Directors' remuneration report

GRAHAM MARTIN
Chairman of the Remuneration Committee

Ensuring alignment of shareholder and management interests

Dear shareholders,

On behalf of the Board, I am pleased to present the Remuneration Committee's report for 2019 on Directors' remuneration.

This report is divided into three main sections:

- This statement, which provides a summary of the year under review and the Committee's proposals for a new three year Directors' remuneration policy;
- The 2019 annual report on remuneration which provides details of the remuneration earned by the Directors in the year ended 31 December 2019 and how the proposed new 2020 remuneration policy will operate for 2020; and
- Details of the proposed new Directors' remuneration policy which will be put to an advisory vote of shareholders at the 2020 AGM.

Summary of the work of the Committee in 2019

In early 2019 most of the Committee's work focused on assessing and agreeing with the Executive Directors the outcome of the key performance metrics (KPIs) under their bonus scheme for 2018, and agreeing some modifications to those metrics for the application of the scheme in 2019. With the assistance of PwC (the Company's independent remuneration advisor) who prepared benchmarking reports, we also reviewed the salaries and fees of the Executive Directors, Company Secretary and the Chairman.

During the remainder of the year, the Committee monitored, on a quarterly basis, the performance of the Group against the KPIs and provided regular feedback to the Executive Directors.

The Committee also kept under review during the year the pay and benefits of the Executive Directors in the context of the remuneration of the Group's workforce as a whole, particularly those at the Mine in Mozambique and in the Dublin head office. We received presentations from mine management on the structure of the remuneration of the different categories of workers at the Mine and satisfied ourselves that our staff receive pay and benefits which are benchmarked appropriately, took account of local employment regulations and conditions as well as seniority, and afforded our workers the opportunity to share in the benefits from the success of the Group. We also noted that there is no discrimination between our male and female workers in their pay and benefits for similar jobs.

In our Dublin office, a new remuneration and personal development policy for staff was introduced and, as with our Mine staff, the Committee satisfied itself that the remuneration and benefits of our employees was appropriate and that they also have opportunities to share in the success of the Group.

The Committee formally met five times during the year but there were also a number of less formal communications throughout the year on remuneration issues between members of the Committee and me, and with the Executive Directors. In October, the Committee received a presentation from PwC with an update on current remuneration matters with particular focus on the recent changes in the UK Corporate Governance Code and the various issues likely to affect the design of our proposals for a new three-year Directors' remuneration policy.

Performance and reward for 2019

Under the 2017 Directors' Remuneration Policy, the Executive Directors receive a base salary (which, apart from inflationary adjustments, has not been increased since 2010), pension contributions, certain other benefits, an award of shares under the Kenmare Restricted Share Plan (KRSP) and the opportunity to earn an annual bonus depending on the outcome of the KPIs.

As noted by the Chairman and the Managing Director in their respective reports, in 2019 we continued to make strong progress towards increasing production of ilmenite to 1.2 million tonnes per annum from 2021, plus co-products. Our average received commodity price increased, supported by robust demand for ilmenite and continuing supply constraints, and in October 2019 we paid our maiden interim dividend of USc2.66 per share, in line with our policy to return a minimum of 20% of profit after tax to shareholders. These results are reflected in the outcome of the KPIs and consequently the bonus earned by the Executive Directors.

The performance criteria set by the Committee under the bonus scheme reflected a mix of quantitative targets and qualitative targets and were set at stretching levels for the maximum award. The quantitative and qualitative targets for 2019 comprised 75% (2018: 67.5%) and 25% (2018: 32.5%) respectively of the maximum 100% opportunity.

The quantitative targets covered metrics reflecting mineral production, financial results, certain safety and environmental matters and the timely and on-budget execution of two approved capital projects. The qualitative targets included matters such as improving community safety, lowering the incidence of malaria, increasing the rate of land rehabilitation and certain key corporate matters. The project and corporate targets were weighted differently for the Managing Director and the Financial Director, reflecting their primary areas of oversight, which resulted in different bonus outcomes.

The outcome of the Committee's assessment of performance against these criteria resulted in the Executive Directors receiving a cash bonus of 47.30% of salary in the case of the Managing Director and 49.05% in the case of the Financial Director. The Committee considers these outcomes a fair reflection of their respective individual performances and the corporate performance for the year, and therefore no discretion was applied to adjust this outcome.

Proposed new Directors' remuneration policy

The 2017 Directors' remuneration policy received strong support from shareholders on its approval in 2017, and in subsequent votes on its implementation in 2018 and 2019. Notwithstanding that, with the assistance of PwC, we conducted a comprehensive review in 2019 of the remuneration arrangements for the Executive Directors taking into account developing governance recommendations in this area, particularly around the use of restricted share schemes.

After careful consideration, we concluded that the structure of the existing scheme has worked well, particularly in the context of the volatile commodity prices in our industry, and has served to strongly align the interests of the Executive Directors with those of our shareholders. We therefore concluded that we should retain the structure of our existing arrangements but that we should also recognise the emerging governance recommendations of the shareholder advisory bodies, particularly in matters such as the vesting and holding periods for restricted stock, the introduction of an underpin on the vesting of stock awards and the introduction of a post-cessation shareholding requirement.

Towards the end of 2019 we wrote to each of our major shareholders setting out our proposals in detail and received some very useful feedback in meetings, correspondence and in telephone calls, as a result of which we made some changes to our initial recommendations. I am very grateful to those of our shareholders who engaged with us in this consultation process.

The resultant proposed new policy together with a summary of the key changes to the current policy is set out in detail on pages 98 to 108.

Shareholder dialogue

Your views on executive remuneration are very important to the Board, particularly this year as we are proposing a new three year remuneration policy to put before you for approval at the AGM. Should you have any questions, comments or feedback on remuneration matters at Kenmare I would be very pleased to hear from you. I can be reached via the Company Secretary at **dcorcoran@ kenmareresources.com**.

I hope you will vote in support of the remuneration report at the forthcoming AGM, and in favour of our new remuneration policy proposals.

Conclusion

The Committee continues to believe that the current Directors' remuneration policy remains appropriate at this stage of the Group's growth which is why we are proposing to substantially retain its structure in our new proposals. It is relatively simple and easily understandable; we believe it is motivating and it also allows sufficient discretion to the Committee to take account of all relevant matters affecting the Group or its performance in the year. The revised 2020 remuneration policy, being put to an advisory vote of shareholders at the 2020 AGM, will also allow the Committee to look back over each three year period in determining the KRSP vesting outcomes.

As ever, I am very grateful for the support and guidance given to me throughout the year by my fellow members of the Remuneration Committee and the Company secretarial support team led by Deirdre Corcoran, the Committee Secretary.

GRAHAM MARTIN
Chairman of the Remuneration Committee

27 March 2020

At a glance

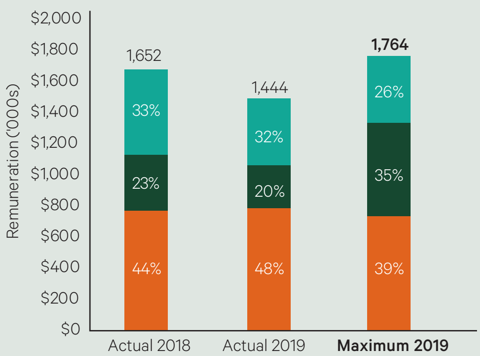
Remuneration philosophy

The key principles of our approach to executive remuneration are:

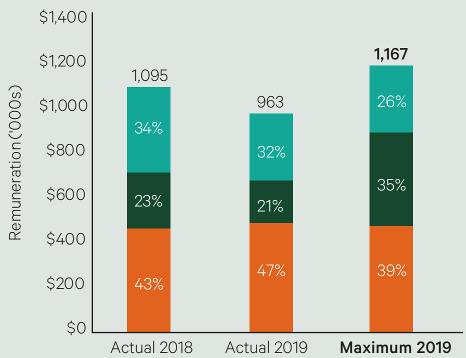
Attract, motivate and retain executives of the highest calibre	**Align long-term interests of executives with those of shareholders**	**Provide an appropriate blend of fixed and variable remuneration and short and long-term incentives**	**Reflect the risk polices and appetite of the Group**

Executive Director total remuneration

Mr M. Carvill



Mr T. McCluskey



Salary, Benefits and Pension Bonus KRSP and KIP

Annual report on remuneration

> The remuneration policy and practices of the Group are designed to support strategy and promote long-term sustainable success

The Company Secretary acts as Secretary to the Committee. The Managing Director and Financial Director may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration.

Principal role and responsibilities of the Committee

The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that:

- Remuneration policy and practices of the Group are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
- Executive remuneration is aligned to Group purpose and values and linked to delivery of the Group's long-term strategy.

The primary responsibilities of the Committee are to:

- Determine and agree with the Board the Group's policy on executive remuneration;
- Within the terms of the agreed policy, determine the total individual remuneration package of the Chair, Executive Directors, Company Secretary and such other members of the senior executive management as it is designated to consider;
- Review workforce remuneration, related policies and the alignment of incentives and rewards with culture; and
- Oversee the preparation of the Directors' remuneration report.

The Committee gives full consideration to legal and regulatory requirements, to the principles and provisions of the UK Corporate Governance Code and to related guidance. The Committee also seeks to ensure that risk is properly considered in the setting of the remuneration policy, by ensuring that targets are appropriately stretching but do not lead to the taking of excessive risk.

The Remuneration Committee seeks independent advice when necessary from external remuneration consultants. During the year, the Committee conducted a competitive tender process following which the Committee decided to renew the appointment of PwC, which has no other connection with the Company or the Directors, as independent external remuneration advisor. PwC is paid a fixed fee for a fixed scope of work and charges fees on a time and materials basis for work outside of the agreed scope. During the year ended 31 December 2019 the total fees payable to PwC in respect of these services was £64,500. PwC is a member of the Remuneration Consultants Group and a signatory of that Group's Code of Practice for remuneration consultants. The Committee reviews the services and advice provided by PwC each year and is satisfied that the advice it receives is independent and objective.

See the Committee's terms of reference on: **www.kenmareresources.com**.

Membership and meetings

The Remuneration Committee consists of its Non-Executive Chairman, Mr. G. Martin, and Non-Executive Directors Mr. P. Bacchus, Mr. G. Smith and Mr. S. McTiernan. Ms. E. Headon retired from the Committee in October 2019 following her appointment as Chair of the Sustainability Committee. She attended three of the four meetings held during the period she was a member of the Committee. Details of the members skills, expertise and experience is set out in the Board of Directors on pages 72 and 73.

		Independent	Date of appointment to Committee	Meetings attended
Mr. G. Martin	Chairman	Yes	14/10/2016	●●●●●
Mr. P. Bacchus	Member	Yes	25/05/2017	●●●●●
Mr. S. McTiernan	Member	Yes	12/03/2013	●●●●●
Mr. G. Smith	Member	Yes	12/03/2013	●●●●●

Activities during 2019

The main agenda items during the year included:

- review of remuneration trends and benchmarking reports;
- assessment of performance outcomes for the 2018 annual bonus;
- determination of performance metrics and targets for the 2019 annual bonus;
- review of executive remuneration policy;
- approval of KRSP awards granted in March 2019;
- consideration of UK Corporate Governance Code changes in so far as they are likely to affect the role and remit of the Committee;
- review of pay and benefits of the Group's overall workforce;
- review of the Committee's terms of reference; and
- approval of PwC's fees as independent external advisor.

Directors' remuneration (audited)

The following table sets out the total remuneration for Directors for the year ended 31 December 2019 and the prior year. There was no increase in the base salary of Executive Directors during 2019 (differences in amounts in the table reflect movements in conversion rates between Euro and US Dollars at the relevant dates).

	Salary and fees		All taxable benefits		Cash bonus		Total		LTIP - KRSP	LTIP - KRSP	LTIP - KIP	Pension		Total	
	2019 US$'000	2018 US$'000	**2019 US$'000**	2018 US$'000	**2019 US$'000**	2018 US$'000	**2019 US$'000**	2018 US$'000	**2019(iii) US$'000**	2018(iii) US$'000	2018(iv) US$'000	**2019 US$'000**	2018 US$'000	**2019 US$'000**	2018 US$'000
Executive Directors															
M. Carvill	**616**	649	**8**	12	**291**	375	**915**	1,036	**467**	512	39	**62**	65	**1,444**	1,652
T. Fitzpatrick(i)	**–**	152	**–**	3	**–**	53	**–**	208	**–**	137	–	**–**	8	**–**	353
T. McCluskey	**407**	428	**7**	7	**200**	247	**614**	682	**308**	338	32	**41**	43	**963**	1,095
Subtotal	**1,023**	1,229	**15**	22	**491**	675	**1,529**	1,926	**775**	987	71	**103**	116	**2,407**	3,100
Non-Executive Directors															
P. Bacchus	**77**	81	**–**	–	**–**	–	**77**	81	**–**	–	–	**–**	–	**77**	81
E. Dorward-King(ii)	**12**	–	**–**	–	**–**	–	**12**	–	**–**	–	–	**–**	–	**12**	–
C. Fonseca(i)	**66**	34	**–**	–	**–**	–	**66**	34	**–**	–	–	**–**	–	**66**	34
E. Headon	**89**	94	**–**	–	**–**	–	**89**	94	**–**	–	–	**–**	–	**89**	94
T. Keating	**66**	67	**–**	–	**–**	–	**66**	67	**–**	–	–	**–**	–	**66**	67
G. Martin	**85**	88	**–**	–	**–**	–	**85**	88	**–**	–	–	**–**	–	**85**	88
S. McTiernan	**213**	224	**–**	–	**–**	–	**213**	224	**–**	–	–	**–**	–	**213**	224
G. Smith	**92**	97	**–**	–	**–**	–	**92**	97	**–**	–	–	**–**	–	**92**	97
Subtotal	**700**	685	**–**	–	**–**	–	**700**	685	**–**	–	–	**–**	–	**700**	685
Total	**1,723**	1,914	**15**	22	**491**	675	**2,229**	2,611	**775**	987	71	**103**	116	**3,107**	3,785

(i) Mr. C. Fonseca was appointed to the Board as Non-Executive Director on 1 July 2018 and Mr. T. Fitzpatrick retired down from the Board on that date. The amounts set out in the table above relate to the period of their directorships.

(ii) Dr. E. Dorward-King was appointed to the Board as a Non-Executive Director on 5 November 2019. The fees set out in the table above relate to the period of her directorship.

(iii) The LTIP KRSP amount for 2019 and 2018 are the KRSP incentives earned in the relevant year. Awards under the KRSP are made 100% in shares which vest, subject to continued employment, 60% on the third anniversary of grant and 20% on each of the fourth and fifth anniversary of grant.

(iv) The LTIP KIP for 2018 relates to 2015 KIP awards which vested in July 2019, based on the performance measured to 31 December 2018. The values have been restated to reflect the share price of £1.83 on the vesting date (6 July 2019).

(v) No share options granted under the share option scheme were exercised in 2019 or 2018.

(vi) The underlying currencies of Directors' emoluments are Euro and US Dollars.

(vii) This disclosure forms an integral part of the financial statements.

There has been no increase in the Non-Executive Directors' fees since 2011.

Executive and Non-Executive Directors' fees for services as Directors provided to the Company and the entities controlled by the Company are US$2.4 million (2018: US$3.1 million) and US$0.7 million (2018: US$0.7 million) respectively. These figures have been calculated based on the requirements of the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the "Regulations"), to which the Company has regard.

2019 annual bonus award

The performance metrics for the 2019 annual bonus award sought to deliver continuous and stretching progress in relation to operational performance, cost efficiency and capital expenditure management, health and safety initiatives, and corporate objectives. Different performance targets for project execution and corporate performance were set for each Executive Director according to their roles.

The maximum opportunity under the annual bonus award for 2019 was 100% of base salary for the Managing Director and Financial Director.

Annual report on remuneration continued

Performance targets and outcomes for the 2019 financial year were as follows:

2019 annual bonus outcome		Weighting	Performance needed for pay-out at Threshold (25% of maximum vests)	Target (50% of maximum vests)	Stretch (100% of maximum vests)
Operational	Ilmenite production (tonnes)	15%	900,000	930,000	960,000
	Zircon production (tonnes)	5%	44,500	48,250	52,000
	Rutile & Concentrates production (tonnes)	5%	41,600	47,300	53,000
Financial	EBITDA	10%	$88.8m	$98.6m	$108.5m
	Production cash costs	10%	$167m	$159m	$151m
	Cost per tonne	5%	$160	$155	$150
	TSR	10%	£2.32	£2.50	£3.00
HSE	LTIFR per 200,000 man-hours	5%	0.30	0.25	0.20
	Community safety	2.5%	Working safely with the community; putting into practice lessons learned from previous incidents; demonstrating measures are in place to minimise community safety incidents related to operations.		
	Safety – Other	2.5%	Continuation of the NOSA 5 star industry safety rating; a material improvement in malaria statistics; learning from incidents and close out of over 90% of previous year's issues; and a positive insurance inspection report.		
	Environmental breaches	2.5%	No material spills of hazardous waste.		
	Environmental – Other	2.5%	The extent to which the rehabilitation plan is ahead of target; regular, constructive engagement with the local population on environmental issues; and continued compliance with all relevant laws and regulations.		
Project Execution	WCP C M. Carvill T. McCluskey	 7.50% 3.75%	Project execution related to the efficient execution of two capital projects, i.e. being completed on time and within budget.		
	WCP B move M. Carvill T. McCluskey	 7.50% 3.75%	The projects were the acquisition and installation of WCP C – a new wet concentrator plant and its related dredge, and the commencement of the move of WCP B to Pilivili. Each project was given equal weighting.		
Corporate	Refinancing M. Carvill T. McCluskey	 2.5% 12.5%	Successful corporate debt refinancing in 2019 on favourable terms.		
	Investor Relations (IR) M. Carvill T. McCluskey	 5.0% 2.5%	A focus on various aspects of IR including good results in the management of the share register.		
	People	2.5%	Substantial progress in executive and senior management succession planning, capacity enhancement in key roles and the implementation of the senior management performance scheme.		
Total		100%			

(i) Formulaic level of award equates to the weighting multiplied by the proportion of element vesting.
(ii) Year end share price adjusted for interim dividend payment made in October 2019.

Performance achieved	M. Carvill: Proportion of element vesting %	M. Carvill: Formulaic level of award % maximum %[i]	T. McCluskey: Proportion of element vesting %	T. McCluskey: Formulaic level of award % maximum %[i]
892,910	0.0	0.00	0.0	0.00
46,933	41.2	2.06	41.2	2.06
48,526	60.8	3.04	60.8	3.04
$92.6m	34.6	3.46	34.6	3.46
$156.6m	67.0	6.70	67.0	6.70
$158.1	34.4	1.72	34.4	1.72
£2.38[ii]	33.3	3.32	33.3	3.32
0.27	40.0	2.00	40.0	2.00
There was a significant improvement in community safety in 2019 with no material incidents recorded. This was achieved through proactive actions and implementing the learnings from previous incidents. A continuing educational programme is in place to improve awareness in the community of safety issues, including industrial theatre and initiatives in schools.	100.0	2.50	100.0	2.50
The NOSA 5 start rating was retained and there was a further material reduction in malaria incidence among the Mine staff. More than 90% of safety issues were closed out with appropriate action taken and the insurance risk review was successfully completed. However, there has been a growing incidence of low level thefts in the area of the mine to which the Group is responding with appropriate measures and controls and liaising with the authorities.	80.0	2.00	80.0	2.00
There were no material spills.	100.0	2.50	100.0	2.50
There was a large increase in 2019 in the areas of land rehabilitated and returned to the community but the increase in dry mining operations during the year resulted in an increase in the open areas. Community related engagement on environment, land use management and resettlement has been extensive, transparent and successful. However, the scoring on this metric was impacted by the loss at the end of the year of two densitometers (containing low level radioactive sources), the circumstances of which were still being investigated.	60.0	1.50	60.0	1.50
WCP C dredge execution and commissioning was completed in 2019. WCP C plant completion was delayed to January 2020 due to delayed delivery of the plant by the contractor. The project remains on track to be completed within the budget. The outcome reflects the relative weighting attributed by the Committee to project timing and budget.	33.3	2.50	33.3	1.25
Although the WCP B move is not due to be completed until the end of 2020, it was important that the project commenced successfully in 2019 which it did. The main procurement contracts were adjudicated and awarded, civil works were progressing well at year end and plans for the heavy transportation move and the key HMC pumping and electricity infrastructure parts of the project were proceeding well. The Committee awarded 80% achievement.	80.0	6.00	80.0	3.00
The refinancing was completed on favourable terms to the Group and drawdown of funds was made before year end.	80.0	2.00	80.0	10.00
Through vigorous efforts of the IR team and others the free float in the Company's shares was increased throughout the year, the capacity of the IR team was increased and various IR initiatives were successfully completed during the year or are well in progress.	80.0	4.00	80.0	2.00
A number of key roles were filled during the year and in other cases appropriate succession plans were presented to the Board and approved. The performance management scheme for senior staff at the Mine, and for staff in Dublin, was partially implemented during the year but is undergoing further development for 2020.	80.0	2.00	80.0	2.00
		47.30		49.05

Overall, the outcome of the scorecard and therefore outcome for Mr. M. Carvill was 47.30% of maximum. The outcome for Mr. T. McCluskey was 49.05%. The Committee believes this appropriately reflects the Executive Directors' performance during the year and the Group's results, and therefore has not applied further discretion to this outcome. The 2019 annual bonus award was delivered 100% in cash, consistent with the Directors' remuneration policy as the outcome did not exceed 75% of salary.

Total pension entitlements

Pension provision for the Executive Directors was made in 2019 based on 10% of base salary, in line with the remuneration policy. Fees paid to Non-Executive Directors are not pensionable. No Director has a prospective entitlement to a defined benefit pension by reference to their service as a Director.

Scheme interests vested during the year

During the year, the three-year performance period set to determine the vesting of the 2016 KIP ended. . The share-based portion of the 2016 KIP award vests as follows:

- 25% based on continued employment;
- 12.5% of the award vests if Kenmare's TSR performance exceeds the TSR performance of the FTSE 250 Index;
- 12.5% of the award vests if Kenmare's TSR performance exceeds the TSR performance of the FTSE Mining Index; and
- 50% of the award vests if Kenmare's absolute TSR performance exceeds 10% per annum.

Kenmare's total shareholder return (TSR) for the relevant period was below that of the FTSE 250 Index and the FTSE Mining Index, and was also less than 10% per annum, consequently no vesting occurs under the performance element of the 2016 KIP award. 25% of the share-based portion award of the 2016 KIP award will vest in March 2020 based on continued employment. The value of these shares was included in the 2016 single figure table.

Scheme interests awarded during the year

Share awards were made under the KRSP on 15 March 2019 as set out on page 95. These awards represent 75% of base salary for Mr. M. Carvill and Mr. T. McCluskey based on a share price of £2.32; the open offer price from the 2016 capital raise as the actual share price at the date of award was lower. The value of award totalled £0.6 million. Awards under the KRSP are made 100% in shares which vest, subject to continued employment, 60% on the third anniversary of grant and 20% on each of the fourth and fifth anniversary of grant.

Payments for loss of office

No payments for loss of office were made during the year.

Payments to past Directors

There were no payments to past Directors in the year in respect of services as a Director. There were payments to past Directors in the year in respect of employment and the provision of other contractual services to the Company other than as a Director.

Directors' and Secretary's shareholdings (audited)

The interests of the Secretary and Directors who held office during 2019, their spouses and minor children, in the ordinary share capital of the Company, other than pursuant to share options or share awards, were as set out below:

	Shares held 27 March 2020	Shares held 31 December 2019	Shares held 1 January 2019
P. Bacchus	–	–	–
M. Carvill(i)(ii)	139,097	139,097	77,575
C. Fonseca	–	–	–
E. Dorward-King	–	–	–
E. Headon	4,990	4,990	5,033
T. Keating	–	–	–
G. Martin	84,135	84,135	57,820
T. McCluskey(ii)	68,720	68,720	44,357
S. McTiernan	169,576	169,576	117,215
G. Smith	30,078	30,078	20,078
D. Corcoran (Secretary)	6,334	6,334	6,334

(i) 3,750 shares held by a Carvill Family Trust for the children of Mr. M. Carvill are included in his holding.
(ii) Shareholding requirements of 250% of salary apply for the Managing Director and Financial Director This shareholding can be built up over the period to 25 May 2022 and was not met at 31 December 2019.

Directors' and Secretary's share options and share awards (audited)

Details of the share options of the Secretary and Executive Directors who held office at 31 December 2019, granted in accordance with the rules of the share option scheme are as follows:

Share option scheme (audited)

	1 Jan 2019	Granted during 2019	Exercised or transferred during 2019	Lapsed during 2019	31 Dec 2019	Average option price £	Option price range From £	Option price range To £
M. Carvill	6,667	–	–	6,667	–	N/A	N/A	N/A
T. McCluskey	5,417	–	–	5,417	–	N/A	N/A	N/A
D. Corcoran (Secretary)	6,750	–	–	3,000	3,750	54.40	54.40	54.40

The latest exercise date for the share options shown in the table above is September 2020. The share option period may be extended at the discretion of the Board.

The share price at the year end was £2.36 and the share price range for the year was between £1.79 and £2.56.

None of the Non-Executive Directors held share options during the period or have received any awards under the KIP or KRSP.

KIP (audited)

Details of the Executive Directors' outstanding KIP interests as at 31 December 2019 are as follows:

		Unvested KIP interest subject to performance conditions	Date of vesting	Unvested KIP interest not subject to performance conditions	Date of vesting	Vested KIP interest
M. Carvill	2016 KIP award	193,976	31-Mar-20	64,659	31-Mar-20	–
T. McCluskey	2016 KIP award	128,017	31-Mar-20	42,672	31-Mar-20	–

The performance conditions attaching to the 2016 KIP awards above were not met, and accordingly that element of the award will lapse. 2014 and 2015 KIP awards vested and were exercised during 2019 resulting in gains of £0.2 million. The Secretary has not received any awards under the KIP.

KRSP (audited)

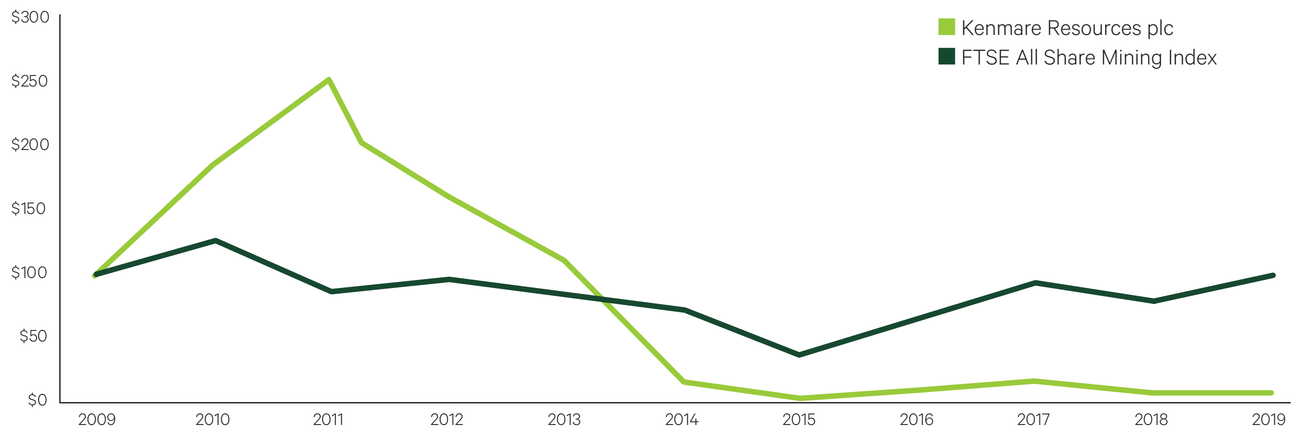
Details of the Executive Directors' and Secretary outstanding KRSP interests as at 31 December 2019 are as follows:

	Date of grant	Unvested KRSP interests	Vested KRSP interests
M. Carvill	26-May-17	134,466	–
	15-Mar-18	149,362	–
	15-Mar-19	152,074	–
T. McCluskey	26-May-17	88,743	–
	15-Mar-18	98,574	–
	15-Mar-19	100,364	–
D. Corcoran	26-May-17	20,343	–
	17-Apr-18	31,094	–
	29-Mar-19	33,519	–

In the case of the Executive Directors, the above KRSP awards vest subject to continued employment, 60% on the third anniversary of grant date, 20% on fourth anniversary and 20% on fifth anniversary. In the case of the Secretary, the above KRSP awards vest subject to continued employment on the third anniversary of grant date.

Performance graph and table

The value at 31 December 2019 of US$100 invested in the Group in 2009 compared with the value of $100 invested in the FTSE All Share Mining Index is shown in the graph below.



Annual report on remuneration continued

The remuneration paid to the Managing Director in the past 10 years is set out below:

Year	Name	Single figure of total remuneration US$'000	Bonus pay-out (as % maximum opportunity)	Long-term incentive vesting rates (as % maximum opportunity)
2019	M. Carvill	1,444	47%	25%
2018	M. Carvill	1,652	58%	83.3%
2017	M. Carvill	1,528	59%	0%
2016	M. Carvill	1,340	66%(i)	N/A
2015	M. Carvill	744	22%(i)	N/A
2014	M. Carvill	967	26%(i)	N/A
2013	M. Carvill	809	0%	0%
2012	M. Carvill	783	0%	N/A
2011	M. Carvill	1,035	37%	N/A
2010	M. Carvill	784	48%	N/A

Amount shown reflects the cash and deferred share award under the KIP, part of which is conditional on long-term performance.

In line with the Regulations, to which the Group has regard, figures shown in the table above relate to remuneration for performance each year.

Percentage change in Managing Director's remuneration

The table below compares the percentage change in the Managing Director's salary, taxable benefits and annual bonus in US Dollars with the whole employee population comparing 2019 with 2018.

	Salary % change	Taxable benefits % change	Bonus % change
Managing Director	-5%	-33%	-22%
Average Employee pay	-10%	–	+1%

The underlying currency of the Managing Director's salary is Euro. The 10% decrease in average employee pay is due to a higher percentage of Mozambican staff employed in 2019 and a favourable movement in the Metical exchange rate.

Relative importance of spend on pay

	2019 US$'000	2018 US$'000	Change US$'000
Overall spend on pay including Directors	41,994	43,381	-1,387
Profit distributed by way of dividend	3,026	–	3,026
Group cash operating costs	156,600	151,300	5,300

Employee numbers throughout the Group increased from 1,420 in 2018 to 1,497 in 2019.

Group cash operating costs have been included in the table in order give a context to spend on pay relative to the overall cash operating costs.

Statement of implementation of policy in 2020 (audited)

Base salary

The base salaries for the forthcoming year are unchanged and are set out below:

Executive Director	2020 US$'000	2019 US$'000	% change
M. Carvill	616	616	0
T. McCluskey	407	407	0

The underlying currency of Mr. M. Carvill and Mr. T. McCluskey's base salaries is Euro. The US Dollar figures shown above for 2020 have been calculated using the average 2019 Euro to US Dollar exchange rate. The final US Dollar figure for 2020 will vary depending on exchange rate movements.

Annual bonus

The incentive opportunity for the Executive Directors under the incentive scheme for 2020 will be as follows:

Executive Director	On-target incentive (% of salary)	Maximum incentive (% of salary)
M. Carvill	50%	100%
T. McCluskey	50%	100%

The performance metrics for 2020 annual bonuses and their associated weightings are as follows:

Area	Measure	Weight[i]
Operational	Ilmenite, zircon, rutile and concentrates production volume	25%
Financial	EBITDA	10%
	Total cash operating costs	10%
	Cash cost per tonne	5%
	Total shareholder return	5%
Environment, Social and Governance (ESG)	Safety – LTIFR and community	
	Environment	20%
	Social and other	
Corporate and Project execution		25%

(i) The respective weightings for the Managing Director and Financial Director will be the same for all metrics except for Corporate and Project execution where the Remuneration Committee will determine appropriate splits reflecting their respective responsibilities and challenges in these areas in 2020.

The performance metrics as set out above seek to deliver ongoing progress in relation to operational performance, cost efficiency, ESG, and strategic corporate objectives. Full details of the performance targets associated with these measures are considered by the Directors to be commercially sensitive and are not disclosed in advance. Target levels of performance and actual outcomes relative to the targets will be disclosed retrospectively in next year's Directors' remuneration report.

Kenmare Restricted Share Plan (KRSP)

Subject to approval at the AGM, the maximum award level for the Executive Directors under the KRSP for 2020 will be 100% of base salary. For the current Executive Directors only, the share price used to determine the award levels will not be less than £2.32, the open offer price for the 2016 capital raise. Vesting of awards will be subject to a performance underpin based on a number of corporate indicators. The underpin has no predetermined targets and will be assessed retrospectively based on performance over the three year vesting period.

In addition to the assessment of the appropriate award level prior to grant, the Remuneration Committee will also undertake a discretionary underpin performance assessment prior to vesting. The assessment of the underpin will consider Company and individual performance over the three-year vesting period. This provides the Committee with the ability to take a holistic view of the Company's performance to ensure that the vesting level is appropriate.

The following four core elements will be considered as part of the underpin assessment, although the Committee may consider other factors in addition to these:

- operational performance outcomes under the annual bonus scorecard over the three-year period;
- share price performance since grant;
- environmental, social and governance performance; and
- major strategic or project decisions and return on investment.

The Committee does not intend to set fixed, quantitative underpins in respect of these factors. Instead, in completing its assessment, the Committee may consider the following questions:

- Has operational performance been below threshold in any year during the vesting period? If so, has this been offset by performance in a prior or subsequent year?
- Has there been a material decline in the share price or failure to meet shareholder expectations for growth?
- Have there been any adverse environmental, social or governance issues arising during the vesting period, or any significant health and safety incidents?
- For major projects which have commenced during the vesting period, what progress has been made? For major projects that have been completed during the vesting period, what were the outcomes against original expectations and how do these translate to returns to shareholders?

In making an adjustment to vesting levels, the Committee will also consider the extent to which the matter has already been reflected in the annual bonus scheme outcomes. Furthermore, the Committee will consider these factors in both an individual and collective context, meaning that there may be different vesting levels for each participant.

Statement of voting at Annual General Meeting

The table below shows the outcome of the advisory vote on the Directors' remuneration report and Directors' remuneration policy at the 2019 AGM.

Item	Votes for	%	Votes against	%	Votes withheld
Advisory vote on 2018 DRR (2019 AGM)	74,846,109	94.75	4,149,435	5.25	43,073
Advisory vote on Directors' Remuneration Policy (2017 AGM)	77,522,058	92.08	6,667,479	7.92	4,324

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

GRAHAM MARTIN

Chairman of the Remuneration Committee

27 March 2020

Directors’ remuneration policy report

Our approach to Directors’ remuneration

The Directors' remuneration policy, as set out below, will be put to a shareholder vote at the 2020 Annual General Meeting and will apply for the period of three years from the date of approval.

CORPORATE GOVERNANCE

Shareholder vote

The policy complies with the European Union (Shareholders' Rights) Regulations 2020 and, on a voluntary basis, with the regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (together "the Regulations"). This policy will be put to an advisory vote of shareholders at the 2020 Annual General Meeting and is intended to apply for three years from this date.

Principles

Kenmare's remuneration policy is designed to support the business strategy, long-term interests and sustainability by providing levels of remuneration that attract, motivate and retain Executive Directors of the highest calibre who can contribute their experience to the Group's operations. The Board seeks to align the long-term interests of Executive Directors with those of shareholders, within the framework set out in the UK Corporate Governance Code (the "Code").

The Remuneration Committee seeks to ensure:

- that Executive Directors are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that Executive Directors receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sector within which the Group operates and the markets from which it draws its Executive Directors; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages, with a focus on simplicity, transparency and the promotion of long-term alignment with shareholders.

Key changes to the Executive Directors' remuneration policy from the previous policy

The table below sets out the proposed changes from the previous policy and the rationale for these changes.

Component	Changes to policy	Reasons for change
Base salary	When determining base salary levels, the Committee will also give consideration to the reward, incentives and conditions available to the Group's workforce, in addition to the factors set out in the previous policy.	This additional consideration is aligned with the revised requirements in the Code.
Annual bonus	Increase in deferral such that any annual bonus in excess of 50% of base salary will be granted in the form of restricted shares under the rules of the KRSP which will vest three years from grant (previously any annual bonus in excess of 75% of base salary).	Increases the focus on long-term performance and further aligns the interests of the Executive Directors with our shareholders.
Share awards under the Kenmare Restricted Share Plan ("KRSP")	Increased maximum award level in any year from 75% to 100% of base salary. Introduction of a discretionary performance underpin assessment which will be made after three years. Adjusted vesting schedule such that awards will vest, subject to continued employment and assessment of the underpin, after three years and be subject to a further two year holding period.	The increase in maximum opportunity increases the focus on long-term performance and further aligns the interests of the Executive Directors with our shareholders. The increase also provides the Remuneration Committee with more scope to distinguish between Executive Directors and reflect the difference in their respective levels of responsibility. The Committee will continue to consider business and individual performance (including significant movements in the share price over both the short and long-term) when determining grant levels within this increased limit. The introduction of the underpin ensures that the Committee has the ability to reduce vesting outcomes if Group or individual performance doesn't warrant full vesting of the award. The Committee will provide a full disclosure of its assessment retrospectively. Adjustment to vesting schedule brings the total vesting and holding period of KRSP awards to 5 years, in line with the revised requirements of the Code.
Shareholding requirement	Introduction of a post-cessation shareholding requirement equal to 100% of the in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. Unvested shares which are not subject to performance or underpin conditions will count towards the shareholding requirement on a net of tax basis. The post-cessation shareholding requirement will apply to awards granted after the 2020 AGM. This will not apply to shares purchased voluntarily from an Executive Director's own funds.	Extends the period of alignment of Executive Directors with shareholder interests even after their departure from the Company, in line with the revised requirements of the Code.
Malus and clawback	In addition to previous Policy scenarios, malus and clawback provisions can be applied where there has been: • action or conduct which the Board considers amounts to employee misbehaviour; or • events or behaviour which lead to: – censure by a regulatory authority; – a significant detrimental impact on the reputation of the Group; or – corporate failure.	Additional scenarios for the application of malus and clawback are in line with market best practice.

Remuneration policy for 2020 onwards

The policy complies with the European Union (Shareholders' Rights) Regulations 2020 and, on a voluntary basis, with the regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (together "the Regulations")." In accordance with the European Union (Shareholders' Rights) Regulations 2020, the vote on the policy at the Company's forthcoming AGM will be advisory only, and not binding, but if the policy is not approved by that advisory vote, the Company will prepare a revised remuneration policy and hold an advisory vote in respect of that revised policy at the following general meeting.

The main components of the remuneration policy and how they are linked to and support the Group's business strategy are summarised in the table below. The policy covers all remuneration payments to Directors, and includes no provisions for derogations.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Base salary	Supports the recruitment and retention of Executive Directors recognising the scope and responsibility of the roles and the individual's skills and experience.	Reviewed annually with increases generally effective from 1 January. When determining levels, consideration is given to: • Group performance; • the performance of the Executive Director over the previous 12 months; • the salary review budget for all employees for the coming year; • retention risk and the ability to replace higher value skills if needed in the market; • benchmarking data of other UK and Irish listed companies of similar market capitalisation and practice in the global mining sector; • inflation; and • the rewards, incentives and conditions available to the Group's workforce.	Base salary reviews for Executive Directors are at the discretion of the Remuneration Committee but will generally be increased with the cost of living and with consideration to general Group increases. The only exceptions to this rule are where: • there is a significant movement in the benchmarking data for that role; or • an individual is brought in below market level with a view to increasing base pay over time to reflect proven competence in role; or • there is a material increase in scope or responsibility of the Executive Director's role.	None.
Benefits	Provides market competitive benefits to support Executive Directors in carrying out their duties.	Benefits include holiday and sick pay, family health insurance, permanent health insurance, life assurance and an annual health check. The Managing Director has a company car. The Group also reimburses the Executive Directors in respect of all expenses reasonably incurred by them in the proper performance of their duties. The Company may introduce new benefits that are, or become, prevalent in a jurisdiction in which it operates and in which a Director is located.	Set at a level appropriate to the individual's role and circumstances. The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances.	None.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Pension	To provide a market competitive remuneration package by facilitating long-term saving for retirement.	Each Executive Director is entitled to receive a payment into the Company's group personal pension plan or their private pension arrangements, or alternatively a salary supplement in lieu of such a contribution.	The maximum pension contribution for Executive Directors is 10% of salary.	None.
Annual bonus	To ensure a market competitive package and to incentivise Executive Directors to achieve the Group's business objectives.	Based on the level of performance over the financial year, the annual bonus will be paid in cash shortly after the end of the relevant financial year up to a maximum cash payment of 50% of base salary. Where the annual bonus achieved exceeds 50% of base salary, Executive Directors will be granted restricted shares under the KRSP in respect of the excess outcome above this level, which will vest three years from grant. If the Remuneration Committee, in exceptional circumstances, believes that payment in cash is not appropriate it will instead be able to make an award of shares under the KRSP of equivalent value. Such restricted shares would not be subject to forfeiture but would be subject to a minimum retention period. Clawback will apply to cash annual bonus awards for two years from the date of payment. Annual bonus awards made in the form of restricted shares will be subject to malus during the vesting period. Clawback will apply to these for two years post-vesting.	The maximum annual opportunity is 100% of base salary.	Performance is measured over the financial year. Performance metrics and targets are determined at the start of each year by the Remuneration Committee and will consist of a balanced scorecard of financial and non-financial measures. The Remuneration Committee has the discretion to vary the weighting of the metrics or to substitute different measures over the lifetime of the policy to take account of changes in business strategy and/or external market conditions, but a significant proportion of the bonus scorecard will be weighted towards financial and operational metrics. The targets and actual levels of performance will be disclosed retrospectively within the implementation section of the Company's Directors' Remuneration Report. The Remuneration Committee will have the discretion to adjust the results of the outcome of the scorecard if it believes this does not accurately reflect the underlying performance or align with the experience of shareholders.

Directors' remuneration policy report continued

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Share awards under the Kenmare Restricted Share Plan ("KRSP")	To increase shareholder alignment by providing Executive Directors with longer-term interests in shares.	Annual awards of shares will be made under the Kenmare Restricted Share Plan. The awards will vest on the third anniversary of grant subject to continued employment and the Remuneration Committee's assessment against a discretionary underpin. Vested shares are then subject to a further two-year holding period. Participants may sell sufficient shares at the point of vesting to cover their tax liabilities. Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting. Awards made under the KRSP may carry an entitlement to dividend equivalents in respect of dividends paid between grant and vesting.	The maximum award level in any year is 100% of base salary.	The Remuneration Committee will use its discretion to consider the appropriate level of award (including making no award) if it believes this is appropriate in light of the Group's performance and that of the individual Executive Director at the time of making of the award. The share price used to determine the award levels will normally be the share price shortly before the date of grant. However, for the current Executive Directors only, the share price used will not be less than the open offer price for the 2016 capital raise (£2.32). Vesting of the award will be subject to a performance underpin based on a number of corporate indicators. The Committee will consider whether performance against such indicators has been adequately adjusted for under the annual bonus outcome when considering their use of discretion. The underpin has no predetermined targets and will be assessed retrospectively based on performance over the three year vesting period. The Committee will provide a full disclosure of their assessment within the Directors' remuneration report.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Shareholding requirement	To strengthen the alignment between the interests of Executive Directors and those of shareholders.	Executive Directors' shareholding measured after the five-year period from the 2017 AGM (or date of appointment if later).	Shareholding requirement during employment of 250% of salary. Post-cessation shareholding requirement of 100% of the in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. Unvested shares which are not subject to performance or underpin conditions will count towards the shareholding requirement on a net of tax basis. The post-cessation shareholding requirement will apply to awards granted after the 2020 AGM. This will not apply to shares purchased voluntarily from an Executive Director's own funds.	N/A
Non-Executive Director fees	To provide a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience and ability to make a significant contribution to the Group's activities.	The Non-Executive Directors are remunerated entirely through fees and associated benefits. They are not eligible to receive any performance-related remuneration nor do they hold share options.	The fees paid to the Non-Executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role.	None.

Notes to the future policy table

Performance measures and targets

The Remuneration Committee will select performance conditions for the Annual Bonus which reflect the Group's overall strategy and are the key metrics used by the Executive Directors to oversee the operation of the business. They will be determined annually. They typically include both production, financial and non-financial performance criteria. In the past, they have, for example, related to areas such as mineral production targets, EBITDA, production costs, community safety, environmental compliance and health and safety (both workforce and community related). The performance criteria for 2019 are described on pages 92 and 93 and those for 2018 are described on pages 72 and 73 of the 2018 Annual Report. The Remuneration Committee is of the opinion that the performance targets for the Annual Bonus are commercially sensitive in respect of the Group and that it would be detrimental to the interests of the Group to disclose them before the start of the financial year. The targets will therefore be disclosed after the end of the relevant financial year in that year's Remuneration report.

The Committee believes that the KRSP will continue to provide an opportunity for the Executive Directors to build meaningful shareholdings in the Company and therefore further align the longer-term experience of shareholders and management. The introduction of a performance underpin ensures that the Committee has the ability to reduce vesting outcomes if Group or individual performance does not warrant full vesting of the award. The underpin will not be assessed based on predetermined targets; it will be a discretionary retrospective assessment and the Committee will provide a full disclosure of its assessment. The Remuneration Committee intends to use a broad range of corporate indicators which are intended to reflect overall performance of the Group during the vesting period.

Approach to recruitment remuneration

Components	Policy
General	The Committee's approach to recruitment remuneration is to pay competitively to attract the appropriate high calibre candidate to the role. Our principle is that the pay of any new recruit would be assessed using the same principles as for the existing Executive Directors.
Base salary and benefits	The base salary will be set taking into account the responsibilities of the individual and the salaries paid to similar roles in comparable companies and countries as per our base salary policy. The Executive Director will be eligible to receive benefits in line with Kenmare's benefits policy as set out in the remuneration table.
Pension	The Executive Director will be eligible to receive pension benefits equal in value up to 10% of salary in line with our pension policy.
Annual bonus	Up to 100% of base salary in line with our policy.
Kenmare Restricted Share Plan	Up to 100% of base salary in line with our policy.
Sign on payments/ recruitment awards	Payments to an Executive Director may be made on a case-by-case basis and where considered by the Remuneration Committee to be necessary. Newly recruited Executive Directors will be entitled to a pro-rata annual bonus and an award of restricted shares of up to maximum of 150% of salary under the KRSP in their first year of employment (i.e. 50% more than the standard annual KRSP award). Awards above 100% of salary under the KRSP may have performance conditions attached.
Share buy outs/ replacement awards	Awards may be granted to replace those forfeited by the Executive Director on taking up the appointment where considered by the Remuneration Committee to be appropriate. The Committee will seek to structure any replacement awards such that they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. In determining quantum and structure of these commitments, the Committee will seek to replicate the value and, as far as practicable, the timing and performance requirements of remuneration foregone.
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from his or her normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences/housing allowance/schooling.

Service contracts

The Company's policy is that Executive Directors should have a notice period of no more than 12 months. Other than in the case of termination by an Executive Director on change of control, the notice periods are 12 months' notice from the Company and three months' notice from the Executive Director.

As a listed company, all of the Executive Directors and Non-Executive Directors are subject to annual re-election at the AGM. The Executive Directors' service contracts have no fixed duration save for a retirement age of 65.

In the event of termination, the Remuneration Committee will agree an appropriate termination payment for the relevant individual reflecting the circumstances, service and existing contractual terms and conditions.

The Company has the right, or may be required in certain circumstances, to make a payment in lieu of notice of termination, the amount of that payment being base salary and benefits that would have accrued to the Executive Director during the contractual notice period. In addition, the Remuneration Committee reserves the right to allow continued participation in the Company's incentive arrangements during the notice period.

Upon a change of control, each Executive Director has the right to terminate his employment by notice and be entitled to receive an amount equal to 12 months' salary, cash equivalent of benefits and pension contributions, subject to such amount being reduced by the equivalent amounts in respect of any months worked by the Executive Director after his giving of notice. Such payment would be in settlement of all claims that the Executive Director may have against the Group, but shall not affect the Executive Director's entitlement to accrued but unpaid salary, deferred bonus or similar incentive payments and certain other amounts.

Mr. M. Carvill serves as a Director for a number of private companies but receives no fee for his services. Mr. T. McCluskey does not serve as a Non-Executive Director elsewhere.

Policy on payment for loss of office

Components	Policy
General	When determining any loss-of-office payment for a departing individual, the Committee will protect the Company's interests and reflect the circumstances in place at the time having taken into consideration the terms of the individual's service agreement.
Good leaver	In general, good leaver treatment will apply in the case of death, retirement, ill-health, disability or for any other reason determined by the Remuneration Committee. The current Executive Directors will also be treated as good leavers where they terminate their employment provided no gross misconduct or gross negligence has occurred and the Executive Director does not take up employment with a competitor within three months of termination.
Base salary, benefits and pension	In the event of termination, the Executive Director will be entitled to receive compensation equivalent to salary, benefits and company pension contribution they would have received if still in employment for the balance of the applicable notice period. Where appropriate, the Company may continue to provide benefits for a period post-termination.
Annual bonus	Good leavers If the participant is deemed to be a good leaver, then the Annual Bonus will be pro-rated for time and performance. The Remuneration Committee will have the discretion to either: • assess performance and make a payment at the time of cessation of employment; or • assess performance and make a payment at the end of the relevant financial year in line with the operation of the annual bonus for other participants. Bad leavers For a bad leaver all annual bonus entitlements will lapse.
Deferred annual bonus	Deferred annual bonuses will normally vest in full in line with the original vesting schedule other than in cases of gross misconduct or negligence where deferred bonus awards will lapse.
Kenmare Restricted Share Plan	Good leavers For good leavers, unvested restricted share awards under the KRSP will usually vest at the original dates subject to the performance underpin, but the number of shares will be reduced pro-rata to reflect the proportion of the vesting period elapsed. The post-vesting holding period will continue to apply. The Remuneration Committee will have the discretion to allow shares to vest immediately (e.g. in case of death) but still pro-rated for time elapsed. Bad leavers For a bad leaver all unvested restricted shares will lapse.
Shareholding requirement	All leavers are required to maintain a post-cessation shareholding equal to 100% of in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. This requirement applies to awards granted after the 2020 AGM.

Directors' remuneration policy report continued

Policy on payment for change of control

Components	Policy
General	When determining any change of control payment the Committee will protect the Company's interests and reflect the circumstances at the time.
Base salary, benefits and pension	In the event of termination of employment by the Company following a change of control, the Executive Director will be entitled to receive compensation equivalent to salary, benefits and company pension contribution they would have received if still in employment during the relevant notice period. In the event of termination by the Executive Director within two months of a change of control, the Executive Director will be entitled to receive an amount equal to 12 months' salary, cash equivalent of benefits and pension contributions, subject to such amount being reduced by the equivalent amounts paid in respect of any months worked by the Executive Director after his giving of notice. Such payment would be in settlement of all claims that the Executive Director may have against the Group, but shall not affect the Executive Director's entitlement to accrued but unpaid salary, deferred bonus or similar incentive payments and certain other amounts.
Annual bonus	The payment of the annual cash bonus following a change of control will be based on achievement against the annual performance metrics as assessed by the Remuneration Committee up to the point of change of control. The Remuneration Committee will have the discretion to pro-rate for the proportion of the year elapsed.
Deferred annual bonus	All unvested deferred annual bonuses will vest immediately unless the Remuneration Committee agrees they should be rolled over into equivalent awards of the acquirer.
Kenmare Restricted Share Plan	All unvested restricted share awards under the KRSP will vest immediately subject to the Remuneration Committee's assessment of the performance underpin at that point, unless the Remuneration Committee agrees they should be rolled over into equivalent awards of the acquirer. The number of shares vesting will usually be prorated to reflect the proportion of the service period elapsed, but the Remuneration Committee will have the discretion not to apply this pro-rating.

In the event of a compromise or settlement agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims. The Committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements.

The reimbursement of repatriation costs or fees for professional or outplacement advice may also be included in the termination package, as deemed reasonable by the Committee, as may the continuation of benefits for a limited period.

Other Remuneration Committee discretions

In addition to assessing and making judgements on the meeting of performance targets and the appropriate incentives payable, the Remuneration Committee has certain operational discretions available that can be exercised in relation to Executive Directors' remuneration including but not limited to:

- Amending the outcome of the relevant scorecard if the Committee believes the formulaic outcome of the scorecard does not reflect the true underlying performance of the Group or the experience of shareholders;
- Deciding whether some or all cash bonus amounts should be settled in restricted shares;
- Deciding whether to apply malus or clawback to an award;
- Deciding to what extent if any the performance underpin should apply to the vesting of an applicable KRSP award;
- Determining whether a leaver is a "good leaver" under the Company's incentive plans; and
- Amending performance conditions following a major corporate event or in circumstances in which the Committee considers that the impact of external influences is such that the original metrics are no longer appropriate.

Where such discretion is exercised, it will be explained in the subsequent Directors' remuneration report.

Consideration of employment conditions elsewhere in the Group

The Committee does not directly consult with employees when formulating Executive Director pay policy, nor does it apply strict numerical pay ratios. However, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the pay of Executive Directors. This includes consideration of the salary increases awarded across the Group when determining salary increases for the Executive Directors each year.

The Group aims to provide a remuneration package for employees that is market competitive and follows the same core structure as for the Executive Directors, including cascade of the KRSP where appropriate, participation in an annual bonus scheme and pension provision.

Consideration of employment conditions outside the Group

The Committee reviews the remuneration of the Executive Directors in light of the remuneration of the executive directors of other appropriate quoted companies and in the course of 2019 considered benchmarking reports prepared by PwC in relation to the same.

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally. This feedback, together with additional feedback received during meetings from time to time and the results of recent votes on the Remuneration report, is then considered as part of the Company's review of policy.

In October 2019, the Remuneration Committee received a presentation from PwC with an update on current remuneration matters with particular focus on the recent changes in the UK Corporate Governance Code and the various issues likely to affect the design of our proposals for a new three-year Directors' remuneration policy.

In formulating the policy for 2020, the Committee consulted with a number of the Company's significant shareholders regarding their views on remuneration practice and policies. The views expressed during these consultations were taken into consideration when setting the remuneration structure. Feedback from our major shareholders suggests that they are supportive of the general structure of our existing policy and how this is implemented, but would welcome the inclusion of some best practice features such as extended vesting and holding periods and post-cessation shareholding requirements (both of which have been incorporated into the proposed policy). In order to avoid any conflict of interest, no Executive Director is present when his or her own remuneration is being discussed.

Other considerations in developing the policy

In developing the new policy the Remuneration Committee has considered the following factors set out in the Code:

- **Clarity and simplicity** – We believe that the remuneration package for our Executive Directors is clear and transparent, in particular the KRSP is a simple structure which cascades where appropriate down the organisation. We have simplified the operation of the KRSP under the new policy by adjusting the vesting schedule so that all awards vest after three years subject to a further two year employment period. Consultation with shareholders and their previous approval of the KRSP indicates that they are supportive of our remuneration structure.
- **Risk** – The Remuneration Committee has a number of tools at its disposal to ensure that reputational and other risks are identified and mitigated. These include malus and clawback provisions on both the annual bonus and the KRSP (which have been extended in the new policy to cover a wider range of scenarios), the use of a minimum share price when determining KRSP awards and the introduction of a discretionary underpin on the vesting of KRSP awards. Furthermore, the Remuneration Committee has the discretion to amend the formulaic outcome of the annual bonus if the Committee believes this does not reflect the true underlying performance of the Group or the experience of shareholders.
- **Predictability and proportionality** – We illustrate the range of potential remuneration outcomes under the policy on page 108, including a 50% share price appreciation scenario. This enables shareholders to assess the impact of performance outcomes and share price appreciation on the value of remuneration for individual Directors.
- **Alignment to culture** – The introduction of a discretionary underpin assessment ensures that the vesting level of KRSP awards takes into account the overall business performance, including non-financial factors such as environmental, social and governance considerations.

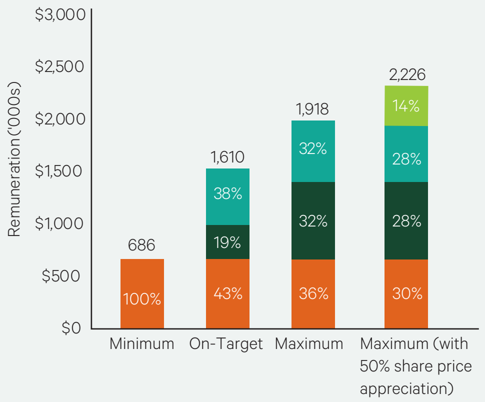
Illustrations of application of remuneration policy

The total remuneration opportunity in 2020 for each of the Executive Directors is shown below under four different performance scenarios: (i) Minimum; (ii) On-target; (iii) Maximum; and (iv) Maximum (with 50% share price appreciation). The elements of remuneration have been based on the proposed remuneration policy for 2020 as set on pages 100 to 103 and have been categorised into three components: (i) Salary, Benefits and Pension; (ii) Bonus; and (iii) Share awards under the KRSP, with the assumptions set out below:

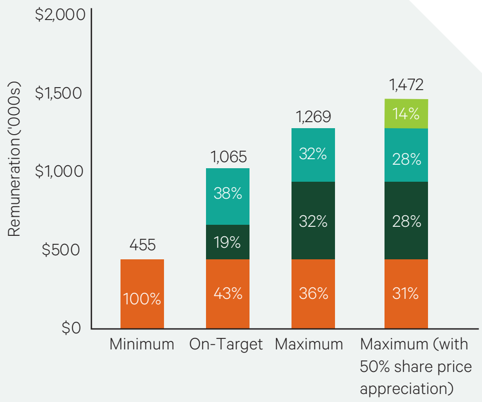
Element	Minimum	On-Target	Maximum	Maximum (with 50% share price appreciation)
Salary, benefits and pension	Included	Included	Included	Included
Annual bonus	No variable payable	50% of the maximum opportunity	100% of the maximum opportunity	100% of the maximum opportunity
Share awards under the KRSP	No award	100% of the maximum opportunity	100% of the maximum opportunity	100% of the maximum opportunity

CORPORATE GOVERNANCE

Managing Director



Financial Director



Salary, Benefits and Pension | Bonus | KRSP | Share price appreciation

Non-Executive Directors’ remuneration

Non-Executive Directors’ contracts may be terminated by either party giving to the other one month’s prior written notice. The Non-Executive Directors are remunerated entirely through fees. They are not eligible to receive any performance-related remuneration nor do they hold share options. The fees paid to the Non-Executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group’s activities, while also reflecting the time commitment and responsibility of the role. Additional per diem rates may be paid to Non-Executive Directors when the meeting load has significantly exceeded what would be expected in the normal course of business.

None of the Non-Executive Directors had a beneficial interest in any contract to which the Company or any of its subsidiary undertakings was a party during the financial year.

Non-Executive Directors are not entitled to any compensation on the termination of their appointment. All Directors are subject to annual re-election. No compensation is payable to Non-Executive Directors if they are not re-elected.