

Remuneration and Nomination Committee Report



Richard Cherry
Chairman, Remuneration and Nomination Committee

I am pleased to present the Remuneration and Nomination Committee (“the Committee”) report for 2017 which provides a summary of the activities carried out by the Committee during the period under review. The primary objective of the Committee is to:

- determine and agree with the Board of Directors the remuneration policy for the Executive Directors and senior management of the Company;
- within the terms of such agreed policy, determine the individual remuneration package for the Executive Directors;
- monitor the structures and levels of remuneration for other senior executives and make recommendations if appropriate; and
- to review the composition of the Board and to plan for its progressive refreshing with regard to balance and structure as well as succession planning.

Following the Company’s IPO in October 2017, the Committee reviewed and approved a comprehensive remuneration policy as laid out in this report. In fulfilling its primary objectives, the Committee has developed appropriate annual and long term incentive arrangements as part of its remuneration policy.

The remuneration policy is intended to attract, retain and motivate executive management of the

quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. In developing the remuneration policy, the Committee has regard to the risk appetite of the Company and alignment to the Company’s long term strategic goals.

The full terms of reference were reviewed in connection with the IPO process and approved in November 2017. For further information please see Glenveagh’s website for the Committee Terms of Reference.

It is our intention to operate in line with the approved remuneration policy. We welcome and will consider any shareholder feedback on the remuneration policy and Annual Remuneration Report for 2017.

Richard Cherry
Chairman,
Remuneration and Nomination Committee

Committee Composition

The Committee comprises three Independent Non-Executive Directors; Richard Cherry (Chairman), Robert Dix and Lady Barbara Judge. The biographies of these Directors can be found on pages 77 and 78.

The Board believes that Committee members offer a balanced suite of expertise, meeting the specific requirements of this Committee. This vast array of skills enables the Committee to carry out its duties and responsibilities as detailed in the Committee Terms of Reference.

Roles and Responsibilities

The Committee was put in place to assist the Board in fulfilling its obligations laid out in the Committee Terms of Reference. The Terms of Reference will be reviewed annually and amended in line with organisational changes to ensure they are fit for purpose.

The principal responsibilities and duties of the Committee include:

- Assessing the effectiveness and performance of the Board and each of its Committees including consideration of the balance of skills, experience, independence and knowledge of the Company on the Board, its diversity, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness;
- Where necessary, making recommendations to the Board based on the above considerations;

- Considering succession planning for Directors and members of senior management, including the identification and assessment of potential Board candidates, and making recommendations to the Board for its approval;
- Preparing job specifications for the appointment of a Chairman; Senior Independent Non-Executive Director; and other Non-Executive Directors;
- Have responsibility for setting the remuneration policy for all Executive Directors including pension rights and any other compensation payments;
- Recommend and monitor the level and structure of remuneration for other senior management;
- Review the ongoing appropriateness and relevance of the remuneration policy, taking into account all factors which it deems necessary, including the risk appetite of the Company and alignment to the Company’s long strategic term goals;
- Review the total individual remuneration package of each Executive Director, the Company Chairman and other designated senior executives including any bonuses, incentive payments and share options or other share awards; and
- Oversee any major changes in employee benefits structures throughout the Company or Group.

These responsibilities are performed in conjunction with the Executive Committee, and particularly the Chief People Officer (“CPO”).

The Board believes that Committee members offer a balanced suite of expertise, meeting the specific requirements of this Committee.



Board Nomination Activities

The Board, in its current composition, was established shortly after the Company's successful IPO in October 2017 to perform the responsibilities outlined above. In 2018, the Committee will focus on putting in place a Board performance evaluation process and, as part of this evaluation, assess the balance of skills and experience provided by the Board in its current composition. The Committee will be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise. No Board performance evaluation was performed in 2017 given the recent IPO and short financial period.

At present, the Committee is satisfied that the Board provides the appropriate balance of skills and experience to meet the current needs of the Company.

Reporting

The Chairman of the Committee reports to the Board on the activities of the Committee. The Chairman of the Committee will attend the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Meetings

The Committee met once during the period ended 31 December 2017. All Committee members were in attendance at this meeting with the exception of Lady Barbara Judge. Special attendees including the CEO, CFO and external advisers were invited to attend all or part of this Committee meeting as deemed appropriate and necessary by the Committee Chairman.

External Advisers

During the period under review, the Committee obtained independent advice from external remuneration consultants, Mercer, in relation to market trends, comparator benchmarking, developments in remuneration policies and practice and governance best practice. Mercer also advised the Committee on the drafting of the proposed new long-term incentive plan ("LTIP"), and the selection of an appropriate comparator peer group in relation thereto. Mercer are members of the Remuneration Consultants Group and signatories to its Code of Conduct, and all advice is provided in accordance with this code.

Remuneration Policy

The following table outlines the key details of the Executive Directors' remuneration policy. In designing this remuneration policy, the objective of the Committee is to continue to attract, retain and motivate executive management of the quality required to run the Company successfully, having regard to views of shareholders and other stakeholders. The Committee is satisfied that the remuneration framework is in alignment with the Company's risk appetite and its long term strategic goals.

Element	Operation	Maximum Opportunity						
Base Salary								
To attract and retain high calibre individuals	<p>Base salaries are reviewed by the Committee annually in the last quarter of the year with any adjustments to take effect from 1 January of the following year.</p> <p>Factors taken into account in the review include the individual's role and level of responsibility, personal performance and general developments in pay in the market generally and across the Company.</p> <p>Base salary for Executive Directors is inclusive of fees receivable by the Executive as a Director of the Company.</p>	<p>There are no prescribed maximum salaries or maximum increases. Increases will normally reflect increases across the Company and in the market generally. However, increases may be higher or lower to reflect certain circumstances such as changes in responsibility or in the case of newly appointed individuals to progressively align salary with market norms. In line with good practice, market movements will not be considered in isolation but in conjunction with other factors.</p>						
Benefits								
To be competitive with the market	In addition to their base salaries, Executive Directors' benefits include life and health insurance and a car allowance in line with typical market practice.	No maximum levels are prescribed as benefits will be related to each individual's circumstances.						
Annual Bonus								
To reward the achievement of annual performance targets	Individuals will receive annual cash bonus awards based on the achievement of financial and non-financial targets agreed prior to the start of each financial year. Threshold levels will be set for minimum and maximum awards with pro-rata payments between the two points made based on relative achievement levels against agreed targets.	<p>The maximum award for Executive Directors as a percentage of base salary is as follows:</p> <table border="1"> <tr> <td>Executive Chairman</td> <td>75%</td> </tr> <tr> <td>CEO</td> <td>100%</td> </tr> <tr> <td>COO</td> <td>100%</td> </tr> </table> <p>Annual bonus awards will be based 60% on financial KPIs and 40% on non-financial KPIs.</p> <p>The financial KPIs will ensure that employees are aligned with shareholders' interests and the parameters that the Company will be assessed on by the market in the long-term. The financial KPI targets will be set annually based on the budget and strategic plan process carried out in Q3/Q4 every year.</p>	Executive Chairman	75%	CEO	100%	COO	100%
Executive Chairman	75%							
CEO	100%							
COO	100%							

Element	Operation	Maximum Opportunity						
Annual Bonus (continued)								
To reward the achievement of annual performance targets	The Committee retains discretion to adjust any award to reflect the underlying financial position of the Company and to agree awards outside of the above framework in respect of recent joiners and leavers.							
Founder Share Scheme								
To incentivise the three founders of Glenveagh to grow the business through initial five-year period	In lieu of a long-term incentive plan, Executive Directors (the Company's founding shareholders) are entitled to participate in the Founder Share Scheme. If predetermined targets are met, the Scheme will reward the Founders through an allotment of ordinary shares or a cash equivalent. The scheme will run over five years from 2018 to 2022. Performance will be assessed separately over five separate Test Periods, with shares vesting based on performance in that Test Period. The Test Period is from 1 March to 30 June each year. Vesting of awards is subject to a performance condition. In order for awards to vest, for a period of 15 or more consecutive business days during the Test Period, the Closing Share Price must exceed the Adjusted Issue Price ¹ by 12.5%. This percentage increase is to be on a compound basis. If the performance condition is satisfied, the founders are entitled to convert Founder Shares into such number of ordinary shares which, at the Highest Average Closing Price of an ordinary share during the Test Period, have an aggregate value equal to the Founder Share Value.	200,000,000 Founder Shares are held by the Company's three founding shareholders as follows: <table border="1"> <tr> <td>John Mulcahy</td> <td>20,000,000</td> </tr> <tr> <td>Justin Bickle*</td> <td>90,000,000</td> </tr> <tr> <td>Stephen Garvey</td> <td>90,000,000</td> </tr> </table> *Beneficially held by Durrow Ventures	John Mulcahy	20,000,000	Justin Bickle*	90,000,000	Stephen Garvey	90,000,000
John Mulcahy	20,000,000							
Justin Bickle*	90,000,000							
Stephen Garvey	90,000,000							

1. The Adjusted Issue Price is defined as the IPO Offer Price (€1) as adjusted to reflect any subsequent consolidation or subdivision of ordinary shares or any allotment of ordinary shares pursuant to a capitalisation of profits or reserves.

Element	Operation	Maximum Opportunity
Founder Share Scheme (continued)		
	The Founder Share Value shall be calculated as 20% of the TSR in the relevant period, being (i) the first time the performance condition is satisfied, the period from Admission to the Test Period in which the performance condition is first satisfied; and (ii) for subsequent Test Periods, the period from the end of the previous Test Period in respect of which Founder Shares were last converted or redeemed to the Test Period in which the performance condition is next satisfied.	
Retirement Benefits		
To attract and retain high calibre individuals and reward sustained contribution	The Company operates a defined contribution pension scheme for Executive Directors. Pension contributions are calculated on base salary only.	15% of base salary.

Policy for Leavers

Salary and Benefits

Payments are made only in respect of annual salary excluding benefits for the relevant notice period. The notice period for the Executive Directors is 6 months. In all cases, the notice period applies to both the Company and the Executive.

Annual Bonus

In order for annual bonus payments to be made, Executive Directors must be employed by the Company on the bonus payment date.

Founder Share Scheme

If one of the Founders ceases to be a Director or employee of the Company, he will retain his Founder Shares.

Remuneration Policy for Non-Executive Directors

Non-Executive Directors (NEDs) have letters of appointment which set out their duties and responsibilities. The appointments are initially for a three-year term but are terminable on one month's notice.

The NEDs each receive a fee which is set by the Committee and approved by the Board on advice from the independent professional advisors. The NEDs are paid a basic fee of €60,000 per annum with additional fees payable to the Senior Independent Non-Executive Director of €30,000 per annum. NEDs will receive an additional €15,000 for taking on Chairmanship of the Audit and Risk Committee and Remuneration and Nomination Committee.

Accordingly, the NED contracts detail the following annual fees:

NED	Role	Fee (€)
Lady Barbara Judge	Senior Independent Non-Executive Director	90,000
Robert Dix	Independent Non-Executive Director and Chairman, Audit & Risk Committee	75,000
Richard Cherry	Independent Non-Executive Director and Chairman, Remuneration & Nomination Committee	75,000
Caleb Kramer	Non-Executive Director	60,000

NEDs are not eligible to participate in any company pension plan. The Non-Executive Directors do not have service contracts and do not participate in any bonus or share option schemes.

Other Executive Committee Members Incentive Arrangement

Members of the Executive Committee that do not sit on the Board of Directors ("Other ExCO Members") (Shane Scully, MD Glenveagh Living, and Michael Rice, CFO in the period under review) are remunerated in line with the policy outlined above for Executive Directors (with the exception of the Founder Share Scheme) by way of a base salary, an annual cash bonus as well as health insurance and pension entitlements.

Other ExCo members also participate in the Company's LTIP. The LTIP, during the Company's initial development phase, grants Executives and other members of the management team options over a number of ordinary shares in the Company.

Participants are allocated options based on a percentage of their gross salary. The number of options is calculated based on that percentage of gross salary divided by the share price on the date of grant. LTIP awards are granted subject to performance conditions.

Options will vest based on the achievement of Total Shareholder Return ("TSR") targets as follows over a three-year vesting period:

- 25% of the options will vest based on 6.25% compound TSR growth per annum;
- The remaining options vest on a straight-line basis to a maximum of 100% when 12.5% compound TSR growth per annum is reached; and
- TSR growth performance will be assessed on a cumulative basis over the full vesting period.

The Committee plans to grant further awards in Q1 of 2019 following the release of the 2018 results. All LTIP awards granted going forward will be subject to a 3 year vesting period from grant date. Any vesting of awards is subject to Committee discretion that it is satisfied the Company's underlying performance has shown a sustained improvement in the period since the date of grant.

Annual Remuneration Report for 2017

The following table illustrates remuneration awarded to Directors for the period from IPO (13 October 2017) to 31 December 2017:

Name	Fees/Salary ⁽¹⁾	Benefits ⁽²⁾	Employer Pension Contribution ⁽³⁾	Total
John Mulcahy	€68,182	€4,205	-	€72,387
Justin Bickle	€102,273	€5,000	€5,114	€112,387
Stephen Garvey	€85,127	€4,205	€3,977	€93,309
Lady Barbara Judge	€19,726	-	-	€19,726
Robert Dix	€16,438	-	-	€16,438
Richard Cherry	€16,438	-	-	€16,438
Caleb Kramer	€13,151	-	-	€13,151
	€321,335	€13,410	€9,091	€343,836

1. Amounts reflect Directors' fees in respect of Non-Executive Directors and salaries in respect of Executive Directors
2. Benefits largely relate to car allowances provided to Executive Directors in accordance with their employment contracts.
3. Only Executive Directors are eligible to receive pension contributions. Non-Executive Directors do not receive pension contributions.
4. In addition to the above, a share-based payment expense of €47.5 million was recognised in the period in respect of the Founder Share scheme. Further detail is included in note 14 of the consolidated financial statements.

Base Salary

The salaries of the Executive Directors for the period from IPO to 31 December 2017 are set out above.

The Committee engaged independent consultants, Mercer, to carry out a benchmarking report on the Executives base salary levels and total remuneration packages. They selected similar sized companies from an industry peer group as well as other similar sized Irish plcs.

When determining the appropriate levels of remuneration, the Committee also considered the changes in scope and responsibilities of certain Executive Directors following the completion of the IPO in October 2017.

The base salaries of Executive Directors (as set out in the table on page 72) will remain unchanged for the 2018 financial year.

Annual Bonus

No annual bonus was paid to Executive Directors during the period under review.

Executive Directors' first annual bonus payments will be made in relation to performance over a 16-month period to 31 December 2018. A threshold level of achievement in respect of agreed financial and non-financial KPIs must be achieved before any level of bonus is payable. Targets will be set at a challenging level and where target performance levels have been met, Executive Directors will be eligible to receive between 50-70% of annual salary. In the event stretch performance is achieved, Executive Directors will be awarded maximum bonus entitlement (75% to 100%). Entitlements for Executive Directors are set out below.

Name	Role	Salary	Target – Max Annual Bonus
John Mulcahy	Executive Chairman	300,000	50 – 75%
Justin Bickle	CEO	450,000	70 - 100%
Stephen Garvey	COO	350,000	70 – 100%

Annual bonus payments for Executive Directors will be based 60% on financial KPIs and 40% on non-financial KPIs.

Long-term Incentives – Founder Share Scheme

In lieu of a long-term incentive scheme, Executive Directors (the Company's founding shareholders) are entitled to participate in the Founder Share Scheme. This scheme, set out in detail on pages 68 and 69 will be in operation for 2018 with the first Test Period running from 1 March 2018 to 30 June 2018.

In designing the remuneration policy, the objective of the Committee is to continue to attract, retain and motivate executive management of the quality required to run the Company successfully, having regard to views of shareholders and other stakeholders.

