BOARD OF DIRECTORS

DR PETER FELLNER
CHAIRMAN

JONATHAN GLENN
CHIEF EXECUTIVE OFFICER

PAUL HAYES
CHIEF FINANCIAL OFFICER

Dr Peter Fellner

Appointed to the Board

14 November 2005. Chairman since May 2009

Current Roles

Dr Fellner is currently Chairman of Vernalis plc, Ablynx nv and Mereo Biopharma Group plc

Committees

Peter is Chairman of the Nomination Committee.

Skills & Experience

Peter previously served as Chairman of Celltech Group plc from 2003 to July 2004, having been CEO from 1990 onwards. Before joining Celltech he was CEO of Roche UK from 1986 to 1990.

More recently he has been involved in a wide range of companies. These have included serving as Chairman of Optos plc from 2010 to 2015, until its acquisition by Nikon Corporation. He was also Chairman of Acambis plc from 2006, until its acquisition by Sanofi in 2008, and Chairman of Premier Research Group plc from 2007 to 2008, when it was acquired by a private-equity backed group. In addition, he was Vice Chairman of Astex Pharmaceuticals, Inc. from 2011 to 2013 when it was acquired by Otsuka. He was a Director of the global biopharmaceutical company UCB SA from 2005 to 2014, and also served as a Director of QinetiQ Group plc (2004-2009) and Evotec AG (2005-2011). He was a member of the Novo A/S Advisory Group from 2010 to 2016. He was a member of the Medical Research Council from 2000 to 2007.

In summary, Peter has many years' experience in the pharmaceutical and biotechnology industry including senior R&D, executive and non-executive appointments.

Jonathan Glenn

Appointed to the Board

11 September 2006. CEO since December 2007

Current Roles

Chief Executive Officer

Committees

Mr Glenn is a member of the Nomination Committee and the Corporate Responsibility Committee.

Skills & Experience

Jonathan was Group Finance Director of Consort Medical plc from September 2006 to December 2007 until he took up the position of Chief Executive Officer in December 2007. Prior to joining Consort Medical plc, Jonathan was global Head of Finance at Celltech Group plc and later Chief Financial Officer of Akubio Ltd, a Cambridge-based developer of instrumentation for the life sciences industry. Jonathan joined Tissue Regenix Group plc as a non-executive director in January 2016 and is an investor director of Atlas Genetics Limited.

Jonathan is a member of the Institute of Chartered Accountants in England and Wales.

Paul Hayes

Appointed to the Board

1 May 2017

Current Role

Chief Financial Officer

Committees

Paul attends the Audit Committee at the invitation of the Chairman.

Skills & Experience

Paul was Group Finance Director of Vitec Group plc, between June 2011 and April 2017. Previously he was Group Financial Controller at Signet Jewelers Limited (formerly Signet Group plc) between 2007 and 2011. Prior to that he held a senior role at RHM plc from 2004 to 2007 through its flotation in 2005 and subsequent sale to Premier Foods plc. Paul was with Smiths Group plc for over ten years from 1993, including a number of divisional and operating company finance director roles.

He is a Chartered Accountant having qualified with Ernst & Young LLP, and has a first class Masters degree in Mechanical Engineering, Manufacture & Management.

IAN NICHOLSON
NON-EXECUTIVE DIRECTOR

Appointed to the Board
13 June 2012

Current Roles
Mr Nicholson is also Chief Executive Officer of F2G Ltd, a UK-based antifungal drug discovery and development company, Chairman of Bioventix plc, a diagnostics company, non-executive director of Clinigen Group plc, a specialty pharmaceuticals and services business, and also an Operating Partner at Advent Life Sciences LLP.

Committees
Ian is Chair of the Corporate Responsibility Committee and a member of the Nomination Committee.

Skills & Experience
From 2004 to 2012, Ian was Chief Executive of Chroma Therapeutics Limited, and from 2000 to 2004 Senior Vice President, Business Development at Celltech Group plc.

In addition to his Chief Executive experience, Ian has extensive experience in business development, licensing and mergers and acquisitions in the UK, Europe and the US.

DR WILLIAM JENKINS
NON-EXECUTIVE DIRECTOR

Appointed to the Board
6 May 2009. Senior Independent Director since 1 September 2011

Current Roles
Dr Jenkins is a non-executive director of Ablynx nv and Allecra Therapeutics GmbH. He is also a member of the Scientific Advisory board of BB Biotech Ventures and a member of the Strategic Advisory Board of Chiesi Farmaceutici SpA. He is principal of William Jenkins Pharma Consulting.

Committees
William is Chair of the Remuneration Committee and a member of the Nomination Committee.

Skills & Experience
Formerly head of Worldwide Clinical Development and Regulatory Affairs for Novartis Pharma AG and held similar positions with Ciba Geigy AG and Glaxo.

DR ANDREW HOSTY
NON-EXECUTIVE DIRECTOR

Appointed to the Board
14 July 2014

Current Roles
Dr Hosty is Chief Executive of the Sir Henry Royce Institute for Advanced Materials and non-executive Chairman of mOm Incubators Ltd.

Committees
Andrew is a member of the Audit, Remuneration and Nomination Committees.

Skills & Experience
From February 2013 until January 2016, Andrew was Chief Operating Officer at Morgan Advanced Materials plc. Before this, he held a number of senior positions within Morgan Advanced Materials plc, including as Chief Executive Officer of Morgan Ceramics and joined the Morgan Advanced Materials plc Board in July 2010. Previously he was a non-executive director of Fiberweb plc from 2012 to 2013 and President of the British Ceramics confederation from 2003 to 2005. He is a Fellow of the Royal Academy of Engineering.

CHARLOTTA GINMAN
NON-EXECUTIVE DIRECTOR

Appointed to the Board
11 February 2015

Current Roles
Ms Ginman is a non-executive director and Chairman of the Audit Committee for Motif Bio plc, Pacific Assets Trust and Polar Capital Technology Trust PLC. Furthermore, she is a non-executive director for Unicorn AIM VCT plc.

Committees
Charlotta is a member of the Audit and Nomination Committees.

Skills & Experience
Charlotta qualified as a Chartered Accountant at Ernst & Young before spending a career in investment banking and commercial organisations, principally in technology-related businesses. Charlotta began her career at Ernst & Young LLP, joining in 1989, and then held a series of senior roles in investment banking with UBS, Deutsche Bank and JP Morgan. Charlotta has also held senior roles within Nokia Corp. and Vertu Corp. Ltd.

Until 16 December 2015, Charlotta was a non-executive director at Kromek Group plc and was previously a non-executive director of Wolfson Microelectronics plc.

STEVE CRUMMETT
NON-EXECUTIVE DIRECTOR

Appointed to the Board
13 June 2012

Current Roles
Finance Director of Morgan Sindall Group plc

Committees
Mr Crummett is Chair of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Skills & Experience
Steve is a Chartered Accountant and was Group Finance Director of Filtrona plc (now Essentra plc) from 2008 to 2012 having previously held senior finance roles with a number of listed companies.

EXECUTIVE COMMITTEE

JONATHAN GLENN
CHIEF EXECUTIVE OFFICER

See biographical details on page 42

PAUL HAYES
CHIEF FINANCIAL OFFICER

See biographical details on page 42

JOHN ILETT
GROUP GENERAL COUNSEL AND COMPANY SECRETARY

Skills & Experience
Prior to joining Consort Medical plc, John was Lead Counsel – Europe at Synageva Biopharma Inc. From 2010 to 2015, he was General Counsel and Company Secretary of LGC Group Ltd (a scientific products and services business). Prior to this, he held senior legal roles at Biomarin Pharmaceutical, Inc., Cephalon, Inc., Oxford Glycosciences plc and British Biotech plc and also worked in private practice for several years at Stringer Saul (now Faskens). John is an investor director of Oxular Limited.

John is a qualified solicitor.

LISA KING
DIRECTOR OF HUMAN RESOURCES

Committee Membership
Member of the Corporate Responsibility Committee

Skills & Experience
Lisa was Vice President, Human Resources, UK and Ireland for UCB Pharma (previously Celltech plc) from 2000 to 2008 before being appointed Director of Group Human Resources at Consort Medical in August 2008. Prior to UCB, Lisa held HR roles at Prudential Assurance plc, Hughes Asia Pacific and Rothmans/British American Tobacco plc.

Lisa is a member of the Chartered Institute of Personnel and Development.

DR KEYVAN DJAMARANI
MANAGING DIRECTOR, BESPAK

Committee Membership
Member of the Corporate Responsibility Committee

Skills & Experience
Keyvan has over 15 years of experience at Consort Medical having previously held general management roles at Bespak Europe in the UK and Bespak Inc. in the US as well as a short appointment at Kings Systems Inc. prior to its disposal in 2013. Previously Keyvan held various project and production management roles at Unilever UK's Detergents & Household Products and Personal Products divisions.

DR MANJA BOERMAN
MANAGING DIRECTOR, AESICA

Committee Membership
Member of the Corporate Responsibility Committee

Skills & Experience
Prior to joining Aesica, Manja held a number of executive leadership positions as President of Patheon Biologics, President of DSM Biologics, CEO of Kiadis Pharma and CEO of Regenesance. She has also headed up the Biologics business for Charles Rivers Laboratories. Manja started her career at DSM and held multiple business development and licensing and technology roles with DSM Biologics. She has over 15 years' experience in the biotech and pharmaceutical industry and holds a PhD in Biochemistry from the State University of New York.

CORPORATE GOVERNANCE

Good governance is essential to the way Consort does business and in order to ensure effective, sound and transparent management we work hard to continually strengthen our corporate governance structure.

DR PETER FELLNER

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present Consort Medical's Corporate Governance Report for the year ended 30 April 2017.

MANAGING GOVERNANCE

As a Board, we are committed to high standards of corporate governance and believe that such standards are integral to the Group's success and form the basis for the delivery of long-term, sustainable shareholder value.

As previously stated, we continue to believe that strong governance is founded on the core values and behaviours which are expressed throughout the Group. In this regard, in March 2017, we held our first Group Senior Leadership Conference and employees with leadership roles from across the Group were invited to attend. A key focus of the Conference was on the Group values and how effectively they are embedded in the culture of the business. The discussions resulted in a number of recommendations to improve such embedding and the Group plans to take appropriate actions based on such recommendations moving forward.

LEADERSHIP

We have a strong and balanced Board with a range of skills and experience. There has been one change to the Board composition during the year as Richard Cotton stood down in December 2016 after four years' service as the Chief Financial Officer. We are delighted to confirm that, following our announcement of 25 November 2016, Paul Hayes has joined the Company as his replacement and brings with him the relevant financial and business experience to complement the existing Board members. Paul's biographical details can be found on page 42. Throughout the intervening period the Company has been assisted by David Tilston who has fulfilled the position of interim Chief Financial Officer.

BOARD EVALUATION AND EFFECTIVENESS

As Chairman, I am responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. During the current financial year we undertook an internal evaluation of the Board, its committees and individual directors. I am pleased to report that the overall outcome from the evaluation was that the Board and its individual directors are performing effectively and demonstrate commitment to their roles. The findings from this evaluation can be found on page 49.

2017 AGM

Our AGM will be held on 6 September 2017 at our registered office, and as always I look forward to meeting you and answering any questions that you may have.

DR. PETER FELLNER
CHAIRMAN

THE UK CORPORATE GOVERNANCE CODE

The Group is committed to practising good corporate governance of its affairs as part of its management of relationships with its shareholders and other stakeholders. The Group seeks to uphold and to report on compliance in accordance with best practice in corporate governance.

COMPLIANCE STATEMENT

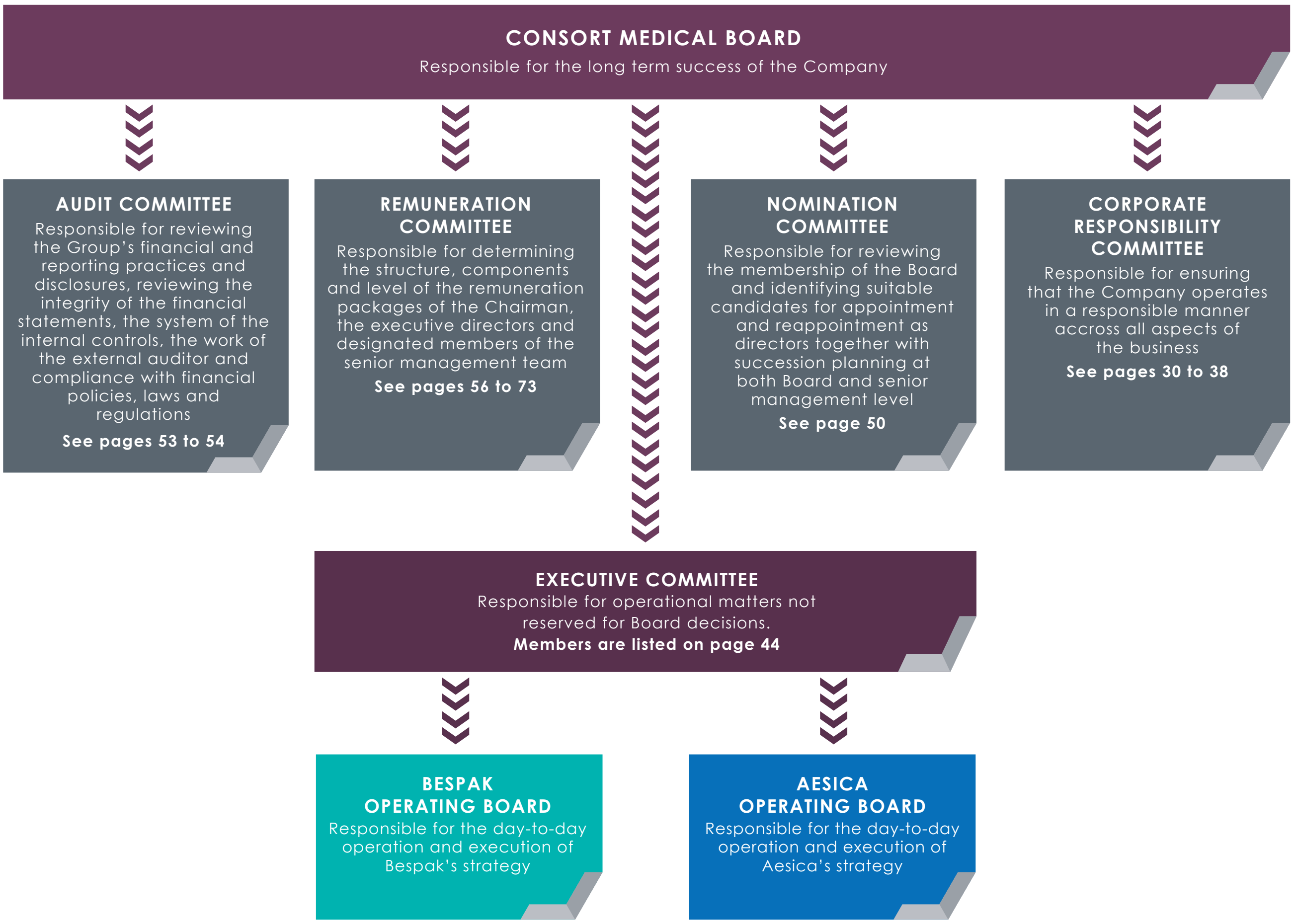
The directors are satisfied that the Group has complied with the principles and provisions set out in the UK Corporate Governance Code (the "Code") which was published in April 2016 (available from www.frc.org.uk) as updated and was compliant throughout the financial year under review.

The principles of the Code cover five areas: leadership, effectiveness, accountability, remuneration and relations with shareholders. With the exception of the directors' remuneration (which is dealt with separately under the Remuneration Report), the following sets out how the Board has applied the principles.

The Board is committed to establishing and maintaining high standards of corporate governance. Its policy is to appoint directors with appropriate skills who have sufficient time to carry out their duties adequately. The Board provides opportunities through site visits and regular access to senior management to permit directors to familiarise themselves with the Company and the markets in which it operates.

CORPORATE GOVERNANCE
CONTINUED

GOVERNANCE STRUCTURE



LEADERSHIP

The Role of the Board

The Board is responsible for the long-term success of the Company. Individual members of the Board have equal responsibility for the overall stewardship, management and performance of the Group and for the approval of its long-term objectives and strategic plans.

Division of Responsibilities

There is a clear division of responsibilities between the role of the Chairman and that of the Chief Executive and the roles are clearly set out in writing and regularly reviewed by the Board.

BOARD RESPONSIBILITIES

Role	Name	Responsibility
Chairman	**Dr Peter Fellner** Appointed Chairman on 1 May 2009	• Leadership of the Board • Setting the Board's agenda, style and tone of discussions • Ensuring the Board's effectiveness in all aspects of its role • Facilitating active engagement by all members • Participating in shareholder communications • Promoting high standards of corporate governance
Chief Executive	**Jonathan Glenn**	• Developing Group strategy for consideration and approval by the Board • Leading the senior management team in delivering the Group's strategic and day-to-day operational objectives • Leading and maintaining communications with all stakeholders
Non-executive directors	**Steve Crummett** **Charlotta Ginman** **Dr Andrew Hosty** **Ian Nicholson**	• Constructively challenging and contributing to the development of Group strategy • Monitoring the integrity of financial information, financial controls and systems of risk management to ensure they are robust • Reviewing the performance of executive management • Formulating executive director remuneration
Senior Independent Director	**Dr William Jenkins** Appointed Senior Independent Director on 1 September 2011	• Acting as an intermediary for other directors when necessary • Available to meet with shareholders and aid communication of shareholder concerns when normal channels of communication are inappropriate • Holding meetings with other non-executive directors without the Chairman present to appraise the Chairman's performance

THE NON-EXECUTIVE DIRECTORS

Independence

Each of the non-executive directors (other than Ian Nicholson, who acts as a consultant in addition to his role as a non-executive director but including Dr Peter Fellner, who has now served on the Board for 12 years) are free from any relationship with the executive management of the Company and are free from any business or other relationship that could affect or appear to affect the exercise of their independent judgement. The Board considers that all of the Company's non-executive directors including Dr Peter Fellner and Ian Nicholson are independent directors, in both character and judgement, in accordance with the recommendations of the Code.

The Chairman, Dr Peter Fellner, was considered independent on his appointment.

THE OPERATION OF THE BOARD

Reserved Matters and Delegated Authorities

The Board has the authority for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets. To achieve this, the Board reserves certain matters for its own determination including matters relating to:

- Group strategy
- approval of interim and annual financial results
- dividend policy
- major capital expenditure
- treasury policy
- risk management
- the effectiveness of the systems of internal control
- shareholder communications and
- amendments to the structure and capital of the Group

CORPORATE GOVERNANCE
CONTINUED

The full schedule of matters reserved to the Board is published on the Company's website.

The Board performs its responsibilities through an annual programme of meetings, and by continuous monitoring of the performance of the Group as a whole.

Matters considered by the Board in FY2017 include:

- health, safety and well-being
- reports from the Chief Executive and CFO on the Group's actual and forecasted operational and financial performance
- the annual budget
- annual and interim results
- the Defined Benefit Pension Scheme investment strategy
- Market Abuse Regulation compliance, including approval of new share dealing codes
- the Board Evaluation review
- renewal of the Group's insurance programme
- strategic plans
- strategic business opportunities
- senior executive recruitment
- review of the Group employee survey results and post survey actions planned by the Group
- revisions to the Group's whistleblowing policy
- dividend declarations and policy
- investor relations activities and
- appointments to the Board

The Board also delegates a number of its responsibilities to committees and management as described below.

BOARD MEETINGS AND ATTENDANCE

The Board has eight scheduled meetings per year, with other meetings convened for specific matters. The attendance of each of the directors, whether in person or by telephone, at the scheduled Board meetings, is shown below:

Name	Board meetings
P. Fellner[1]	8/8
W. Jenkins	8/8
C. Ginman[2]	7/8
S. Crummett	8/8
I. Nicholson	8/8
A. Hosty	8/8
J. Glenn	8/8
R. Cotton[3]	5/5

1 During the year, Dr Peter Fellner has attended all of the Board's meetings and continues to commit substantial time to fulfilling his role. His other significant commitments are listed in his biography on page 42.

2 Ms Ginman was unable to attend one meeting due to illness.

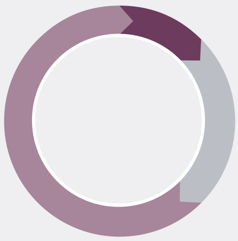
3 Mr Richard Cotton attended all meetings prior to his departure from the Company.

In addition, the Board held a Strategy meeting during the year attended by members of the Executive Committee and senior management team.

EFFECTIVENESS

The Board's Composition

As at 30 April 2017, the Board of the Company consisted of the non-executive Chairman, one executive director and five non-executive directors. From 1 May 2017, following the arrival of Paul Hayes, there are two executive directors. The profiles of the Board members are set out on pages 42 and 43. No individual or group of individuals dominates the Board's decision-making process. The non-executive directors occupy, or have occupied, senior positions in industry and together they constitute a valuable body of relevant industry experience and expertise.



Board Diversity

The Board believes in the importance of diversity (including but not limited to gender) and the benefits that it can bring to the operation of an effective Board. The female representation on the Board constitutes 12.5%.

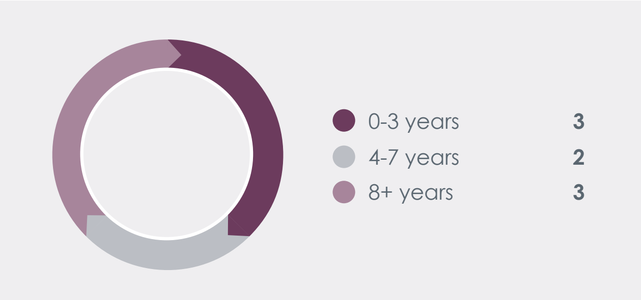
The Board does not have a formal diversity policy and believes that appointments should be made on merit, the principal consideration being whether or not the appointee can add or complement to the existing range of skills and experience on the Board.

Appointment of non-executive directors

Non-executive directors are appointed to the Board following a formal, rigorous and transparent process, involving external recruitment agencies, to select individuals who have a depth and breadth of relevant experience, thus ensuring that the selected candidates will be capable of making an effective and relevant contribution to the Board. The process for the appointment of non-executive directors is managed by the Nomination Committee, whose responsibilities are outlined on page 50.

Terms of Appointment and Time Commitment

All non-executive directors are appointed for an initial term of three years subject to satisfactory performance. After this time they may serve additional three year terms following review by the Board. All non-executive directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to attend all Board meetings and committee meetings of which they are members and any additional meetings as required. Further details of their terms and conditions are summarised in the Remuneration Report on pages 56 to 63 and the terms and conditions of appointment of the non-executive directors are available at the Company's registered office.



INDUCTION AND PROFESSIONAL DEVELOPMENT

Upon joining the Board, newly appointed directors receive a tailored induction comprising site visits, background information on the operation and activities of the Group, the role of the Board and its committees and those matters reserved for the Board's decision, and the latest financial information on the Group. Training and development needs of directors are reviewed regularly. The directors are kept apprised of developments in legal, regulatory and financial matters affecting the Group from the Chief Financial Officer, the Company Secretary, and the Group's external auditors and advisers.

INFORMATION AND SUPPORT

Board members are provided with all relevant documentation in advance of each Board and committee meeting. Senior executives are invited to attend Board meetings periodically for the purpose of making presentations on their areas of responsibility. During the year Bespak senior management presented a Digital Health market update and an Employee Survey results overview was provided by the Bespak and Aesica divisional HR directors. In addition to formal Board meetings, the Chairman and Chief Executive meet frequently and make regular contact with other Board members. The Board and the senior executives meet formally once during each financial year to discuss corporate strategy.

INDEPENDENT PROFESSIONAL ADVICE

The Board has approved a procedure whereby directors may consult the Company's advisers and, if necessary, take independent professional advice at the Company's expense, although not in respect of a director's personal interests. Before seeking advice, the director concerned must notify the Chairman, or in his absence, the Senior Independent Director. No such advice was sought by any director during the year.

COMPANY SECRETARY

Board members have access to the Company Secretary, who attends all Board meetings. The appointment and removal of the Company Secretary is subject to the approval of the Board.

BOARD EVALUATION

A Board evaluation was carried out during the year ended 30 April 2017 and the process allowed the Board to assess how effectively it sets the tone from the top. A rigorous and formal review required completion of a questionnaire relating to the performance of the Board and its committees and with regard to compliance with the Code. The evaluation was wide ranging and focused on the various aspects of the Code. The results of the questionnaire were reported to the Board in a manner that did not identify any individual responses. The evaluation concluded that there were no areas of significant weakness and that overall the Board, its committees and individual directors were operating effectively. Outcomes from the evaluation process included requests that senior managers be invited to present to the Board on relevant business topics and arranging Board meetings at operational sites.

ELECTION AND RE-ELECTION OF DIRECTORS

The Company's Articles of Association require all directors to retire and submit themselves for re-election at the first AGM after appointment and thereafter at least every three years. The Notice of AGM will give details of those directors seeking re-election.

MEETINGS OF NON-EXECUTIVE DIRECTORS

Led by the Senior Independent Director, the non-executive directors meet informally, without the Chairman being present, principally to appraise the Chairman's performance and to review his remuneration. The Chairman holds meetings at least annually with the non-executive directors without the executive directors present.

BOARD COMMITTEES

The Board has the three main committees listed below. The current terms of reference of each committee may be obtained from the Company's website.

CORPORATE GOVERNANCE
CONTINUED

REMUNERATION COMMITTEE

During the year, members of this Committee were:

Dr William Jenkins (Chairman)
Steve Crummett
Dr Andrew Hosty

The Chairman is invited to attend all meetings, but does not attend any part of any meeting at which his own terms of appointment are discussed. The Chief Executive attends by invitation where appropriate except where his own remuneration is being considered.

The Remuneration Committee is primarily responsible for determining the structure, components (including pension rights and compensation payments) and level of the remuneration packages of the Chairman, the executive directors and designated members of the senior management team. Details of the role of the Remuneration Committee are set out on page 62. The Remuneration Committee met four times during the year and members' attendance at the meetings is shown below:

Name	Remuneration Committee meetings
W. Jenkins	4/4
S. Crummett	4/4
A. Hosty	4/4

The activities of the Committee during the year are set out in the separate Directors' Remuneration Report on pages 56 to 63.

NOMINATION COMMITTEE

Members during the year were:

- Dr Peter Fellner (Chairman)
- Steve Crummett
- Charlotta Ginman
- Jonathan Glenn
- Dr Andrew Hosty
- Dr William Jenkins
- Ian Nicholson

The Nomination Committee is primarily responsible for reviewing the membership of the Board and identifying suitable candidates for appointment and reappointment as directors. In addition, the Board has delegated responsibility to the Nomination Committee for succession planning both at Board and senior management level. The inclusion of the Chief Executive in the membership of the Nomination Committee ensures that a balanced view is taken regarding the needs of the Group as a whole.

The Committee ensures that the search for Board members is undertaken against objective criteria and with due regard to the benefits of diversity, including gender. Appointments continue to be made on merit, taking into account the importance of maintaining a balance of skills, experience, independence and knowledge. Two meetings were held during the year. At the first meeting the appointment of the new Chief Financial Officer was approved, succession planning was discussed and the terms of reference of the Committee were reviewed and approved; and at the second meeting the appointment of the new Managing Director, Aesica was approved.

Following the decision of Richard Cotton to leave the Company after the announcement of the Company's Interim results, Spencer Stuart, an executive search agency, was appointed to identify a replacement with relevant financial and business expertise. Following this process, Paul Hayes was appointed as Chief Financial Officer with effect from 1 May 2017.

Spencer Stuart has no other connection with the Company.

AUDIT COMMITTEE

The Audit Committee is comprised entirely of independent non-executive directors. Members during the year have been:

Steve Crummett (Chairman)
Charlotta Ginman
Dr Andrew Hosty

Both Steve Crummett and Charlotta Ginman are considered by the Board to have recent and relevant financial experience. Both are qualified Chartered Accountants.

The external auditor's lead partner and the Chief Financial Officer attend each meeting as requested by the Committee. The Chief Executive attends the interim and year end meetings.

The Audit Committee met three times during the year. At each meeting the members of the Committee took the opportunity of meeting the external auditors without management being present. Members' attendance at the meetings is shown below:

Name	Audit Committee meetings
S. Crummett	3/3
C. Ginman[1]	2/3
A. Hosty	3/3

1 Ms Ginman was unable to attend one meeting due to illness.

The activities of the Committee during the year are set out in the separate Audit Committee Report on page 53 to 54.

OTHER COMMITTEES

The Executive Committee

This Committee is responsible for the executive management of the Group. It comprises the Chief Executive, the Chief Financial Officer, the Group General Counsel and Company Secretary, the Managing Director of Bespak, the Managing Director of Aesica and the Director of Human Resources. This Committee meets regularly to review and make decisions on operational matters not reserved for Board decisions.

The Corporate Responsibility Committee

The Corporate Responsibility Committee is responsible for reviewing and prioritising the Group's corporate responsibility activities, further details of which can be found in the Corporate Responsibility review on pages 30 to 38 of this report. The Committee is chaired by non-executive director Ian Nicholson. Other members include the Chief Executive, the Managing Director of Bespak, the Managing Director of Aesica, the Director of Human Resources and the Bespak Continuous Improvement Director. The Company Secretary acts as secretary to the Committee.

Risk Committee

The role and responsibilities of the Risk Committee are outlined under the Risk Management section.

ACCOUNTABILITY

Internal Controls Review

The Board acknowledges that it is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute, assurance against material misstatement or loss. The Board has received regular reports on areas of any significant risk and on the related internal controls. The Board reviews the framework of internal controls annually and has reviewed the effectiveness of its internal systems of control as they have been operated within the year in accordance with relevant guidance. This system has been in place for the year under review and up to the date of approval of the Annual Report and Accounts.

The review covers all material controls including financial and financial reporting processes, operational, compliance and risk management systems.

Controls over the financial reporting process and preparation of the consolidated accounts consist of extensive reviews by qualified and experienced individuals that ensure that all elements of the financial statements and appropriate disclosure are considered and accurately stated.

Risk Management

The Board accepts responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.

There is an ongoing internal process for identifying, evaluating and managing significant risks faced by the Company that is regularly reviewed by the Risk Committee, the Executive Committee, the Audit Committee and then by the Board. This process has been in place throughout the year and up to the date of this report.

The Risk Committee is responsible for advising the Executive Committee and the Audit Committee on the co-ordination and prioritisation of risk management issues throughout the Group and developing a risk management strategy; ensuring that the Board's risk policy is implemented throughout the Group through effective development and review of risk registers, mitigation plans and insurance policies; and promoting risk awareness at all levels.

A risk management strategy encompassing risk assessment and risk treatment has been adopted with the key objective to ensure that risk management is an integral part of the strategic and operational management decision-making, planning and implementation process. Risk appetite and tolerance has been reviewed and agreed by the Board and will be considered annually and monitored as appropriate.

The Company's strategic plan is reviewed annually at an off-site meeting involving the Board and the Executive Committee. An annual budget is prepared by each of the operating divisions of the Company and this is consolidated into a Group Plan, which is reviewed and approved by the Board.

Further information on how we manage our business risks is set out in the Risk section on pages 39 to 41, which contains a list of the principal risks and uncertainties.

Control Procedures

Progress against budget is monitored at operating business and Group levels throughout the Company via monthly reporting of actual financial performance against budget and prior period actual results. The Executive Committee also reviews the key measures of operating performance.

The Group has clear authority limits deriving from the list of matters reserved for decision by the Board, including capital expenditure approval procedures.

CORPORATE GOVERNANCE
CONTINUED

VIABILITY STATEMENT

In accordance with provision C2.2 of the UK Corporate Governance Code, the directors have assessed the viability of the Company over the three year period to 30 April 2020. The directors have determined that a three year period to 30 April 2020 constitutes an appropriate period over which to provide its viability statement as this is the period focused on during the strategic planning process (see Risk Management section above for further details) and is appropriate for the Group's business cycle. The Group's strategic plan considers the Group's profit and loss, cash flows, debt and other key financial ratios over the period.

A robust assessment of the principal risks facing the Company as well as the controls and mitigating actions to address these are set out in the Risk section on pages 39 to 41. The viability assessment takes into account the potential impact of each of these principal risks arising over the assessment period. Furthermore, it has considered severe but plausible scenarios which illustrate the potential impact of a combination of these risks crystallising during the period. A number of reasonable assumptions are included within these assessments including:

- the assumption that funding facilities will continue to be available and that the facility which expires in September 2019 will be renewed on the same or similar basis;
- the assumption that in the event of several risks occurring simultaneously and having a severe impact on the Group, all potential mitigating actions including adjusting capital management to preserve cash would be taken on a timely basis; and
- the assumption that implausible scenarios where multiple risks occur all at the same time, or are unable to be appropriately mitigated, do not occur.

The result of this analysis has allowed the directors to reasonably conclude that the risk to the Group's viability is low.

Therefore the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due in the three-year period of assessment to 30 April 2020.

FINANCIAL REPORTING

The directors' responsibility for preparing the accounts is set out in the Statement of Director's Responsibilities on page 78.

GOING CONCERN

The directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future as the Group has net debt of £92.6m at 30 April 2017 (2016: £97.0m) and total banking facilities (including available overdrafts and using year end exchange rates) of £166.6m, of which £53.6m is undrawn as at 30 April 2017 and available up to September 2019. The Company has therefore adopted the going concern basis in preparing the accounts.

REMUNERATION

Our Remuneration Report, which describes the level and components of the remuneration of the directors, is set out on pages 56 to 63.

RELATIONS WITH SHAREHOLDERS

The Board regards relationships with shareholders as very important and it aims to encourage open dialogue with them through regular meetings with the Group's institutional shareholders, including regular meetings following the announcement of the Company's interim and annual results. Meetings are also held at other times with institutional investors and other shareholders at their request. Shareholders may meet with any new non-executive director if they wish. The Chairman ensures that views expressed at these meetings are reported to the Board as a whole. The Company's brokers also attend Board meetings at the request of the Chairman to provide feedback on shareholder opinion.

Presentations given to analysts are available on the Company's website.

The Senior Independent Director is available to meet with shareholders as required.

SHAREHOLDER MEETING – GENERAL MEETING

A General Meeting was held on 27 April 2017 at the Company's Registered Office to approve the following:

- Ratification of borrowings in excess of borrowing powers and directors' limited release from liability
- Amendments to the borrowing powers article in the Articles of Association

In accordance with the resolution passed by shareholders at the 2016 Annual General Meeting and in accordance with best practice, the General Meeting was held on 14 clear days' notice.

Voting was by a show of hands and shareholders were able to vote by proxy if they could not attend the General Meeting. Both resolutions were passed and the results of the voting at the General Meeting are published on the Company's website.

SHAREHOLDER MEETING – THE ANNUAL GENERAL MEETING

All shareholders have the opportunity of discussing the Group's performance and development at its AGM, which provides a forum for shareholders to raise issues with the Board. Members of the Remuneration, Nomination, Audit and Corporate Responsibility Committees will also be available at the AGM so that shareholders may discuss any queries they may have.

Our previous AGM was held at our registered office on 7 September 2016 and the full voting results on each of the resolutions are published on our website. Our 2017 AGM will be held on 6 September 2017 at the Company's registered address in Hemel Hempstead. The Notice of the Meeting sets out each of the resolutions to be proposed and a copy of the Notice can be downloaded from the Company's website at www.consortmedical.com.

AUDIT COMMITTEE REPORT

CHAIRMAN'S INTRODUCTION

As Audit Committee Chair, I am pleased to present the Audit Committee's report for the year ended 30 April 2017. This report details the work of the Committee over the past year, fulfilling our responsibilities to provide effective governance over the Group's financial activities. Our role is to assist the Board in carrying out its oversight responsibilities in relation to financial reporting, internal controls and risk management, as well as maintaining an appropriate relationship with the external auditor.

During the year, the Audit Committee discussed the following key items:

- Risk assurance
- Treasury, including foreign currency hedging
- Accounting policies
- Financial results and budgets
- Carrying value of goodwill
- Alternative performance measures and the treatment of special items
- Revenue recognition
- Engagement and review of external auditors
- Review of audit and non-audit services and fees
- Review of reimbursed expenses
- Committee terms of reference
- Cyber risk and disaster recovery procedures
- Taxation
- Going concern review
- Viability review
- Pensions
- Whistleblowing policy
- Non-audit policy

Key Developments in Accounting, Corporate Reporting and Taxation

The Audit Committee is responsible for reviewing, on behalf of the Board, the Group's financial and reporting practices and disclosures, reviewing the integrity of the financial statements, the Group's system of internal controls, the work of the external auditors and the Group's compliance with financial policies, laws and regulations. The Audit Committee's terms of reference may be obtained from the Company's website.

The annual and half-yearly financial reports are reviewed by the Committee through a process which includes discussion with the Chief Financial Officer and the external auditors. The external auditors prepare reports to the Committee on significant accounting policies and issues and judgements applied in the preparation of the financial reports. The Audit Committee gives its recommendation to the Board concerning the adoption and publication of all financial reports to shareholders.

In addition to the Board, the Audit Committee has conducted its annual review of the system of internal controls based on a review of significant risks identified, internal reviews, external audits and reports from management.

Viability Review

We provided support to the Board in responding to the amendments to the updated 2014 Corporate Governance Code, including assessment of risk appetite and the statement on the Group's viability. We reviewed the longer term assessment of the viability of the Group, including its financial and operational position and the potential impact of the principal risks and uncertainties. The Viability Statement is included on page 52 of the Corporate Governance Report.

Financial Reporting and Significant Financial Matters

In carrying out its duties, the Committee is required to assess whether suitable accounting policies have been adopted and to challenge the robustness of significant management judgements reflected in the financial results. This process involves reviewing relevant papers prepared by management in support of the policies adopted and judgements made. These papers are discussed with management and the external auditors. In addition, the Committee reviews the year end report to the Audit Committee from the external auditors based upon its work performed and findings from the annual audit.

During the year, the Committee considered the following key financial and internal control matters in relation to the Group's financial statements and disclosures, with input from management and the external auditor. The significant accounting issues considered by the Committee during the year were areas where management was required to use significant judgement. These issues are listed below:

Carrying Value of Goodwill

The value of goodwill is supported by a value in use model prepared by management. This is based on cash flows extracted from the Group's budget and strategic plan, which have both been approved by the Board. The Committee debated the performance of the operating segments, considered the cash flow models in the Group's strategic plan, and evaluated sensitivities in relation to that plan. The Committee concurred with management's conclusion that the carrying value of goodwill was fully supported.

AUDIT COMMITTEE REPORT
CONTINUED

Alternative performance measures and the treatment of Special Items and their Presentation in the Consolidated Financial Statements

Special items have been separately disclosed within the Group's consolidated financial statements. The Committee has reviewed papers prepared by management showing how these costs have been identified and calculated. It has challenged both the quantum of the charge and its presentation in the consolidated income statement and is satisfied that these costs have been treated appropriately. The Committee specifically evaluated the appropriateness of the treatment of those items relating to the Aesica acquisition and considered the adequacy of the related disclosures.

Revenue Recognition

The Group's policy for revenue recognition is set out in note 1 to the financial statements. Management prepares a paper for the Committee setting out any key judgements applied in respect of revenue recognition and in the accounting for major manufacturing contracts or material amendments to contracts where significant judgements have been applied. The Committee has reviewed the papers presented and challenged management on the judgements applied ensuring they are in line with the Group's policy.

Auditor Independence and Effectiveness

The Audit Committee last conducted a tender process in 2015 and KPMG LLP was subsequently appointed as the Group's auditors in November 2015.

The Committee had discussions with the external auditor on audit planning, fees, accounting policies, audit findings and internal control. The external auditor attended all of this year's Committee meetings. The Committee assessed the effectiveness of the external audit through the review of audit plans, reports and conclusions and through discussions with management (both with and without the external auditor present) and the external auditor (both with and without management present). The Committee was satisfied that the audit was effective. In addition, the Chairman of the Audit Committee meets with the Audit Partner outside formal meetings. The Committee is satisfied that KPMG continued to possess the skills and experience required to fulfil its duties effectively and efficiently during the financial year.

Non-audit Services

In accordance with its policy on non-audit services provided by the Company's auditors, the Committee reviews and approves the award of any such work. The Audit Committee refers to the Board for approval of any non-audit services where the fees for such work may represent a significant proportion of the annual audit fee.

The following non-audit services were provided by KPMG LLP during the year:

- An agreed upon procedures engagement delivering an auditor's certificate as required for an awards submission
- Provision of IFRS 15 workshops as a technical update for the Group
- Review of calculations concerning the borrowing powers established in the Memorandum & Articles of Association

Details of non-audit services provided to the Company by the external auditors are shown in note 3 to the financial statements.

Internal Audit

The Audit Committee has from time to time considered the requirement for a separate dedicated internal audit activity. Having previously determined that this was not required, the Group determined in the prior year that the scale and nature of the Group's operations are sufficiently large and complex that such a dedicated resource would be required. Additional Group resource has been in place in the current year and continues to support internal audit activities. This is being supplemented as and where appropriate through the engagement of internal audit services from suitably qualified external providers. The Audit Committee keeps this under review.

Whistleblowing

During the year, the Audit Committee reviewed and approved the internal procedures whereby employees can raise concerns about possible financial or other irregularities. The Whistleblowing (Public Disclosure) policy gives guidance on the type of matters that staff may wish to disclose, and a means of doing so via an independent organisation in the event that any staff member feels that he or she cannot make a disclosure via the usual management channels.

The Group is committed to the highest standards of openness, integrity and accountability and the prevention of bribery and corruption. As noted above, the Group operates a whistleblowing policy so that employees can report confidentially any matter giving rise to concerns about the operation of the Group's business.

STEVE CRUMMETT
CHAIRMAN OF THE AUDIT COMMITTEE
14 June 2017

REMUNERATION COMMITTEE CHAIRMAN'S LETTER

Dear shareholder

On behalf of the Board, I am pleased to present Consort Medical's FY2017 Directors' Remuneration Report.

This report details the remuneration outcomes in respect of FY2017 and outlines how we intend to apply the remuneration policy in FY2018.

FY2017 incentive outcomes

The business continued to deliver underlying growth during FY2017 and made progress towards certain key strategic priorities. Further details are set out in the Strategic Report. Profit before tax and special items increased by 10.4% to £35.6m. Taking into account performance against targets at the start of the year, the Committee determined that the annual incentive scheme for the CEO would pay-out at 79% of maximum. As Paul Hayes was appointed at the start of FY2018 he will not receive a bonus for FY2017.

Over the last three years, the Company has delivered sizeable returns for shareholders and the Company's TSR has significantly outperformed the FTSE SmallCap over the period. This has been delivered alongside strong financial performance, with EPS growth of 36% over the last three years. Although the performance period for the 2014 share awards is not yet complete at the time of writing, the current expectation is that this award will vest in full.

Taking into account the sustained strong company and share price performance, the Committee is confident that these outcomes are fully justified.

Board changes during FY2017

After four years of service, Richard Cotton left Consort Medical during the year.

In line with best practice, all of Richard Cotton's outstanding share awards, including his deferred bonus awards, lapsed on his departure from the Company. He also did not receive any additional termination payments and he was not eligible for a bonus for FY2017.

Paul Hayes joined the Company as CFO on 1 May 2017. His salary will be £320,000, which reflects his experience as a CFO, and his proven track record of delivering profitable growth and leading commercial, well controlled finance functions. His incentive opportunities are consistent with his predecessor.

Approach for the coming year

In last year's remuneration report we set out certain changes which were made in response to shareholder feedback. It was pleasing to see that this approach subsequently received strong support from our shareholders at the 2016 AGM.

The overall remuneration structure continues to provide an effective link between pay, performance and the experience of shareholders. The Committee has therefore concluded that no major changes are proposed for the coming year.

The key points to note in respect of the pay arrangements for the coming year are:

- The CEO's salary will be increased by 2.5% in line with employees in the wider organisation
- Maximum incentive opportunities for the annual and long-term incentives will remain unchanged
- The 2017 awards under the Performance Share Plan will continue to be based on TSR and EPS

The Company's Directors' Remuneration Policy was last approved by shareholders at the 2015 AGM, and is therefore next due for renewal in 2018.

Over the coming year, the Committee will consider whether changes are required as part of the new 2018 policy. The Committee is mindful of evolving market and best practice and intends to take these into account as part of the review. This review will include consideration of alternative incentive structures which have been debated by many stakeholders over recent months. Ultimately, the policy will need to be aligned with both the needs of the business and shareholders' interests.

The Committee will seek to appropriately consult with shareholders regarding any changes which are subsequently proposed.

I trust you will find this report informative and I look forward to receiving your support.

DR WILLIAM JENKINS
CHAIRMAN OF THE REMUNERATION COMMITTEE

ANNUAL REMUNERATION REPORT

The following report summarises how the remuneration policy was applied in FY2017 and how the Committee intends to apply the policy for FY2018. The report will be subject to an advisory vote at the AGM in September 2017.

HOW THE REMUNERATION POLICY WAS IMPLEMENTED FOR EXECUTIVE DIRECTORS IN FY2017

The following information is audited.

SINGLE TOTAL FIGURE OF REMUNERATION

The following table sets out the single figure for total remuneration for executive directors for the FY2016 and FY2017 financial years:

		Salary £'000	Benefits £'000	Bonus £'000	LTIP £'000	Pension £'000	Total £'000
Jonathan Glenn	FY2017	481	16	569	615[1]	96	1,777
	FY2016	468	15	578	666[2]	89	1,816
Richard Cotton[3]	FY2017	193	8	–	–	34	235
	FY2016	297	13	264	433[2]	59	1,066

1 These awards are due to vest in June 2017. The shares estimated to vest have been valued based on the latest vesting forecasts and using the average share price during the final quarter of the financial year of £10.21. Richard Cotton's award lapsed in full following his departure and therefore a nil value is shown.
2 Valued using the share price on the date of vesting of £9.95.
3 Richard Cotton left the Company on 13 December 2016 and therefore the amounts for FY2017 have been pro-rated to reflect the period he was employed by the Company.

NOTES TO THE TABLE

The following paragraphs set out details of how the numbers included in the single figure table above have been prepared.

Base Salary

With effect from 1 August 2016, salaries for Mr Glenn (CEO) and Mr Cotton (CFO until December 2016) were £484,260 and £314,675 respectively.

Benefits

Benefits include a car allowance, life assurance, private medical insurance and personal health insurance. The CEO also received a fuel card.

Annual Bonus

The following section summarises the annual bonuses paid to the CEO based on performance delivered in FY2017. Due to his departure from the Company in December 2016, the CFO was not eligible for a bonus in FY2017.

The annual bonus opportunity for the CEO is split between cash and deferred shares, as set out in the table below.

	Cash element – maximum opportunity (% of salary)	Deferred share element – maximum opportunity (% of salary)
CEO	100%	50%

For 80% of the cash element of the annual bonus, the payout is based on the Company's Profit Before Tax ("PBT") performance during the financial year. The remaining 20% of the cash element and 100% of the deferred share element depend on the Committee's assessment of individual performance against strategically important goals at a corporate and personal level.

In addition, for the deferred share element, the following PBT hurdles must be achieved before shares are awarded.

Profit before tax	Below £31.5m	£31.5m	Below £35m	Above £35m
Maximum deferred shares vesting (based on achievement of strategic targets)	No deferred shares may be awarded	CEO – up to 7% of salary	CEO – up to 29% of salary	CEO – up to 50% of salary

This combination of financial performance and personal performance ensures that the overall level of bonus paid is appropriate and reflective of the Company's performance during the year.

The table below shows the PBT performance required in FY2017 for 80% of the cash element

	25% vests	80% vests	100% vests	FY2017 performance	Level of vesting – 80% of cash element (% of max)
Profit before tax	£31.5m	£35.0m	£36.8m	£35.6m	86% of element

As the PBT outcome exceeded £35m, a maximum up to 50% of salary could be awarded to the CEO for the deferred share element.

For FY2017, the factors considered when assessing performance against objectives set for the CEO at the start of the year included the following:

- EBIT margin improvement – the Group delivered improved EBIT margin in Aesica in line with guidance to shareholders (to reach at least 10% within two years)
- Launch of generic Advair - good progress has been made during the year to facilitate a successful launch of generic asthma treatments by Mylan (a global pharmaceutical company)
- Nicovations Voke device – despite progress made by the Company, British American Tobacco opted to terminate the agreement during the year
- People and development – excellent progress has been made on implementing succession plans for senior roles across the business and a number of key appointments have now been made to business critical roles
- Integration – the business continues to make strides towards further delivery of joint opportunities for drug device combinations between the Bespak and Aesica divisions
- Overall financial performance – despite challenging headwinds, the business delivered another strong year of financial results with outperformance of consensus forecasts

Taking into account the above factors, the Committee determined that the personal portion of the cash element and the deferred share element should each pay out at 70% of maximum.

The total bonuses awarded to the CEO was therefore as follows:

Role	Total bonus £'000	Cash element £'000	Deferred share element (deferred until June 2020) £'000
CEO	569 (79% of max)	400	169

LTIP Awards – 2014 Awards vesting based on Performance to FY2017

Long Term Incentive Plan ("LTIP") awards granted in 2014 were subject to Earnings Per Share ("EPS") performance (50% of the award) and Total Shareholder Return ("TSR") compared to the FTSE SmallCap excluding investment trusts and finance, property and insurance companies (50% of the award) in line with the following performance schedule:

TSR	Vesting (% of element)
Less than the mean annualised comparator TSR	0%
Equal to the mean annualised comparator TSR	25%
TSR greater than the lower of: (i) mean annualised comparator TSR +7%; or (ii) upper quartile annualised comparator TSR	100%

EPS (aggregate over the three year performance period)[1]	Vesting (% of element)
Less than 142.4p	0%
142.4p	25%
164.8p	100%

1 Adjusted to reflect the acquisition of Aesica. For full details see the FY2015 Annual Remuneration Report.

Cumulative EPS performance delivered over the period was 170.5p, which exceeds the stretch hurdle required for full vesting and therefore 100% of the EPS element is expected to vest. As the performance period for the TSR element runs until 19 June 2017, the final level of vesting has not yet been determined. However, based on annualised TSR performance to date of c.14% p.a., the TSR element is also expected to vest in full.

Although this award is currently expected to vest in full, this will be confirmed following the assessment of actual TSR performance at the end of the performance period. Given the strong performance of the business, as demonstrated by both the growth in EPS and share price performance over the period, the Committee is comfortable that a vesting level towards the upper-end of the scale is fully warranted.

For the purpose of the single figure table, the value of the awards have been estimated based on the three month average share price during the final quarter of the financial year (£10.21).

ANNUAL REMUNERATION REPORT
CONTINUED

Share Awards Granted During FY2017

The table below sets out details of the share awards made to the executive directors during FY2017. Details of these awards were set out in last year's Annual Remuneration Report.

			Face value[2,3]		Performance period	
	Type of award[1]	Date of grant	(£000)	(% of salary)	TSR	EPS
Jonathan Glenn	PSP[4]	21 June 2016	472	100%	21 June 2016 to 19 June 2019	1 May 2016 to 30 April 2019
	Deferred shares[5]	21 June 2016	177	38%	n/a	n/a
Richard Cotton (all awards lapsed on departure)[6]	PSP[4]	21 June 2016	307	100%	21 June 2016 to 19 June 2019	1 May 2016 to 30 April 2019
	Deferred shares[5]	21 June 2016	80	26%	n/a	n/a

1 All awards are granted in the form of nil cost options.
2 Details of the number of shares granted are set out on page 60. Dividend equivalents may also accrue in respect of awards which subsequently vest.
3 The face value of PSP awards and deferred shares is calculated using the average price of the three days prior to the date of grant of £9.74 (16 June (£9.41), 17 June (£9.87) and 20 June (£9.95)).
4 PSP awards will vest in June 2019 subject to the satisfaction of performance criteria. Awards are 50% subject to TSR performance compared to the FTSE SmallCap, excluding investment trusts, finance, property and insurance companies; and 50% subject to EPS performance. For threshold performance, 25% of the award may vest.
5 Deferred Share awards are not subject to any further performance conditions and vest in June 2019.
6 Richard Cotton's awards lapsed following his departure from the Company in December 2016.

HOW THE REMUNERATION POLICY WILL BE APPLIED TO EXECUTIVE DIRECTORS IN FY2018 (UNAUDITED)

Salary and Benefits

It is expected that with effect from 1 August 2017, the CEO's salary will be increased by 2.5%, which is in line with the increases awarded to other employees within the Group. His salary will therefore be £496,350. The salary for the new CFO will be £320,000.

Benefits for FY2018 will remain unchanged.

Annual Bonus

The maximum opportunities (as a percentage of base salary) for the executive directors are 150% for the CEO (unchanged from FY2017) and 110% of salary for the newly appointed CFO (in line with the maximum for the previous CFO). These awards will be split between the cash element and the deferred share element as follows:

- For the cash portion of the bonus, 80% will continue to be based on underlying PBT (before special items) and 20% will be based on the Committee's assessment of success against personal strategic objectives. Awards under the deferred share element will continue to be subject to the Committee's assessment of performance against the Group's strategic goals, but subject to the achievement of underlying PBT (before special items) performance hurdles.
- The strategic measures for the bonus have been selected on the basis that they represent areas that are important for the long-term success of the Group.

The Committee considers that this combination of measures provides an appropriate balance of focus on improving financial performance and wider business strategic goals. The Committee considers that when taken together, the cash and deferred elements strengthen the alignment between shareholders' and executive directors' interests, and encourage a longer-term focus on shareholder value, by requiring a three-year deferral of a portion of the annual bonus which is payable in shares.

Note: The performance targets for the FY2018 annual bonus have not been disclosed on a prospective basis as they are considered by the Board to be commercially sensitive as they could reveal details of our budgeting and our strategic goals to competitors. The Committee will seek to provide expanded retrospective disclosure in due course.

Long-term Incentives – Performance Share Plan

Awards to executive directors will remain unchanged at 100% of salary. The awards will continue to be subject to TSR performance (50%) and EPS performance (50%).

TSR will be measured against the TSR performance compared to the FTSE SmallCap, excluding investment trusts, finance, property and insurance companies.

Consort's relative TSR performance – over three years following grant date	Vesting (% of element)
Less than median TSR of the Comparator Group	0%
Equal to median TSR of the Comparator Group	25%
Equal to upper quartile TSR of the Comparator Group	100%

EPS will continue to be measured on a cumulative basis. The targets for 2017 awards are:

Cumulative EPS between 1 May 2017 to 30 April 2020	Vesting (% of element)
Less than 207p	0%
207p	25%
228p	100%

The Committee believes this combination of measures continues to provide an appropriate balance between measuring performance against the Company's peers and incentivising management to grow earnings for shareholders over the long-term.

Exceptionally, the Committee may make adjustments to the calculation of performance measures (e.g. following a transaction or for currency movements) to ensure performance is measured on a fair and consistent basis.

Clawback

In line with best practice, the Committee has determined that from FY2016, variable incentives will be subject to malus and clawback provisions, as described in the Policy Report.

Departure of Richard Cotton and Appointment of Paul Hayes

Richard Cotton ceased to be a director and employee in December 2016. He received salary and benefits up to this date. As noted above he did not receive an annual bonus in respect of the year ending 30 April 2017, and all outstanding share awards (deferred bonus and long-term incentives) lapsed in full on his departure from the Company. He did not receive any additional termination payments.

Paul Hayes was appointed as CFO with effect from 1 May 2017. His salary was set on appointment at £320,000 and he will not be eligible for a salary increase on 1 August 2017. He receives a pension allowance equivalent to 17.5% of salary (in line with the previous incumbent).

Paul Hayes will participate in the FY2018 annual bonus plan (maximum 110% of salary) and PSP (maximum 100% of salary), in line with the potential for the previous CFO. No share awards or buyouts were made to him on his appointment to the Company.

External Appointments

With the specific approval of the Board in each case, executive directors may accept external appointments as non-executive directors of other companies. The directors are entitled to keep the fees from external appointments.

During the year, Jonathan Glenn undertook the role of non-executive director for Tissue Regenix Group PLC and his fees for the year to 30 April 2017 were £25,833.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED SECTION)

Executive directors are expected to accumulate and maintain a significant shareholding. The vesting of awards from the Company's various equity related incentive arrangements can provide a means to develop this shareholding. Only ordinary shares that are beneficially held by the executive director (or their spouses, civil partners, children and stepchildren) count towards the shareholding guideline.

The CEO and CFO are expected to accumulate shares worth 200% and 100% of salary respectively over a period of five years. The CEO has met his shareholding guideline.

	Number of shares counting towards shareholding guidelines (as at 30 April)	Value of shares counting towards shareholding guidelines[1]	Shareholding guideline
Jonathan Glenn[1]	151,167	£1,572,136 324% of salary	200% of base salary
Richard Cotton[2]	51,315	£504,426 160% of salary	100% of base salary

1 Calculated based on the share price on 30 April 2017 of £10.40.

2 Calculated as at 13 December 2016, the date Richard Cotton ceased to be a director of the Company. The share price on this date was £9.83.

ANNUAL REMUNERATION REPORT
CONTINUED

The beneficial interests of the executive directors on 30 April 2017 (including beneficial interests of their spouses, civil partners, children and stepchildren) in the ordinary shares of the Company are shown below:

	Shares		Long-term incentives[1]		SAYE[2]		Deferred bonus shares[3]		Total
	2017	2016	2017	2016	2017	2016	2017	2016	2017
Jonathan Glenn	**151,167**	150,523	**154,524**	169,020	**2,172**	2,172	**57,080**	67,014	**364,944**
Richard Cotton[4]	**51,315**	49,447	**–**	109,824	**–**	2,563	**–**	28,578	**51,315**

1 PSP awards and awards under the Company's previous long-term incentive plan (the LTIP) are structured as nil-cost options and remain subject to performance conditions.
2 SAYE is the Company's Save As You Earn employee share option scheme. These options are not subject to performance conditions. This is an all-employee share scheme governed by specific tax legislation.
3 Deferred bonus shares are subject to continued employment only.
4 As at 13 December 2016, the date Richard Cotton ceased to be a Director of the Company and all unvested long-term incentive and deferred bonus shares lapsed in full.

Between 30 April 2017 and 14 June 2017 Jonathan Glenn acquired 29 partnership shares through payroll deductions under the all-employee Share Incentive Plan. There were no other changes in share interests.

SCHEME INTERESTS

The table below provides details of outstanding awards under share incentive plans:

	Date of Grant	Plan Shares at 01/05/16	Awarded during the Period[1]	Exercised during Period	Lapsed during Period	Total Plan Shares held at 30/04/17[2]	Market Price at date of Grant[3]	Earliest date of Exercise	Latest date of Exercise
Jonathan Glenn									
LTIP/PSP									
	19-Jun-2013	66,928	–	(66,928)	–	–	7.85	Jun 16	Jul 16
	20-Jun-2014	56,725	3,551	–	–	60,276	8.97	Jun 17	Jul 17
	19-Jun-2015[4]	49,308	–	–	–	49,308	9.26	Jun 18	Jun 25
	21-Jun-2016		48,491	–	–	48,491	9.74	Jun 19	Jun 26
Deferred Bonus Plan									
	19-Jun-2013	29,892	–	(29,982)	–	–	7.85	Jun 16	Jul 16
	20-Jun-2014	16,333	1,040	–	–	17,373	8.97	Jun 17	Jul 17
	19-Jun-2015	22,581	–	–	–	22,581	9.26	Jun 18	Jul 18
	21-Jun-2016		18,166	–	–	18,166	9.74	Jun 19	Jul 19
Richard Cotton									
LTIP/PSP									
	19-Jun-2013	43,468	–	(43,468)	–	–	7.85	Jun 16	Jul 16
	20-Jun-2014	36,871	–	–	(36,871)	–	8.97	Jun 17	Jul 17
	10-Jun-2015[4]	32,043	–	–	(32,043)	–	9.26	Jun 18	Jun 25
	21-Jun-2016		31,509	–	(31,509)	–	9.74	Jun 19	Jun 26
Deferred Bonus Plan	19-Jun-2013	11,685	–	(11,685)	–	–	7.85	Jun 16	Jul 16
	20-Jun-2014	7,320	–	–	(7,320)	–	8.97	Jun 17	Jul 17
	19-Jun-2015	10,272	–	–	(10,272)	–	9.26	Jun 18	Jul 18
	21-Jun-2016		8,201	–	(8,201)	–	9.74	Jun 19	Jul 19

1 For awards granted in prior years, this relates to dividend equivalent shares.
2 None of the plan shares held at the year-end have vested as at 14 June 2017.
3 Calculated using the three day average share price prior to the date of grant.
4 2015 awards were originally granted in June 2015 under the terms of the 2005 LTIP. Following shareholder approval of the 2015 PSP, they were replaced with equivalent awards under the new plan. The PSP awards are over the same number of shares and subject to the same performance conditions as the original LTIP awards. The share price is therefore the three day average prior to the original date of grant (19 June 2015). Further details are provided in the FY2016 Directors' Remuneration Report.

At 30 April 2017, there were 298,888 shares in the Company's share ownership trust (2016: 301,521).

Further disclosures – in line with the relevant regulations, the following information is unaudited

Change in Remuneration of the CEO between FY2016 and FY2017

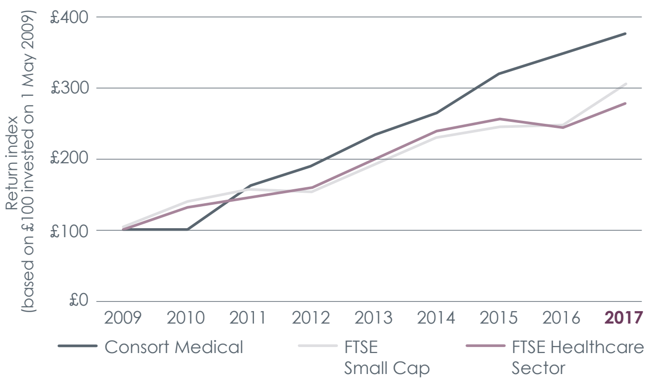
The table below illustrates the percentage change in salary, benefits and annual bonus for the CEO compared to other Group employees (including other senior executives) between FY2016 and FY2017 on a consistent basis.

	% change in salary[1]	% change in benefits	% change in annual bonus
CEO	2.7%	12.7%	(1.6%)
All Group employees	2.7%	2.0%	(11.4%)

1 The actual annual increase given in FY2017 was 2.5% (which moved the base salary from £472,450 to £484,260 as disclosed in FY2016 Annual Remuneration Report), which was in line with the average for the rest of the Group's employees for FY2017.

Historic TSR Performance and the Remuneration Outcomes for the CEO

The graph compares the TSR (based on a notional investment of £100) of Consort Medical against the FTSE Healthcare Sector and the FTSE SmallCap for an eight-year period, calculated on a spot basis. The FTSE Healthcare Sector has been chosen due to sector relevance, whilst the FTSE SmallCap has been chosen so as to provide a wider market comparator constituting companies of an appropriate size.



The table below illustrates the CEO single figure for total remuneration, annual bonus payout and LTIP vesting as a percentage of maximum opportunity for the same eight-year period.

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
CEO single figure of remuneration (£'000's)	733	872	1,041	1,861	1,619	1,910	1,816	**1,777**
Annual bonus payout (% of maximum)	100%	79%	96%	83%	67%	98%	82%	**79%**
LTIP vesting (% of maximum)	0%	0%	0%	100%	100%	92%	100%	**100%**

Relative Importance of Spend on Pay

The table below illustrates the year-on-year change in total remuneration compared to distributions to shareholders and profit before tax for FY2017 and FY2016.

	Distributions to shareholders	Total employee pay	PBT before special items
FY2017	9.6	85.0	35.6
FY2016	9.0	85.8	32.3
% change	6.8%	(1.0)%	10.4%

Total employee pay includes wages and salaries, social security costs, pension costs and share-based payments for employees in continuing operations. Further details are provided in note 4 to the accounts on page 99.

During FY2016, distributions to shareholders included a dividend of £5,702,989.60 paid on 23 October 2015 and £3,295,944.61 paid on 12 February 2016. For FY2017, distributions to shareholders included an aggregate dividend of £6,142,407.96 paid on 21 October 2016 and £3,467,701.49 paid on 17 February 2017. It is proposed that a dividend of 13.21p per share be paid on 27 October 2017. Further details are provided in note 12 to the accounts on page 105.

PBT before special items has been shown in the table above as it forms the basis on which the cash portion of the bonus is calculated.

ANNUAL REMUNERATION REPORT
CONTINUED

REMUNERATION OF NON-EXECUTIVE DIRECTORS (AUDITED)

Fees Paid to Non-executive Directors in FY2017

The following table sets out the single figure of remuneration for non-executive directors for FY2016 and FY2017:

	Fees paid in respect of FY2017 £	Fees paid in respect of FY2016 £
Dr Peter Fellner (Chairman)	**130,000**	130,000
Steve Crummett	**46,000**	46,000
Dr William Jenkins	**53,500**	53,500
Ian Nicholson	**43,500**	43,500
Dr Andrew Hosty	**38,500**	38,500
Charlotta Ginman	**38,500**	38,500

The fees for the Chairman and non-executive directors were last increased effective 1 May 2013. Following a recent review of fees, it was decided that with effect from 1 July 2017 the basic fee for the Chairman will be increased to £140,000 and the basic fee for non-executive directors will be increased to £42,000.

SHARES HELD BY NON-EXECUTIVE DIRECTORS AT 30 APRIL 2017 (AUDITED)

Non-executive directors are not paid in shares nor are there formal shareholding guidelines; however, they are encouraged to hold shares in the Company.

The beneficial interests of non-executive directors on 30 April 2017 (including the benefits interests of their spouses, civil partners, children and stepchildren) in the ordinary shares of the Company are shown below:

	Shares owned outright at 30 April 2017	Shares owned outright at 30 April 2016
Dr Peter Fellner (Chairman)	**6,500**	6,500
Steve Crummett	**1,000**	1,000
Dr William Jenkins	**1,625**	1,625
Ian Nicholson	**1,000**	1,000
Dr Andrew Hosty	**1,579**	1,579
Charlotta Ginman	**948**	948

There have been no changes in share interests between 30 April 2017 and 14 June 2017.

None of the directors had a material interest at any time during FY2017 in any contract of significance, other than a service contract, with the Company or any of its subsidiaries.

NON-EXECUTIVE DIRECTOR LETTERS OF APPOINTMENT (UNAUDITED)

The following table provides details of the non-executive directors' service contracts:

Name	**Effective date of appointment**	**Expiry of appointment**
Dr Peter Fellner	14 November 2005	14 November 2017
Dr William Jenkins	6 May 2009	5 May 2018
Steve Crummett	13 June 2012	12 June 2018
Ian Nicholson	13 June 2012	12 June 2018
Dr Andrew Hosty	14 July 2014	13 July 2017
Charlotta Ginman	11 February 2015	10 February 2018

THE REMUNERATION COMMITTEE

Role

The Remuneration Committee's principal role is to determine and make recommendations to the Board regarding the policy for the remuneration of the Chairman, the CEO, the executive directors, the Company Secretary and other members of the senior executive management of the Group. It also determines the policy for, and scope of, pension arrangements and approves the design of performance-related pay schemes, sets the targets for such schemes, and approves payments under such schemes.

The Committee reviews the design of all share incentive plans for the approval of the Board and the shareholders. It determines each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to be made to executive directors and other senior executives, and the performance targets to be used. The terms of reference of the Remuneration Committee are published on the Company's website.

Activities during the Year

The Remuneration Committee met four times during the year. Details of attendance at the meetings are shown in the table on page 50. The key matters discussed at these meetings included:

- Remuneration of executive directors and senior executives
- Determining bonus payouts and setting bonus targets
- Determining LTIP award vesting and consideration of LTIP performance criteria
- Granting of share awards and setting performance targets for awards
- Corporate Governance updates
- Committee terms of reference and
- Directors' Remuneration Report

In discussing the above matters, the Remuneration Committee considered the remuneration policies of the Company as a whole.

Members

The Remuneration Committee comprises the following independent non-executive directors:

Name	
Dr William Jenkins	Chairman (since 1 March 2013)
Steve Crummett	Member (since 6 November 2012)
Dr Andrew Hosty	Member (since 14 July 2014)

Advisers

The Chairman, the CEO, the Director of Human Resources, and the Company Secretary were invited to attend some or all of the meetings to provide advice to the Committee. They did not attend when any matter related to their own remuneration was discussed.

During the period, the Committee has received advice from its independent remuneration advisers, Deloitte LLP ("Deloitte"). Deloitte were appointed by the Committee. The Remuneration Committee considers that the advice provided by Deloitte is objective and independent. Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code in relation to executive remuneration consulting in the UK. The Committee is comfortable that the Deloitte engagement partner and team that provide remuneration advice to the Committee do not have connections with Consort Medical that may impair their independence.

Separate teams within Deloitte also provided the Company with advice on the valuation of share awards for IFRS 2 purposes and in connection with the Company's risks and controls. Total fees for advice provided to the Committee during the year under review amounted to £18,500.

The Committee also received advice in relation to its share schemes from the Company's lawyers, Eversheds Sutherlands LLP and Ashurst LLP.

Shareholder Voting

The table below sets out the results of the most recent votes on the Remuneration Policy and Annual Remuneration Report:

	Remuneration policy (vote on 3 September 2015)		Annual Remuneration Report (vote on 7 September 2016)	
	Votes	%	Votes	%
Votes in favour	38,315,706	94.93	39,757,973	99.58
Votes against	2,046,915	5.07	166,378	0.42
Total votes	40,362,621	100.00	39,924,351	100.00
Votes withheld	1,444,464		11,754	

The Committee was pleased that changes made in relation to bonus target disclosure and the operation of the TSR performance measure during FY2016 were received positively by shareholders, as demonstrated by the improved voting outcome for the Annual Remuneration Report at the 2016 AGM.

The Annual Remuneration Report was approved by the Board and signed on its behalf.

DR WILLIAM JENKINS
CHAIRMAN OF THE REMUNERATION COMMITTEE
14 June 2017

SUMMARY OF REMUNERATION POLICY

The following sets out a summary of our Directors' Remuneration Policy (the "Policy"). The Remuneration Policy was last approved by shareholders in 2015. The full policy currently applicable is available on the Company's website (www.consortmedical.com).

CONSORT MEDICAL'S EXECUTIVE REMUNERATION PRINCIPLES

Our key principle remains to provide remuneration packages for executive directors which:

- are sufficiently attractive to enable the Company to recruit and retain talented individuals with the necessary skills and expertise to support the development of Consort Medical and grow long-term value for our shareholders
- contain levels of performance-related variable pay such that they are aligned with the long-term interests of our shareholders and
- provide appropriate motivation for executives to execute the strategy agreed by the Board and to develop and grow the Company and shareholder value, whilst taking account of internal and external risks

The following outlines the Company's remuneration policy, which the Committee believes achieves this objective.

The key features are:

- providing a remuneration opportunity that is market competitive compared to relevant peers reflecting individuals' experience, performance and responsibilities
- operating an annual bonus, with a long-term deferred share element to align interests with shareholders over the longer term, where annual performance targets are aligned with business strategy and financial performance
- offering participation in a long-term incentive plan which rewards executives for delivering shareholder value creation and achievement of long-term objectives and
- expecting executive directors to build up and maintain a holding of Company shares, thus promoting alignment of directors' interests with those of shareholders

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary			
The core element of a competitive remuneration package.	The Committee sets base salary taking into account: • the individual's experience, responsibility and performance • salary levels at relevant comparators and at companies of a similar size and complexity • remuneration of different groups of employees within the Company Where appropriate, it is the policy of the Committee to pay upper quartile base salaries where the incumbent is of a proven calibre, along with demonstrable and sustained success in the role. Base salary is normally reviewed annually with changes effective from 1 August although salaries may be reviewed more frequently or at different times of the year if the Committee determines this is appropriate.	In determining salary increases the Committee considers the factors outlined in the "operation" column. While there is no maximum salary level, salary increases will normally be in line with the typical level of increase awarded to other employees in the Group. However, the Committee retains the discretion to make increases above this level in certain circumstances, for example, but not limited to: an increase in the individual's scope of responsibilities; in the case of new executive directors who are positioned on a lower initial salary whilst they gain experience in the role; where the Company has significantly increased in size; or where the Committee considers that the current salary does not reflect the Company's policy of upper quartile salary positioning for experienced executives.	None

SUMMARY OF REMUNERATION POLICY
CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Incentive Scheme			
To motivate and reward superior performance measured against annual financial, strategic and operational goals of the Company which reflect critical success factors. The deferred share award element of the annual bonus ensures that part of the value of payments earned remains tied to the Company's share price for a three year period, thus embedding long-term alignment with the interests of our shareholders within the annual bonus plan. The Committee considers that when taken together, the cash and deferred share elements strengthen the alignment between shareholders' and executive directors' interests and encourages a longer-term focus on shareholder value.	The Committee determines the maximum incentive opportunity taking into account the responsibilities of the role and market practice at comparable companies. Performance is assessed over a financial year. The Committee determines the level of bonus paid at its discretion taking into account performance against targets, the underlying performance of the business and executive directors' management of, and performance in, all of the business issues that arose during the year. The Annual Incentive Scheme incorporates malus and clawback provisions. Further details are set out below. *Deferred share element:* The deferred share element may be structured as a nil-cost option or a conditional award of shares. Awards structured as nil-cost options may normally be exercised within 40 days of vesting. The deferred share awards will normally vest three years from award (unless the Committee determines an alternative vesting period is appropriate). The vesting of deferred share awards will normally be subject to continued employment. Dividend equivalents may be awarded during the vesting period. Dividend equivalents may be determined by the Committee on a cumulative basis and may assume reinvestment of dividends in the Company's shares.	CEO – Maximum opportunity of up to 150% of base salary (100% cash, 50% deferred into shares). CFO – Maximum opportunity of up to 110% of base salary (75% cash, 35% deferred into shares). For the cash element of the bonus, payments start being earned for entry level performance from 25% of maximum if targeted levels of performance are delivered, with the full incentive being paid for delivering maximum levels of performance. For the deferred share element, the Committee determines the level of pay taking into account performance in the round.	*Cash element:* The cash element of the bonus is determined based on performance against financial performance metrics and personal objectives. Currently 80% of the bonus is based on financial measures with 20% based on individual personal objectives. The Committee may adjust this weighting in future years to ensure executives are appropriately incentivised to deliver key strategic goals. In any year financial performance metrics will always account for at least 70% of the bonus. The Committee sets targets each year to ensure that they are appropriately stretching in the context of the business plan. *Deferred share element:* The award of the deferred shares is subject to the Committee's assessment of performance against the strategic goals of the Group. The deferred share element will not be awarded unless the Committee is satisfied that a minimum level of financial performance has been achieved. The strategic measures for the bonus are assessed each year and represent areas that are important for the long-term success of the Company, including but not limited to matters such as growth, new value creation, broadening the depth and range of products portfolios, innovation and diversification into adjacent markets while keeping a tight control on costs.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Performance Share Plan (PSP)			
To reinforce the alignment of the interests of executive directors and shareholders. To motivate long-term business performance and shareholder value creation. To help retain our critical executive talent.	Award of shares which normally vest based on performance over a period of three years or such other period as the Committee may determine. Under the PSP rules awards may be granted in the form of a nil-cost option (or economic equivalent) subject to performance conditions as determined by the Committee. The Committee may grant awards as “Approved PSP” awards (granting a PSP award in conjunction with a tax advantaged Company Share Option Plan award) to enable the director and the Company to benefit from HMRC-approved tax treatment on part of their award without increasing the pre-tax value delivered to participants. When a director has been granted an option under the Company Share Option Plan 2010, a director may at the same time receive an award of a set value of shares to fund the exercise price for that option or the value of an award on vesting may be reduced if the HMRC tax advantaged option is exercised. The Committee shall determine the extent to which the performance measures have been met, which may include making adjustments to the metrics used to assess the performance conditions to reflect any relevant factors. Dividend equivalents may be awarded. Dividend equivalents may be determined by the Committee on a cumulative basis and may assume reinvestment of dividends in the Company’s shares. The Performance Share Plan incorporates malus and clawback provisions. Further details are set out below. As set out in the recruitment policy below, the 2015 PSP may be used to grant buyout awards. Long-term share awards prior to the 2015 AGM were granted under the 2005 Long-Term Incentive Plan (LTIP). Awards after the 2015 AGM are made under the 2015 Performance Share Plan.	Under the plan rules, awards can be made up to 150% of salary. For 2016, awards for the CEO and CFO will continue to be up to 100% of salary. In future years, where the Committee determines there are circumstances which merit varying current award levels, the Committee would appropriately consult with shareholders. Any shares subject to an HMRC-approved option do not count towards these limits.	Awards currently vest based on relative total shareholder return and earnings performance measures. These measures will normally be equally weighted but the Committee may determine that an alternative weighting is appropriate. It is currently envisaged that either measure will have no less than a 25% weighting. For threshold levels of performance up to 25% of the award vests, increasing to 100% of the award for maximum performance. There is straight-line vest of awards between these points. The Committee determines targets each year to ensure that targets are stretching and represent value creation for shareholders while remaining motivational for management. Where appropriate, alternative metrics may be used for future awards to ensure they remain aligned with the corporate strategy. If events happen which cause the Committee to consider that a performance condition has become unfair or impractical, it may amend that performance condition provided that the amended performance condition is not materially less difficult to satisfy.

SUMMARY OF REMUNERATION POLICY
CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Pension			
Part of a competitive package by providing a retirement benefit.	The Company may provide executive directors with a pension benefit through participation in the Group Personal Pension Plan and/or a taxable cash payment. The Committee may determine that alternative pension provisions will operate for new appointments to the Board. When determining pension arrangements for new appointments the Board will give regard to the cost of the arrangements, market practice and the pension arrangements received elsewhere in the Group.	The Company's maximum contribution/cash supplement for the executive directors is as follows: CEO – 20% of base salary CFO – 17.5% of base salary	None
Benefits			
Part of a competitive package.	Benefit policy is to provide an appropriate level of benefit taking into account market practice at similar sized companies and the level of benefits provided for other employees in the Group. Core benefits – Benefits currently include car allowance, fuel card, life assurance, private medical insurance (for the executive and his family) and personal permanent health insurance. All-employee share plans – Executives are eligible to participate in the Company's all-employee share schemes on the same terms as UK colleagues up to HMRC-approved limits. The Company currently operates the Savings Related Share Option Plan and Share Incentive Plan. Relocation policy – In the event that an executive were required to relocate from their home location to undertake their role, the Committee may provide an additional reasonable level of benefits to reflect the relevant circumstances (on a one-off or ongoing basis). Benefits are reviewed by the Committee in the context of market practice from time to time and the Committee may introduce or remove particular benefits if it is considered appropriate to do so.	The cost of benefit provision will depend on the cost to the Company of providing individual items and the individual's circumstances and therefore there is no maximum value.	None

FURTHER DETAIL

The Company also operates a shareholding guideline – details of this policy can be found on page 59 of the Annual Remuneration Report.

The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment. Awards granted under the Company's share plans will be operated in accordance with the relevant plan rules. The Committee may adjust awards only in accordance with the provisions of the relevant plan rules. This includes making adjustments to awards to reflect one-off corporate events, such as a change in the Group's capital structure. Where possible under the plan rules, awards may be settled in cash rather than shares, where the Committee considers this appropriate.

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (i) before 4 September 2014 (the date the Company's first directors' remuneration policy approved by shareholders came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

MALUS AND CLAWBACK

The Annual Incentive Scheme and Performance Share Plan incorporate malus and clawback provisions.

For Deferred Share awards granted since 1 June 2013, in the event of a material misstatement in Consort Medical's financial results the Committee may, at its discretion, apply malus to outstanding awards. The Committee may reduce the number of outstanding shares to reflect the number of shares that would have vested if the misstatement had not occurred.

For Annual Incentive Scheme awards granted in respect of FY2016 and subsequent years, in the event of (i) a material misstatement in Consort Medical's financial results; or (ii) serious reputational damage to the Company, the Committee may:

- apply malus to reduce an award before the award is paid to the participant; or
- clawback payments for up to two years following the end of the relevant performance period

For LTIP awards granted since 1 June 2013, in the event of a material misstatement in Consort Medical's financial results, the Committee may, at its discretion, apply malus to outstanding share awards. The Committee may reduce the number of outstanding shares to reflect the number of shares that would have vested if the misstatement had not occurred.

For long-term incentive awards granted from FY2016 onwards, in the event of (i) a material misstatement in Consort Medical's financial results; or (ii) serious reputational damage to the Company, the Committee may:

- apply malus to an unvested award; or
- clawback a vested or exercised award or equivalent value at any time prior to the fifth anniversary of grant

SELECTION OF PERFORMANCE MEASURES

The annual bonus contains two elements – the cash element and the deferred share element. The cash portion is based on financial performance and personal objectives for the individual executive directors. The Committee selected these measures to ensure continued focus on delivery of financial performance compared to budget and the achievement of key personal goals which are considered important to drive the performance of the business in the long-term. The level of a deferred share award is based on the achievement of key strategic milestones. In a business such as ours it is important that there is a constant focus on innovation, development and meeting strategic objectives today which will deliver value for shareholders in the future.

The Committee considers that the combination of measures used for the cash and deferred share element provides an appropriate balance of focus on financial and wider business and strategic goals.

Since 2013, the long-term share awards have been based on total shareholder return and earnings performance. Total shareholder return measures share price improvement and dividend returns and therefore is a direct measure of the value we have returned to shareholders compared to the wider market. The earnings measures incentivise management to grow earnings for shareholders over the long-term.

SUMMARY OF REMUNERATION POLICY
CONTINUED

REMUNERATION ARRANGEMENTS THROUGHOUT THE GROUP

The Committee generally considers pay and employment conditions elsewhere in the Group when considering pay for executive directors and senior management. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other employees in the Group.

When assessing remuneration, the Committee takes care to ensure that individuals are not overpaid in relation to their roles and responsibilities, and that packages for senior individuals are appropriate in comparison to the remuneration of other employees within the Company. Remuneration policy throughout the organisation is based on the same principles — that reward should be sufficient to retain and motivate individuals of a sufficient calibre without paying more than is necessary and should encourage individuals to deliver their own objectives and ultimately create value for shareholders. At Consort Medical our employees have a variety of different roles and responsibilities and therefore the reward opportunity and structure of reward necessarily is different to reflect this.

Senior executives who are members of the Group Executive Committee participate in the same reward structure as the executive directors.

Managers across the Group participate in the bonus plan with the most senior and key employees participating in the same PSP as the executive directors. The majority of employees are eligible to earn a bonus each year based on their site specific performance. We also offer employees the opportunity to save and buy shares through the Sharesave Plan, thus giving them the opportunity to be shareholders.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Board is responsible for determining the policy on remuneration of non-executive directors. The Company aims to attract non-executive directors who, through their experience, can further the interests of the Company and make an effective contribution to its strategic development.

Approach to setting fees	Basis of fees	Other items
The fees of the non-executive directors are agreed by the Board. The fee for the Chairman is agreed by the Committee. Fees are normally reviewed every two years but may be reviewed more or less frequently if it is considered appropriate. Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each non-executive director and fees at other companies of a similar size and complexity.	Non-executive directors are paid a basic fee for membership of the Board with additional fees being paid for being the Senior Independent Director or Chairman of a Board committee to take into account the additional responsibilities and workload. Additional fees may also be paid for other Board responsibilities or roles if this is considered appropriate. The non-executive Chairman receives an all-inclusive fee for the role. Fees are paid in cash.	Annual bonuses or share-based incentives are not awarded to non-executive directors, but they are encouraged to hold shares in the Company. Non-executive directors do not currently receive any benefits. However, benefits may be provided in the future if, in the view of the Board (for non-executive directors, or the Committee for the Chairman), this is considered appropriate. Travel and other reasonable expenses (including fees incurred in obtaining professional advice in the furtherance of their duties and any associated taxes) incurred in the course of performing their duties are reimbursed to non-executive directors. Non-executive directors are included on the directors' and officers' indemnity insurance.

The non-executive directors have appointment letters, the terms of which recognise that their appointments are subject to the Company's Articles of Association and their services are at the direction of the shareholders.

All non-executive directors submit themselves for election at the AGM following their appointment and at subsequent intervals of no more than three years.

Non-executive directors are not entitled to any payment in lieu of notice. The letters of appointment are available for shareholders to view from the Company Secretary upon request.

REMUNERATION POLICY FOR NEW HIRES

When determining the remuneration package for a newly appointed executive director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent
- The structure of the ongoing remuneration package would normally include the components set out in the policy table for executive directors
- In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific commercial circumstances, and subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be appropriately disclosed
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining such "buy-out" the guiding principle would be that awards would generally be on a "like-for-like" basis unless not appropriate
- Consistent with the policy table, the maximum level of variable remuneration which may be awarded (excluding any compensatory payments or awards referred to above) is 300% of salary (this reflects the current maximum opportunity for the CEO i.e. a bonus of 150% of base salary and a PSP award of 150% of base salary). This maximum level of variable remuneration includes awards made as part of the ongoing package. As noted in the policy table, the current intention is to grant PSP awards of 100% of salary
- Where an executive director is required to relocate from their home location to take up their role the Committee may provide reasonable assistance with relocation (either via one-off or ongoing payments or benefits)
- In the event that an internal candidate was promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards

To facilitate buy-out awards outlined above, in the event of recruitment, the Committee may grant awards to a new executive director under Listing Rule 9.4.2 which allows for the granting of awards, to facilitate, in unusual circumstances, the recruitment of an executive director, without seeking prior shareholder approval or under any other appropriate Company incentive plan (including the 2015 Performance Share Plan).

The remuneration package for a newly appointed non-executive director would normally be in line with the structure set out in the policy table for non-executive directors. Remuneration for newly appointed non-executive directors may be paid in the form of cash or shares.

EXECUTIVE DIRECTOR SERVICE CONTRACTS AND POLICY ON PAYMENT FOR LOSS OF OFFICE

When determining leaving arrangements for an executive director, the Committee takes into account any contractual agreements including the provisions of any incentive arrangements, typical market practice and the performance and conduct of the individual.

The service agreements are available to shareholders to view on request from the Company Secretary.

Notice period	Executive directors have service contracts with the Company which can be terminated on 12 months' notice by the Company and six months' notice by the executive directors. Jonathan Glenn was appointed on 26 July 2006 and Paul Hayes was appointed on 1 May 2017.
Payment in lieu of notice	The Company may at its discretion terminate any executive director's contract by making a payment in lieu of notice equal to the base salary, and benefits which would have been received during the notice period. The current executive directors are also entitled to an amount in respect of bonus for their notice period (or remainder of the notice period). The Committee has the discretion to determine the level of such bonus. Previously, when directors have left the business the Committee determined that no bonus should be due for the notice period. The Committee's policy going forward is that when new contracts are agreed with new executive directors that any entitlement to bonus as part of any payment in lieu of notice will be removed. Executive directors are also entitled to a payment in respect of any accrued but untaken holiday at the time of termination of employment.

SUMMARY OF REMUNERATION POLICY
CONTINUED

Annual incentives	The executive director may, at the discretion of the Committee, remain eligible to receive an annual bonus for the financial year in which they ceased employment. Such Annual Incentive Scheme awards will be determined by the Committee taking into account time in employment and performance.
2010 Deferred Bonus Plan	*Death* Awards shall vest at the time of death and, where awards are in the form of options, they may be exercised for a period of 12 months from death. *"Good leaver" by reason of injury, ill health or disability, redundancy, retirement, or the Company for which the participant works leaves the Group and any other reasons determined by the Committee* Awards shall vest in full on the normal vesting date unless the Committee determines that awards should vest on the individual's cessation of employment. Where awards are in the form of nil-cost options they may be exercised during the normal exercise window or, where the Committee has determined that awards should vest on the participant's date of cessation of employment, for a period of six months from cessation of employment. *"Good leaver" by reason of the participant's employing business leaving the Group* Awards will vest in full at the time of the business leaving the Group. Awards in the form of options may be exercised for up to six months from the relevant business leaving the Group. *Leavers in other circumstances* Awards will normally lapse.
2005 Long-Term Incentive Plan	*Death* Performance share awards shall vest at the date of death or at the normal vesting date (at the choice of the personal representatives of a deceased participant). Awards will be prorated to the date of death and to the extent to which the performance condition has been met. For awards in the form of stock appreciation rights, personal representatives shall have 12 months from vesting to exercise awards. *"Good leaver" by reason of injury, ill health or disability, redundancy, retirement, the sale of the participant's employing company and business out of the Group and any other reason determined by the Committee* Performance share awards shall vest on the normal vesting date and shall be prorated for the period of time elapsed up to the participant's cessation of employment and the extent to which the performance condition has been met. For awards made to Executive Directors in 2015, leavers for redundancy and retirement may not automatically be treated as good leavers. For awards in the form of share appreciation rights, participants shall have six months from the normal vesting date to exercise awards which vest as a result of the individual's cessation of employment. Any share appreciation rights which have already vested may be exercised within six months of the individual's cessation of employment. *Leavers in other circumstances* Awards will normally lapse.

2015 Performance Share Plan	*Death* Awards shall vest to the extent to which any performance condition has been met, and, unless the Committee determines otherwise, shall be prorated for the period of time that has elapsed since the award was granted until the date of death. A participant's personal representatives have until 12 months from the date of death to exercise any vested awards. *"Good leaver" by reason of injury, ill health or disability, the sale of the participant's employing company and business out of the Group and any other reason determined by the Committee* Awards will usually continue until the usual vesting date unless the Committee determines that the award will vest as soon as reasonably practicable following the date on which the participant ceases to be an employee or officer of the Group. The Committee shall determine the extent to which awards vest in these circumstances, taking into account the extent to which any performance condition has been satisfied. Unless the Committee determines otherwise, the period of time that has elapsed since the award was granted will also be taken into account. Participants will have six months following vesting to exercise awards. *Leavers in other circumstances* Awards will normally lapse.
2010 CSOP	Where options vest before the end of any relevant performance period, the Committee may assess any relevant performance condition on such modified basis as the Committee may determine. *Death* Options will become exercisable to the extent that the performance conditions have been met for a period of 12 months following death. *"Good leaver" by reason of injury, ill health or disability, redundancy, retirement, the Company for which the participant works leaving the Group or any other reasons determined by the Committee* Options which have not vested at the time of cessation vest on the normal vesting date to the extent that the performance conditions have been met and can be exercised within six months. Unless the Committee determines otherwise, the period of time that has elapsed since the award was granted will also be taken into account. Options which have already vested at the time of cessation may be exercised for six months following cessation of employment. *"Good leaver" by reason of the participant's employing business leaving the Group* The Committee may notify participants when it becomes aware that a relevant business may be leaving the Group. If participants are given at least 14 days' notice of the transfer, options vest to the extent that the performance conditions have been met and may be exercised until the completion of the transfer. Unless the Committee determines otherwise, awards shall be prorated for the period of time that has elapsed since the award was granted. If such notice is not given, options vest on the normal vesting date to the extent that the performance conditions have been met and may be exercised for a period of 12 months thereafter. *Leavers in other circumstances* Options will normally lapse.

DIRECTORS' REPORT

The Directors are pleased to present their Annual Report on the affairs of the Group, together with the audited financial statements, for the year ended 30 April 2017. The Annual Remuneration Report can be found on pages 56 to 63, the Audit Committee Report on pages 53 to 54, the Corporate Governance Report on pages 45 to 52 and the Corporate Responsibility review on pages 30 to 38.

The Annual Report has been prepared for, and only for, the members of the Company, as a body, and for no other persons. The Group, its directors, employees, agents or advisers, do not accept or assume responsibility to any person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Group undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

PRINCIPAL ACTIVITIES OF THE GROUP

The principal activities of the Group during the year have been the design, development and manufacture of specialty medical drug delivery devices and services to the pharmaceutical industry through Bespak and the supply of active pharmaceutical ingredient (API) and finished dose formulation and manufacturing services through Aesica. Our device products now include metered dose inhalers, dry powder devices, actuators, dose counters, disposable auto-injectors, nasal devices and point of care diagnostics devices.

STRATEGIC REPORT

The Strategic Report can be found on pages 2 to 41. This report includes a balanced and comprehensive analysis of the development and performance of the business of the Group and a description of the main trends and factors likely to affect the future development, performance or position of the business at the end of the year, using key performance indicators where appropriate.

PRINCIPAL RISKS AND UNCERTAINTIES

A description of the Group's principal risks and uncertainties can be found on pages 39 to 41, which forms part of this Directors' Report.

PRODUCT DEVELOPMENT AND RESEARCH INVESTMENT

The Group has a programme of continuous investment in its product development activities. During the year, the Group invested £6.5m (FY2016: £4.5m) in research and development expenditure.

RESULTS

Revenue from continuing operations increased by 6.2% to £294.0m. Earnings before tax and special items from continuing operations increased by 10.4% to £35.6m. Earnings before tax after specials increased by 94.7% to £21.9m. Adjusted basic earnings per share from continuing operations increased by 13.1% to 65.1p and basic earnings per share increased by 50.5% to 46.2p.

DIVIDEND

Following a review of performance, prospects and available funding, the directors propose a final dividend for the year of 13.21p per share (FY2016: 12.56p per share) to be paid on 27 October 2017 to shareholders on the register at close of business on 22 September 2017. An interim dividend of 7.09p per share (FY2016: 6.75p) was paid on 17 February 2017, making a total dividend for the year of 20.30p per share (FY2016: 19.31p).

POST-BALANCE SHEET EVENTS

There have been no adjusting or non-adjusting post-balance sheet events.

DIRECTORS

The names of the directors as at the date of this Report, together with brief biographical descriptions, appear on pages 42 and 43.

In accordance with section 992 of the Companies Act 2006, the directors disclose that rules regarding the appointment of directors are contained in the Company's Articles of Association, which may only be amended with shareholder approval in accordance with the relevant legislation. The powers given to the directors are contained in the Articles and include, subject to relevant legislation and authority being given to the directors by shareholders in general meeting, authorisation for the Company to issue and buy back its own shares. The Company annually seeks the authority of shareholders for the exercise by the directors of these powers.

All directors are subject to election at the next AGM following their appointment and to re-election thereafter at intervals of no more than three years in accordance with the Company's Articles of Association. Accordingly, Paul Hayes will seek election as a director at the forthcoming AGM. In addition, Dr Andrew Hosty and Dr William Jenkins will seek re-election. Dr Peter Fellner, having now served more than nine years, also offers himself for re-election until the date of the next AGM. Their biographical details are given on pages 42 and 43. Details of Dr Fellner's, Dr Hosty's and Dr Jenkins' letters of appointment and Mr Hayes' service agreement can be found on pages 62 and 71 respectively.

At the meeting of the Board held on 8 June 2017, the Board considered the performance and ability of the directors standing for reappointment at the forthcoming Annual General Meeting. Each director concerned was considered to be an effective member of the Board who demonstrates the requisite level of commitment and acts in the long term interests of the Company while having regard to other stakeholders. Accordingly, the Board recommends their reappointment to shareholders.

DIRECTORS' REMUNERATION

The Remuneration Report, which includes information regarding directors' service contracts, appointment arrangements and interests in share options, can be found on pages 56 to 63.

DIRECTORS AND THEIR INTERESTS

Details of the interests of the directors and their families in the ordinary share capital of the Company, as required to be disclosed in accordance with the Market Abuse Regulation, are given in the Remuneration Report. There were no changes in the directors' shareholdings between 30 April 2017 and the date of this report, with the exception of the monthly partnership shares purchased under the Share Incentive Plan for Mr Glenn.

The Board has agreed procedures for considering and, where appropriate, authorising directors' situational conflicts. None of the directors had any interest during or at the end of the year in any contract of significance in relation to the business of the Company or its subsidiary undertakings.

DIRECTORS' INDEMNITIES

Qualifying third-party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 were in place during the year. These arrangements remain in effect as at the date of this report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover is in force in respect of the personal liabilities which may be incurred by directors and officers of the Group in the course of their service with the Group.

MAJOR SHAREHOLDINGS

As at the date of this report, the Company has received notification from the following institutions of their and their clients' interests which represent 3% or more of the voting rights of the issued share capital of the Company (in accordance with Rule 5 of the DTRs). The number of shares and the percentage interests are as disclosed at the date on which the interests were notified to the Company.

Shareholder	Number of shares	Interest in issued shares
Schroder Investment Management	3,563,750	7.26%
Montanaro Asset Management	3,396,000	6.90%
OppenheimerFunds Inc	2,856,109	5.81%
Legal & General Group plc	2,060,265	4.19%
Polar Capital LLP	2,047,784	4.16%
Neptune Investment Management Limited	1,951,594	3.97%
Artemis Investment Management	1,893,781	3.85%

EMPLOYEES

The Group is an equal opportunities employer. It is committed to giving fair and equal treatment to all employees and job applicants in terms of recruitment, pay conditions, promotions, training and all employment matters regardless of their race, sex, ethnic background or religious beliefs, sexual orientation or disabilities. An equal opportunities policy is in force which aims to ensure that all employees are selected, trained, compensated, promoted and transferred solely on the strength of their ability, skills, qualifications and merit. The Group also believes that all employees have a right to work in an environment free from discrimination and bullying.

The Group introduced the National Living Wage for all of its UK employees on 1 April 2016.

The Group is committed to maximising the level of employee involvement in its business at all levels. Appropriate training is given to enable employees to perform their jobs more competently and to develop their skills and competencies to their full potential. The performance review system allows employees to discuss career opportunities and development and to receive guidance on achieving their goals. In addition, employees are supported, through sponsorship or a contribution to costs, to study for job-related qualifications.

DIRECTORS' REPORT
CONTINUED

The Group is committed to achieving the highest levels of quality. Bespak is certified to ISO13485, which is the internationally recognised standard that details the quality management system and design methodology required to develop and manufacture medical devices. Staff working in Bespak operate within this system and are also trained in the regulatory requirements of pharmaceutical "Good Manufacturing Practice". Bespak holds the appropriate licences from the MHRA to assemble, pack and release commercial pharmaceutical products. Aesica manufacturing sites are licensed to manufacture medicinal products by the appropriate Competent Authority of the country in which they are based and in accordance with EU law. Where sites export products to the United States they are appropriately approved by the US FDA.

The Group takes a proactive approach to consultation with employees on a variety of work-related issues through the use of consultative forums whose members are elected by staff. Regular briefings are given to staff to keep them informed of matters concerning the business, including financial and economic factors affecting the Group.

The Group operates share option schemes, performance-related bonus schemes and the Company Share Incentive Plan, which relevant employees are encouraged to join.

Information about environmental, ethical, social and community matters is set out in the Corporate Responsibility review on pages 30 to 38.

DISABILITY POLICY

The Group gives full and fair consideration to applications for employment from disabled persons. Opportunities also exist for employees of the Group who become disabled to continue in their employment or to be considered for other open positions in the Group and generally their training, career development and promotion.

SIGNIFICANT AGREEMENTS – CHANGE OF CONTROL

There are a number of significant agreements containing provisions that take effect (including provisions permitting counterparties to terminate agreements) upon a change of control of the Company. These include both commercial and bank loan facilities agreements. Maintaining strong relationships with all counterparties is an important element in the risk management of the business and to help safeguard the Company's interests to help mitigate against any impact resulting from any change of control of the Company should it occur.

SHARE CAPITAL AND CONTROL

Details of the Company's issued share capital are set out on page 120. All of the Company's issued share capital comprises ordinary 10p shares which are fully paid up and rank equally in all respects.

The ordinary shares are listed on the Official List of the London Stock Exchange and are included in the techMARK index. In addition, the Company has entered into a Level 1 American Depositary Receipt (ADR) programme with the Bank of New York Mellon, under which the Company's shares are traded on the over-the-counter market in the form of American Depositary Shares (ADS).

81,037 (FY2016: 56,018) new shares were issued during the year under the Company's SAYE Scheme. No new ordinary shares have been allotted under the Company's share option schemes since the end of the year and up to the date of this report.

RIGHTS ATTACHING TO SHARES

The rights attaching to the Company's ordinary shares, in addition to those conferred by law, are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in England and Wales or from the Company Secretary. The holders of ordinary shares are entitled to receive the Company's reports and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights, and to participation in any distribution of income or capital.

TRANSFERS OF SHARES

There are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them save where the Company has exercised its rights to suspend their voting rights or to prohibit their transfer following the omission of their holder or any person interested in them to provide the Company with information requested by it in accordance with Part 22 of the Companies Act 2006 or where their holder is precluded from exercising voting rights by the Financial Services Authority Listing Rules or the City Code on Takeovers and Mergers. None of the shares carry any special rights with regard to the control of the Company.

The directors may refuse to register a transfer of ordinary shares where such transfer documents are not lodged by acceptable means or proof of title is required.

PURCHASE OF OWN SHARES

At the AGM on 7 September 2016, shareholders approved a resolution of the Company permitting it to purchase its own shares up to a maximum of 4,913,302 ordinary shares. This resolution remains valid until the conclusion of this year's AGM. As at 14 June 2017, the directors had not used this authority. A resolution will be proposed at this year's AGM to renew this authority.

The Company's share ownership trust currently holds 298,888 ordinary shares of 10p each, representing 0.61% of the Company's issued share capital.

ISSUE OF SHARES

At the 2016 AGM, shareholders approved a resolution to give the directors authority to allot shares up to an aggregate nominal value of £1,637,767 and further shares in accordance with The Investment Association guidelines in connection with a rights issue up to an aggregate nominal amount of £3,275,534. In addition, shareholders approved a resolution giving the directors a limited power to allot shares for cash in other circumstances. These resolutions remain valid until the conclusion of this year's AGM.

Resolutions will be proposed at this year's AGM to renew these authorities.

Further explanation of the resolutions will be included with the Notice of AGM, which will be circulated to shareholders separately.

SHARE SCHEMES

A description of the share schemes operated by the Company is set out in the Remuneration report on pages 56 to 63.

GREENHOUSE GAS EMISSIONS

Information on the Group's Greenhouse Gas emissions (as required to be disclosed under the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2013)) is disclosed in our Corporate Responsibility report on page 32.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director, so far as each is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ANNUAL GENERAL MEETING

The 2017 AGM of the Company will be held at the Company's registered office in Hemel Hempstead on 6 September 2017 at 2 pm. Details of the resolutions to be proposed, together with the Notice of Meeting, are being sent to shareholders separately and will be posted on the Company's website.

CORPORATE GOVERNANCE

The main features of the Group's internal controls and risk management systems in relation to the process for preparing consolidated financial statements can be found in the Corporate Governance Report on pages 45 to 52. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross reference.

AUDITORS

KPMG LLP are the Company's auditors, having been appointed during the year, and a resolution to formally appoint them and to authorise the directors to set their remuneration will be proposed at the AGM.

The Directors' Report above and the Strategic Report on pages 2 to 41 have been approved by the Board.

By order of the Board

JOHN ILETT
COMPANY SECRETARY
14 June 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

For and on behalf of the Board

JOHN ILETT
COMPANY SECRETARY
14 June 2017