

## GOVERNANCE

# DIRECTORS' REMUNERATION REPORT

The following disclosures are made to support the Board's goals of working towards best practice governance standards as an AIM company and to promote transparency about how our Directors are rewarded.

## The Nomination and Remuneration Committee

The Board has delegated certain responsibilities for executive remuneration to the Nomination and Remuneration Committee. Details of the Nomination and Remuneration Committee, its remit and activities are set out on page 42.

The Nomination and Remuneration Committee is, among other things, responsible for setting the remuneration policy for Executive Directors and the Chairman and recommending and monitoring the level and structure of remuneration for senior management.

## Remuneration policy

In formulating remuneration policy for the Executive Directors the Nomination and Remuneration Committee considers a number of factors designed to:

- Have regard to the Director's experience and the nature and complexity of their work in order to pay a competitive salary, in line with comparable companies, that attracts and retains Directors of the highest quality
- Reflect the Director's personal performance as scored against quantifiable targets
- Link individual remuneration packages particularly equity awards, to the Group's long-term performance and continued success of the Group through the award of annual bonuses and share-based incentive schemes

The objective of the remuneration policy is to promote the long-term success of the Company, having regard to the views of shareholders and stakeholders.

## Executive Directors

Current components of the Executive Directors remuneration are base salary, annual bonus and share-based incentive schemes.

### Base salary

Base salary is reviewed annually by the Remuneration Committee. There was no increase in salary for 2017 or 2018.

### Annual bonus

The Remuneration Committee has agreed performance conditions for the annual bonuses of the Executive Directors based on the achievement of certain financial and operational KPIs. Each Executive Directors has performance conditions relating to the profitable growth of the Group and the increase in volume of invoices processed by Tungsten Network. Each Executive Director has additional performance conditions relevant to their own areas of responsibility.

### Other benefits

A range of benefits may be provided including private medical insurance, life assurance, long-term disability insurance, general employee benefits and travel and related expenses. The Nomination and Remuneration Committee also retains the discretion to offer additional benefits as appropriate, such as assistance with relocation, tax equalisation and overseas tax advisory fees.

### Service agreements and termination payments

Details of the Executive Directors' service agreements are set out below.

Director	Date of contract	Unexpired term	Notice period by Company	Notice period by Director
Richard Hurwitz	1 January 2016	Rolling contract	6 months	6 months
David Williams	17 March 2015	Rolling contract	12 months	6 months

Richard Hurwitz's executive service agreement provides that in the event that either (i) the Company terminates his service contract without cause, or (ii) he resigns within six months of a change of control, he will be entitled to receive 18 months' salary and bonus.

The Executive Directors may be put on gardening leave during their notice period, and the Company can elect to terminate their employment by making a payment in lieu of notice of up to the applicable notice period.

### Employees' pay

Employees' pay and conditions across the Group are considered when reviewing remuneration policy for Executive Directors.

### Non-Executive Directors

The remuneration payable to Non-Executive Directors (other than the Chairman) is decided by the Chairman and Executive Directors.

Fees are designed to ensure the Company attracts and retains high calibre individuals. They are reviewed on an annual basis and account is taken of the level of fees paid by other companies of a similar size and complexity. Non-Executive Directors do not participate in any annual bonus, share options or pension arrangements. The Company repays the reasonable expenses that Non-Executive Directors incur in carrying out their duties as Directors.

### Terms of appointment

The terms of appointment for the Non-Executive Directors are shown below.

Director	Date of letter of appointment	Term	Notice
David Benello	24 September 2015	12 months	N/A
Peter Kiernan	16 October 2014	12 months	N/A
Nick Parker	13 May 2015	12 months	N/A
Ian Wheeler	24 September 2015	12 months	N/A

### Annual remuneration report

The annual remuneration report sets out details of Directors' remuneration payments during the year and information in respect of share awards and Directors' shareholdings.

### Directors' remuneration table

Director	Base salary £'000	Annual performance bonus <sup>1</sup> £'000	Pensions £'000	Benefits in kind £'000	Expatriate costs £'000	Total FY2018 £'000	Total FY2017 £'000
<b>Executive Directors</b>							
Richard Hurwitz <sup>2</sup>	411	418	41	15	404	<b>1,289</b>	945
David Williams	210	60	19	2	-	<b>291</b>	236
<b>Non-Executive Directors</b>							
David Benello <sup>3</sup>	65	-	-	-	-	<b>65</b>	60
Peter Kiernan	80	-	-	-	-	<b>80</b>	80
Nick Parker	100	-	-	-	-	<b>100</b>	138
Ian Wheeler <sup>3</sup>	65	-	-	-	-	<b>65</b>	60
Danny Truell	15	-	-	-	-	<b>15</b>	60

#### Notes:

1 Bonuses paid in FY18 relates to performance in FY17. Bonuses for FY18 performance will be paid in FY19.

2 Remuneration consists of:

a. Base salary: \$550,000, translated to £411,000 in FY18 (£424,000 in FY17)

b. Annual performance bonus of up to 100% of base salary: £418,000 in FY18 (£339,000 in FY17)

c. Pension contribution at 10% of base salary: £41,000 in FY18 (£43,000 in FY17)

d. Benefits in kind: Health care, £15,000 in FY18 (£16,000 in FY17); and

e. Expatriate costs: £404,000 in FY18 (£123,000 in FY17). FY18 expatriate costs comprise accommodation, flights and travel and tax equalisation costs. Tax equalisation costs for the period were £312,000 and were higher in FY18 than in previous years due to timing of tax payments on share award made in January 2016. In addition, a significant element of this amount will be recovered in future tax periods. Accordingly, equalisation costs will reduce for FY19 and subsequent years.

3 Annual fee of £60,000 unchanged from FY17 to FY18. £65,000 received in FY18 due to the timing of payments in the year.

### Share option schemes (audited)

Awards held as at Director	Number of options held as at 1 May 2017	Awards granted during the year	Date of grant	Option price	Awards exercised during the year	Balance as at 30 April 2018	Vesting and exercise period
Rick Hurwitz	1,190,000	400,000	3 August 2017	58.6p	Nil	1,590,000	See below
David Williams	430,000	200,000	3 August 2017	58.6p	Nil	630,000	See below

The Company's UK Scheme and US Plan, further described on page 76 provides recipients with the ability to purchase vested options at the option grant price.

Each option grant vests in four tranches over four years from date of grant and is exercisable for ten years from date of grant.

Share options are awarded in recognition of performance over the financial year under assessment.

## GOVERNANCE

**DIRECTORS' REMUNERATION REPORT CONT.****Directors' interests in the share capital of the Company (audited)**

Director	Number of ordinary shares held on 1 May 2017	Acquired/disposed during the year	Number of ordinary shares held on 30 April 2018	Percentage of issued share capital in issue on 30 April 2018
<b>Executive Directors</b>				
Richard Hurwitz	714,000	–	714,000	0.57%
David Williams <sup>1</sup>	103,200	–	103,200	0.08%
<b>Non-Executive Directors</b>				
David Benello <sup>2</sup>	250,000	–	250,000	0.2%
Nick Parker <sup>2</sup>	800,000	–	800,000	0.63%
Peter Kiernan	194,699	–	194,699	0.15%
Danny Truell	1,247,802	–	1,247,802	0.99%
Ian Wheeler	–	–	–	–

<sup>1</sup> Represents 3,200 shares held by his son and 100,000 shares held in his SIPP.

<sup>2</sup> Shares held in respective SIPPs.

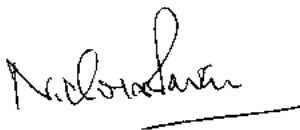
**LTIP**

Pursuant to the LTIP, in FY2013 Peter Kiernan, along with certain former Directors and other individuals, acquired interests in the B Ordinary shares (the 'LTIP Shares') and C Ordinary shares (the 'LTIP Securities') of Tungsten Corporation Guernsey Limited, a subsidiary of the Company.

The LTIP Shares were all exchanged into Ordinary shares of the Company as part of the admission process.

The LTIP Securities are exchangeable into Ordinary shares of the Company once the price per Ordinary share of the Company has reached (for any 20 trading days out of 30 successive trading days, the last of such days falling not less than five and not more than 10 years following admission) a closing price equal to the price resulting from applying an equivalent of a compound rate of return from the date of the admission to the adjusted issue price equal to 8.25% per annum accrued daily and compounded quarterly.

Director	Number of shares held as at 1 May 2017	Acquired/ (disposed) during the year	Number of shares held as at 30 April 2018
David Benello	–	–	–
Richard Hurwitz	–	–	–
Peter Kiernan	72,915	–	72,915
Nick Parker	–	–	–
Ian Wheeler	–	–	–
David Williams	–	–	–
Danny Truell	526,400	–	526,400


**Nick Parker**

Chairman of the Nomination and Remuneration Committees

23 July 2018