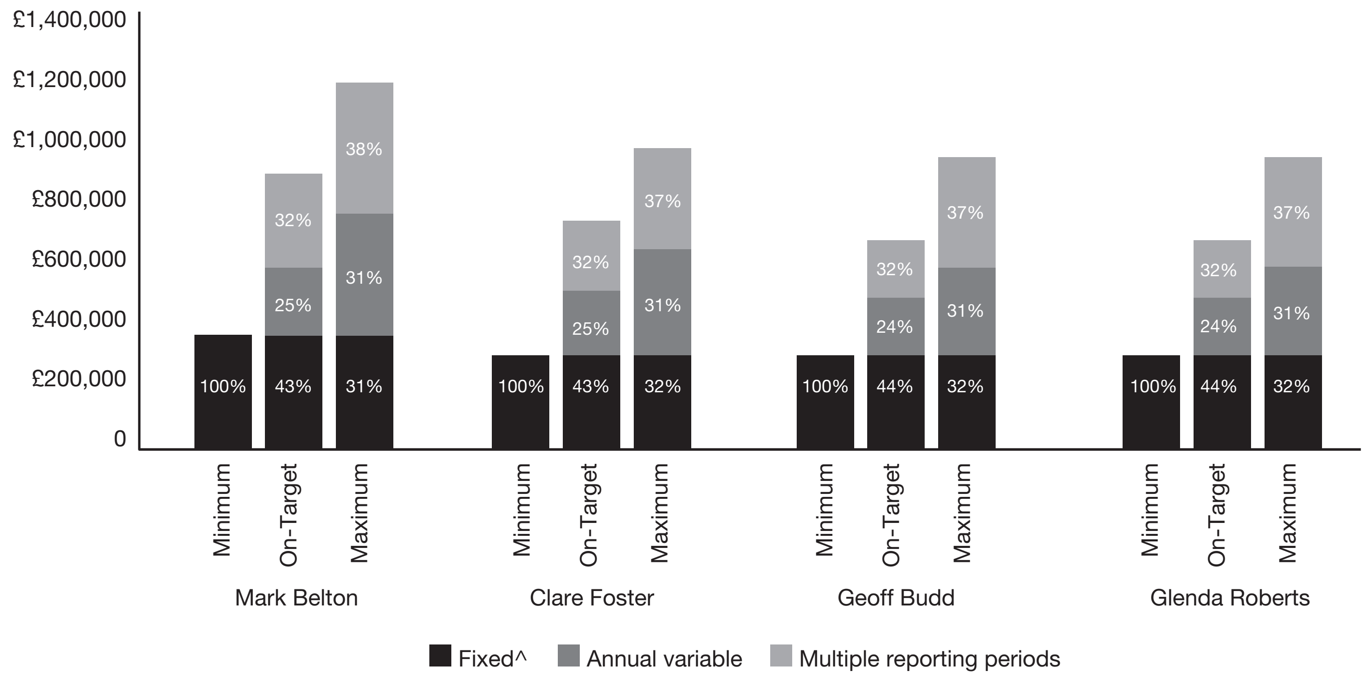
Legacy incentive awards

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

2) Illustration of remuneration Policy

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



The assumptions used in determining the level of payouts are set out in the table below:

Scenario	Fixed^	Annual variable (annual bonus)	Multiple reporting periods (LTIP)
Minimum	The value of these elements is set out in the policy table and the implementation of proposed Policy for the financial year ending 31 March 2018 in this report	**0% of maximum (0% of salary)**	**0% of maximum (0% of salary)**
On target		**57.5% of maximum (71.88% of salary)**	**62.5% of maximum (93.75% of salary)**
Maximum		**100% of maximum (125% of salary)**	**100% of maximum (150% of salary)**

^ Fixed costs include salary, pension and all benefits

Notes

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

3) Policy on recruitment arrangements

The Committee's approach to Executive Director recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the current Executive Directors, as set out in the remuneration Policy table.

Remuneration element	Treatment under Policy
Base salary, pension and other benefits	The salary level will be set taking into account a number of factors including market practice, the individual's experience and responsibilities, other pay structures within *Trifast* and will be consistent with the salary Policy for existing Executive Directors The Executive Director shall be eligible to receive pension and other benefits in line with *Trifast*'s Policy
Annual bonus and LTIP	The Executive Director will be eligible to participate in the Annual Bonus and LTIP as set out in the remuneration Policy table. The maximum level of variable remuneration that may be offered is 275% of base salary consistent with that of existing Executive Directors. The exceptional award limit in the LTIP allows this to be increased to 375% of base salary in the year of recruitment (where the increased award of 250% of salary is above the normal LTIP maximum of 150% of salary)
Share buy-outs and replacement awards	The Committee's Policy is not to provide replacement awards as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justify the provision of a replacement award, the value of any incentives that will be forfeited on cessation of a director's previous employment will be calculated taking into account the following: • The proportion of the performance period completed on the date of the director's cessation of employment • The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied • Any other terms and conditions having a material effect on their value ('lapsed value') The Committee may then grant a replacement award up to the equivalent value as the lapsed value. The replacement award will be made in equity under 9.4.2(R) of the listing rules subject to a holding period during which cessation of employment will generally result in forfeiture and subject to the satisfaction of performance targets
Other	The Company may meet certain mobility costs, including relocation support, expatriate allowances, temporary living and transportation expenses as appropriate in cases where the new Executive is relocated from one work base to another
Changes from previous Policy approved at the 2014/15 AGM	Changes in the Recruitment Policy reflect changes to the remuneration Policy

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4) Policy on payment for loss of office – cessation of employment and Change of Control

The following tables shows how the Committee would expect to treat Executive Directors on cessation of employment or upon a Change of Control.

Cessation of employment

Notice periods	The notice periods for all Executive Directors is 12 months
Circumstances of departure of Executive Directors	A 'good leaver' is a person whose cessation of employment is for one of the following reasons: • death • ill-health • injury or disability • redundancy • retirement • employing company ceasing to be a Group company • transfer of employment to a company which is not a Group company • where the person is designated a good leaver at the discretion of the Committee A participant who is not a 'good leaver' is a 'bad leaver'
Base salary, pension and other benefits	Base salary and all taxable benefits (medical, private health insurance, car allowance and life assurance) are paid in lieu of notice. Neither notice nor a payment in lieu of notice will be given in the event of gross misconduct
Annual bonus	Unless the Remuneration Committee determines otherwise, if a participant is a 'good leaver', then any cash bonus payable in the year of cessation will be pro-rated for time and performance will be tested at the normal date and will be paid at the usual bonus payment date Where a participant is a 'good leaver' and there is a deferred bonus payable in the year of cessation, then the portion of the bonus that is required to be deferred will remain subject to deferral and will vest on the original vesting date. The Remuneration Committee may exercise discretion to pay any deferred element to a 'good leaver' in cash at the usual bonus payment date. Any unvested deferred shares would vest on the usual vesting date unless the Committee exercises discretion to allow for vesting at the date of cessation Participants that are 'bad leavers' will forfeit any cash bonus in the year of cessation and any unvested deferred shares
LTIP	The treatment under the LTIP is as follows: • For good leavers, unvested LTIP awards will be pro-rated for the proportion of the performance period completed on cessation • The good leaver will be given the option to have performance assessed on cessation with the award vesting at that time or waiting until the normal vesting date for performance to be assessed • Anyone who is not a good leaver will be a bad leaver. Bad leavers will forfeit all unvested awards • All leavers will remain subject to the sale restrictions under the holding period irrespective of their employment status • Where a participant ceases employment during the two year holding period, they will have six months from the date they cease employment to exercise their vested awards
Changes from previous Policy approved at the 2014/15 AGM	Some minor changes have been made to the treatment of awards for 'good leavers' to reflect market best practice

Change of control

Annual bonus	The treatment under the annual bonus is as follows: • Cash bonus for the year in which a change of control event occurs will be pro-rated for time and performance. At the Board's discretion, the Board may consider whether to dis-apply pro-rating for time • Unvested deferred share awards will vest on change of control In the event of an internal corporate reorganisation, the Board may decide to replace unvested deferred share awards with equivalent new awards over shares in the acquiring company
LTIP	The treatment under the LTIP is as follows: • Unvested awards will vest early subject to (i) the extent that any applicable performance targets have been satisfied at that time and (ii) pro-rating to reflect the reduced period of time between grant and early vesting as a proportion of the vesting period that has then elapsed • At the Board's discretion, the Board may consider whether to dis-apply pro-rating for time In the event of an internal corporate reorganisation, the Board may decide to replace unvested awards with equivalent new awards over shares in the acquiring company

5) Discretions retained by the Remuneration Committee

The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of the annual bonus and LTIP (the LTIP being operated in general terms according to the rules to be approved by shareholders).

The areas where discretion is retained includes, but is not limited to, the following:

- The participants
- The timing of an award
- The size of an award
- The determination of vesting and/or payout
- Discretion required when dealing with a change of control or restructuring of the Group
- Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends)

These discretions, which in certain circumstances can be operated in both an upward and downward manner, are consistent with market practice and are necessary for the proper and fair operation of the plans so that they achieve their original purpose. However, it is the Committee's Policy that there should be no element of reward for failure and any upward discretion will only be applied in exceptional circumstances.

In addition, the Committee has the discretion to amend the 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.

6) Consideration of conditions elsewhere in the Group

The remuneration Policy throughout the Company is based on ensuring that we can attract and retain the most suitable people. This principle is consistent with that applied to the development of our remuneration Policy for Executive Directors. Employee views were not specifically sought in determining this Policy and no comparison metrics were used.

Salary and benefit packages are linked to personal and business performance. All employees receive additional bonus payments (as business performance allows), this together with inflation based salary reviews should ensure the company remains competitive within the employment market.

All UK employees are eligible to participate in the SAYE scheme. Furthermore, senior management are also eligible to participate in a Long-Term Equity scheme.

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7) Policy table – Non-Executive Directors

Non-Executive Director remuneration is not performance related and is not pensionable. The only other payments made to them are mileage allowances at HMRC rates and expenses for items incurred during the fulfilment of their roles. An explanation of the Policy with regards to Non-Executive Directors is set out in the table below:

Non-Executive Directors	**Objective** To attract and retain individuals with the requisite skills and experience to perform the role **Operation** Set annually on 1 April and determined by the Board. Non-Executive Directors are paid a base fee and additional fees for Committee membership and chairmanship. An additional fee is also payable to the Senior Independent Director Any increases in fees will be determined based on time commitment and take into consideration the level of responsibility	**Maximum opportunity** The previous column sets out the factors that will be taken into consideration in determining Non-Executive Director fees **Changes from Policy approved at the 2014/2015 AGM** None

8) External Directorships

Executive Directors are permitted to hold external directorships or offices with the prior approval of the Board. If approved, they may retain the fees payable from such appointments. No Executive Director currently holds an external directorship

9) Contracts

During the year all Executive Directors had rolling service contracts, details of each Board members' contract are detailed below:

Executive Director	Notice period	Date of signing
MR Belton	12	26 July 2012
CL Foster	12	1 October 2015
GP Budd	12	26 July 2012
GC Roberts	12	26 July 2012

Non-Executive Director	Notice period	Date of signing
MM Diamond	3	1 April 2017
NW Warner	3	16 June 2015
JPD Shearman	3	26 July 2012
SW Mac Meekin	3	25 April 2013

When setting notice periods, the Committee has regard for market practice and corporate governance best practice. For new appointments the notice period for Executive Directors will be set at 12 months and at three months for Non-Executive Directors. The Director contracts are kept at the Company's Registered office.

Annual Report on remuneration — audited information

This section of the remuneration Report contains details as to how the Company's remuneration Policy was implemented during the year ended 31 March 2017.

1) Executive Director single figure for remuneration

	Salary £000	Annual bonus[1] Cash £000	Deferred equity (face value) £000	Taxable benefits[2] £000	Pensions[3] £000	Total £000
MM Diamond[4]	**200**	**200**	**200**	**21**	**–**	**621**
Prior year	200	100	200	21	–	521
JC Barker (retired 30 September 2015)	**–**	**–**	**–**	**–**	**–**	**–**
Prior year	125	62	125	9	–	321
MR Belton[5]	**250**	**250**	**250**	**14**	**47**	**811**
Prior year	225	113	225	14	45	622
CL Foster[6]	**200**	**200**	**200**	**15**	**36**	**651**
Prior year	100	50	100	7	20	277
GP Budd	**200**	**200**	**200**	**17**	**34**	**651**
Prior year	190	95	190	16	38	529
GC Roberts	**200**	**200**	**200**	**20**	**36**	**656**
Prior year	180	90	180	18	36	504
Totals	**1,050**	**1,050**	**1,050**	**87**	**153**	**3,390**
Prior year totals	1,020	510	1,020	85	139	2,774

1. See additional details for variable pay element of remuneration below
2. Taxable benefits consisted of the cost of providing a Company car (or car allowance), private medical insurance and critical illness cover
3. Mark Belton, Clare Foster, Geoff Budd and Glenda Roberts are members of the Company's non-contributory pension plan (2016: Mark Belton, Clare Foster, Geoff Budd and Glenda Roberts). This is an HMRC approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of base salary. From 1 April 2016, the Executives were provided the option to take pension payments in the form of a cash allowance, after a deduction for Employer's National Insurance
4. Malcolm Diamond has transitioned from Executive Chairman to Non- Executive Chairman as of 1 April 2017
5. All prior year figures for Mark Belton reflect his position as Group FD during the first half of the 2016 financial year and Group CEO thereafter
6. All prior year figures for Clare Foster reflect her appointment to the Board on 1 October 2015 as Group CFO

Additional details for variable pay element of remuneration: annual bonus and deferred equity awards

A portion of the annual bonus for the year ended 31 March 2017 will be paid in cash following the publication of the annual results and the remainder deferred in equity for three years. In accordance with the existing Directors' remuneration Policy, all five Executive Directors have been awarded a cash bonus and deferred equity bonus as a percentage of base salary of 100% and 100% (2016: 50% and 100%). This is equivalent to 100% of the maximum annual bonus opportunity.

The performance targets, actual performance achievement and resulting annual bonus as a percentage of the base salaries of the Executive Directors are summarised below for the year ended 31 March 2017. It should be noted that in relation to EPS, when assessing performance for the deferred equity element of the bonus scheme, to align with the new proposed Policy, the Committee ignored the unexpected EPS FX gain of 1.5 pence from currency movements following BREXIT. The maximum performance target for deferred equity was still achieved.

Performance measure	Weighting	Threshold performance target	Maximum cash performance target*	Maximum deferred equity performance target*	Actual EPS	Actual EPS excluding FX gain	Bonus achieved^ Cash	Deferred
Group EPS†	100%	10.8p	12.2p	11.2p	12.8p	11.3p	100%	100%

* Maximum performance EPS is stated after the deduction of any incremental bonus payments
^ As percentage of salary
† Underlying diluted EPS (see note 25)

In the year under review, the Group's ROCE was 19.9% which was in excess of the underpin of 12% (WACC +2%). In addition, the Committee determined that all personal performance measures were met in the year such that no reduction to the formulaic outcome of the cash bonus and deferred equity awards was required.

The personal performance measures across the Executive team for the year ended 31 March 2017 included the following – establishment of a Spanish operation; increased co-operation across our manufacturing sites; better consideration of strategic risks and distribution of equity to key management below the board.

DIRECTORS' REMUNERATION REPORT

The Committee is satisfied that individual performance outcomes for the Executive team appropriately reflected overall company performance in the year and given the level of performance against the corporate goals that individual performance outcomes were acceptable.

The Committee did not exercise discretion during the year.

The number of shares needed to award the face value of the deferred equity bonus is based on the average share price from 1 January to 31 March. In 2017 this was 499,900 shares and 210p (2016: 868,186 shares and 117p).

2) Non-Executive Director single figure for remuneration

	Core fee £000	Chairing of Audit or Rem Committee £000	Committee membership £000	Senior Independent Director £000	Total £000
NW Warner	**40**	**5**	**5**	**5**	**55**
Prior year[1]	32	4	4	4	44
JPD Shearman	**40**	**5**	**5**	**–**	**50**
Prior year	40	5	5	–	50
SW Mac Meekin	**40**	**–**	**5**	**–**	**45**
Prior year	40	–	5	–	45
NS Chapman – retired 16 June 2016	**–**	**–**	**–**	**–**	**–**
Prior year	19	2	2	2	25
Totals	**120**	**10**	**15**	**5**	**150**
Prior year totals	131	11	16	6	164

1. All prior year figures for Neil Warner reflect his appointment to the Board on 16 June 2015 as a Non-Executive Director

3) Payments to past Directors and for loss of office

As set out in the 2016 annual report on remuneration, contractual payments were made to JC Barker until 30 June 2016. These payments were provided in relation to a consulting service agreement and made after his retirement from the Board and amounted to £67,000 (2016: £134,000). Further, as reported last year 624,465 shares vested, subject to a two year clawback period on 30 June 2016. The value of these shares as at 30 June 2016 was £861,762.

4) Statement of Directors' shareholdings

	Shareholding Requirement[1]	Current beneficial holding[2]	Deferred shares without performance measures	Current shares which count toward shareholding requirements[3]	Unvested SAYE options	**Total of all interests at 31 March 2017**	**Shareholding requirement met?**
Executive Directors							
Malcolm Diamond	250,000	1,053,800	692,253	1,746,053	16,982	**1,763,035**	**Yes**
Mark Belton	250,000	268,000	712,646	980,646	16,822	**997,468**	**Yes**
Clare Foster	250,000	—	180,335	180,335	16,822	**197,157**	**No**
Geoff Budd	250,000	232,264	643,266	875,530	—	**875,530**	**Yes**
Glenda Roberts	250,000	150,000	594,278	744,278	17,571	**761,849**	**Yes**
Non-Executive Directors							
Neil Warner	N/A	22,750	N/A	22,750	N/A	**22,750**	**N/A**
Jonathan Shearman	N/A	N/A	N/A	N/A	N/A	**N/A**	**N/A**
Scott Mac Meekin	N/A	N/A	N/A	N/A	N/A	**N/A**	**N/A**

1. By 31 March 2019
2. Including options exercised in the year
3. Total of current beneficial holding and deferred equity awards subject to continued employment only

Deferred equity bonus shares:

	2014		2015		2016		**2017**		**Total**	
Name	**Number of shares**	**Face value (£)**	**Number of shares**	**Face value (£)**	**Number of shares**	**Face value (£)**	**Number of shares**	**Face value (£)**	**Number of shares**	**Face value (£)**
Malcolm Diamond	234,568	190,000	192,233	200,000	170,233	200,000	**95,219**	**200,000**	**692,253**	**790,000**
Mark Belton	209,877	170,000	192,233	200,000	191,512	225,000	**119,024**	**250,000**	**712,646**	**845,000**
Clare Foster[1]	—	—	—	—	85,116	100,000	**95,219**	**200,000**	**180,335**	**300,000**
Geoff Budd	203,704	165,000	182,622	190,000	161,721	190,000	**95,219**	**200,000**	**643,266**	**745,000**
Glenda Roberts	172,840	140,000	173,010	180,000	153,209	180,000	**95,219**	**200,000**	**594,278**	**700,000**

* Outside of the malus and clawback noted in our existing Executive Director remuneration Policy, the deferred equity bonus shares have no further performance measures attached once awarded. A service condition of three years, with a good leaver clause applying

1. appointed 1 October 2015

Historic long term incentive awards

The options that were agreed with shareholders and granted on the change of management in 2009, requiring a three month average share price greater than 51p, combined with a ROCE in excess of 10%, vested during the year ended 31 March 2013. None of the options granted to the Board remain outstanding at 31 March 2017 (2016: 2,000,000).

2009 share options:

Name	Outstanding at 1 April 2016	Options exercised^	**Outstanding at 31 March 2017**
Executive Directors			
Malcolm Diamond	1,000,000	(1,000,000)	**–**

^ Excluding SAYE plans (see previous table)

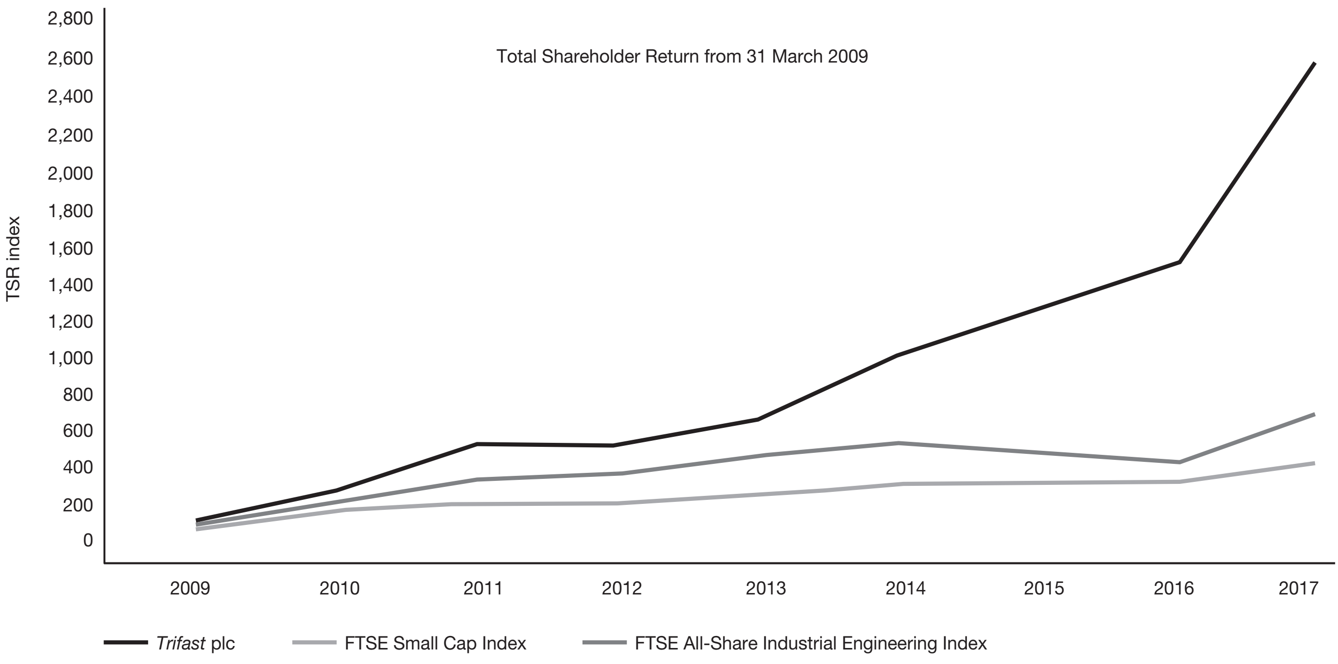
No other Executive or Non-Executive Directors have outstanding options under the 2009 share option scheme.

The aggregate gains made on exercising share options in the year totalled £2,030,000 (2016: £nil).

There have been no changes in the interests of any Directors between 31 March 2017 and 13 June 2017.

Annual report on remuneration — Unaudited information
5) Performance graph

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



DIRECTORS' REMUNERATION REPORT

6) Performance and pay

The table below shows the single figure remuneration and levels of bonus and equity payouts for the Group CEO during the past eight years:

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

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

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

7) Percentage change in CEO remuneration

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

		2017 £000	2016 £000	Change
Group CEO*	Salary	**250**	250	0%
Mark Belton	Taxable benefits	**14**	16	-13%
	Annual bonus — cash	**250**	125	100%
	Annual bonus — deferred	**250**	250	0%
UK employees	Salary	**10,565**	10,036	5.3%
	Taxable benefits	**457**	362	26.2%
	Annual bonus	**1,058**	918	15.3%

* The calculation for 2016 reflects the change in Group CEO as follows: Jim Barker – 1 April 2015 to 30 September 2015 and Mark Belton – 1 October 2015 to 31 March 2016

8) Relative importance of spend on pay

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

	Disbursements from profit during year to 31 March 2017	Disbursements from profit during year to 31 March 2016	Change
Dividend distributions	**£3.31m**	**£2.44m**	35.7%
Group spend on pay (including Directors)	**£26.00m**	**£23.74m**	9.5%
Other payroll costs (including bonus)	**£9.48m**	**£7.78m**	21.9%

9) Implementation of proposed Policy for the financial year ending 31 March 2018

The remuneration Policy's implementation (proposed and subject to shareholder approval at the 2017 AGM) for the forthcoming year is summarised as follows:

Element	Policy	
Structure	The main elements of Director remuneration are:	
	Base salaries/total fees effective 1 April 2017 are as follows:	
	Mark Belton (Chief Executive Officer)	— £300,000
	Clare Foster (Chief Financial Officer)	— £230,000
	Geoff Budd (Commercial Director & European Managing Director)	— £210,000
	Glenda Roberts (Group Sales Director)	— £210,000
	Malcolm Diamond (Non-Executive Chairman)	— £150,000
	Neil Warner (Non-Executive Director)	— £60,000
	Jonathan Shearman (Non-Executive Director)	— £55,000
	Scott Mac Meekin (Non-Executive Director)	— £50,000

Element	Policy

Structure

Annual bonus:

- Maximum opportunity: 125% of base salary for each of the Executive Directors. Any bonus award above 100% of base salary will be deferred into *Trifast* shares for three years
- Performance measures: 75% of maximum bonus opportunity will be based on organic EPS growth, and 25% of maximum bonus opportunity based on a range of Strategic and Operational measures
- 40% of the Strategic and Operational measures will be linked to a minimum ROCE target
- A financial underpin will apply such that in order for a payment under the Strategic and Operational element the Company will need to achieve at least the threshold level of organic EPS growth set out below
- The organic underlying diluted EPS growth targets will be as follows:
  - 5% organic EPS growth for threshold payout
  - 7.5% organic EPS growth for target payout
  - 10% organic EPS growth for maximum payout
  - Straight-line in between these performance levels
- In relation to organic EPS growth, the impact of current and previous year acquisitions and share buybacks will be excluded from the calculation of EPS when determining performance outcomes
- The Committee has established four Strategic and Operational measures for FY2018. Details are included below. Full disclosure of the measures, the targets and their achievement will be provided in the FY2018 Directors remuneration report:
  - ROCE: minimum of 15%
  - Growth strategy: establish fully functional acquisition team
  - Customer satisfaction: commercially sensitive
  - Risk mitigation: commercially sensitive

The table below sets out the percentage of the overall maximum bonus payable at each performance level.

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

Long term incentive plan

- Annual award of 150% of base salary for each of the Executive Directors
- Performance measures: 70% of opportunity will be based on Underlying diluted Earnings Per Share growth, and 30% of opportunity based on a relative TSR versus the FTSE Small Cap Index (excluding investment trusts)
- The performance targets will be as follows:

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

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

- The Remuneration Committee wishes to ensure a fair approach when assessing the impact of unexpected FX movements (translation) as a result of Brexit for LTIP awards granted in the financial year ending 31 March 2018
- As a result, the Committee will offset the financial year ended 31 March 2017 EPS FX gain of 1.5 pence through a reduction of the base year EPS to the extent to which these gains have reversed over the performance period

Pension and Benefits

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

Non-Executive Director fees effective 1 April 2017 are based on a maximum of the following benchmarking guidance:

- Base fee: £42,000
- SID fee: £6,000
- Audit / Remuneration Committee Chair: £8,000
- Audit / Remuneration Committee member: £5,000

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

DIRECTORS' REMUNERATION REPORT

10) Functioning of Remuneration Committee

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

To fulfil our role, the Committee undertook a review of the Company's remuneration Policy ('Policy') during the year and consulted with shareholders on proposed changes to the current Policy.

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

Alongside numerous conference calls and meetings with advisors, the Committee had three formal meetings during the year. All members of the Committee attended each of these meetings. On most occasions, the Executive Chairman, CEO and CFO were invited to attend to ensure the Committee was in possession of all the relevant facts. During these meetings the Committee initially confirmed the final remuneration outcome for the year to 31 March 2016, considered any appropriate changes and targets for the year to 31 March 2017 and then the structure of the newly proposed Policy, including reflecting on shareholder feedback.

During the year the Committee received independent advice from PwC in relation to the remuneration Policy review. The fees paid by the Company to PwC for services to the Committee during the financial year was £38,950 (excl. VAT). The Group also retains PwC with regard to taxation services and consulting services in the ordinary course of business of *Trifast*. The Committee believes that this does not create a conflict of interest and the advice they receive is independent and objective. PwC is a signatory to the Remuneration Consultants' Code of Conduct which requires its advice to be objective and impartial.

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

	Attendance in 2016/2017
Jonathan Shearman (Chairman)	3
Neil Warner	3
Scott Mac Meekin	3

Effective 1 April 2017 and in line with the Committee's Terms of Reference, Malcolm Diamond was appointed a member of the Committee.

11) Statement of AGM voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. The Committee acknowledges that a number of shareholders voted against the current Policy given its focus on the short-term. We take shareholder feedback seriously and the changes to our remuneration Policy have been designed to reflect these views.

The Committee also consulted, more recently, with its major shareholders regarding the introduction of a new Policy. Those shareholders will note that we have responded to many of the issues raised during the consultation and made changes which are highlighted in this Report. We are grateful for the time shareholders have taken to review and comment on the Policy and we will continue to engage with our shareholders on remuneration matters and take account of those views.

The table below shows the actual voting on the 2016 remuneration report at the AGM held on 27 July 2016:

	Votes for	**%**	**Votes against**	**%**	**Votes withheld**
2016 remuneration report	75,225,941	98.4	1,183,970	1.6%	3,194

The following table sets out actual voting in respect of the approval of the 2015 remuneration Policy at the AGM held on 16 September 2015:

	Votes for	**%**	**Votes against**	**%**	**Votes withheld**
2015 remuneration Policy	53,684,927	80.2	13,288,674	19.8	1,828,689

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

Jonathan Shearman
Chairman of the Remuneration Committee
12 June 2017