



RAVEN RUSSIA LIMITED

**Raven Russia Limited
Remuneration Report**

Extracted from the 2017 Annual Report

DIRECTORS' REMUNERATION REPORT

(UNAUDITED)

Introduction

Composition

The Remuneration Committee comprises the Board's Non Executive Directors, Stephen Coe, Richard Jewson, David Moore and Christopher Sherwell, who is Chairman.

Policy

The Committee engaged Aon Hewitt, independent remuneration consultants, to review the Company's remuneration policies in 2017. The conclusion of the exercise was that the Company required a policy which allows flexibility in the short term to react to the impact of any extraneous events, together with a long term incentive which is mindful of shareholder returns over an extended period. We also consulted directly with our largest shareholders on the proposed policy prior to presenting the final policy at the 2017 AGM.

On 12 July 2017 shareholders approved the new Remuneration Policy for the period from 1 January 2018 to 31 December 2020. This includes: Basic Salary, Benefits and Pension Contribution all of which show no change in comparison with the previous policy; an Annual Performance Incentive which will not be available for calendar year 2018 but will be for the calendar years 2019 and 2020; and a Five Year Performance Plan which is linked to Total Shareholder Return.

The table below sets out details of the approved policy:

	Purpose and link to strategy	Operation	Opportunity	Performance Metrics	Discretion applied
Basic Salary	To retain, attract and motivate the right people for our business.	Salaries are reviewed annually and fixed for the calendar year reflecting: <ul style="list-style-type: none"> the experience and responsibilities of each individual; market comparators for listed companies; and percentage increases in base salary for the Group as a whole. 	Executive Directors' basic salary increases have been held to a maximum of UK RPI since 2012.	None	None
Benefits	To promote the well-being of Executives.	Benefits are limited to life insurance, health insurance, private healthcare and reimbursement of all professional and business subscriptions and membership fees including gym membership fees.	None	None	None
Pension	To reward continuing service.	A contribution is made to personal pension arrangements or direct to personal pension plans. Benefits and pension contributions are held at the lower end of listed company comparators.	Contributions of 10% of basic salary are made each year.	None	None

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	Purpose and link to strategy	Operation	Opportunity	Performance Metrics	Discretion applied
Annual performance incentive	A simple method to allow the Remuneration Committee to reward managements' performance in the year which encourages share ownership and reduces the cash burden to the Group.	<p>An annual bonus payable in cash or listed securities of the Company.</p> <p>Other than disposals made to satisfy tax liabilities arising on the bonus, listed securities must be held for at least three years from the date of receipt.</p> <p>Alternatively the award can be settled in cash subject to the lower maximum award described under "opportunity".</p>	<p>None for calendar year 2018.</p> <p>For calendar years 2019 and 2020, a maximum of 175% of basic salary, if paid in the Company's listed securities.</p> <p>Reducing to a maximum of 50% of basic salary if the Executive elects to receive the award in cash.</p>	At the discretion of the Remuneration Committee based on a framework of performance criteria agreed at the beginning of each financial year.	At the discretion of the Remuneration Committee based on a framework of performance criteria agreed at the beginning of each financial year.
Five Year Performance Plan	A long term incentive scheme designed to encourage share ownership and to directly align participants' interests with ordinary shareholders.	<p>The Plan allows each Executive Director to invest into the Plan a number of listed securities in the Company that they held as at 31 December 2017 (or which they are or may become entitled to receive on 31 March 2019 under the Retention Scheme).</p> <p>Each participant is allowed to invest into the Plan listed securities up to a value of £2 million. To the extent that any of the prospective participants does not invest the maximum number of listed securities permitted, the other participants will be allowed to increase the size of their investment provided that the aggregate value of listed securities invested in the Plan by all the participants does not exceed £12 million.</p> <p>Any securities so invested must continue to be retained by the relevant participant until 31 March 2023.</p> <p>On 31 March 2023, based on annual compound TSR calculations, the participants will be entitled to up to three times the value of the securities invested in the Plan.</p> <p>Vested entitlements would be settled in the Company's ordinary shares with a value based on the calendar month average ordinary share price for March 2023.</p> <p>In order to participate in the Plan, the participants are required to invest all of the listed securities received under the Retention Scheme on 31 December 2017 and 31 March 2019 (other than disposals to meet tax liabilities arising). In addition the participants are required to elect to take the entire amount of the 31 March 2019 payment in listed securities.</p>	Up to three times the value of listed securities invested.	<p>TSR calculations will be based on the comparison of the average ordinary share price for the period from 12 July 2017 (the date of the Company's 2017 AGM) and 31 March 2018 to the highest 30 dealing day average ordinary share price achieved in the period from 1 April 2018 to 31 March 2023.</p> <p>Below an annual compound equivalent TSR of 4% the Plan would lapse;</p> <p>At an annual compound TSR of 12% and above the Plan would vest at the maximum value; and</p> <p>A sliding scale would operate for an annual compound TSR of between 4% and 12%.</p>	None

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	Purpose and link to strategy	Operation	Opportunity	Performance Metrics	Discretion applied
Retention Scheme	To retain key management during the period of market turbulence.	<p>An award granted that vests in three equal instalments; upon approval of the revised Directors' remuneration policy at the Company's 2016 AGM, on 31 December 2017 and on 31 March 2019.</p> <p>The participants will receive the payment of each instalment in a combination of listed securities of the Company and cash. The directors of the Company receive their payments on the following basis:</p> <p>A Bilton Entirely in listed securities of the Company;</p> <p>G Hirsch Entirely in listed securities of the Company;</p> <p>M Sinclair Half in cash and the remainder in listed securities of the Company;</p> <p>C Smith Half in cash and the remainder in listed securities of the Company;</p> <p>However as detailed above, participants are required to elect to receive the entire amount of the 31 March 2019 payment in listed securities in order to be eligible for the Five Year Performance Plan.</p> <p>The number of listed securities of the Company is calculated with reference to the average closing mid-market share price of the relevant listed securities of the Company in the 30 trading days up to and including the trading day immediately prior to the scheduled payment date of that instalment.</p> <p>Listed securities of the Company that vest are freely transferable and have no restriction on sale.</p>	150% of basic salary in respect of each of the three scheduled payments.	As the purpose is retention the sole condition for vesting is employment on the day of vesting.	None

Clawback

Financial misstatement which resulted in overstatement of vesting of the Five Year Performance Plan would result in clawback.

Recruitment and Exit Policies

Summary details of the Executive Directors' and Non-Executive Directors' service contracts are given later in this report. Recruitment of new Directors would be based on the same terms as the existing service contracts. No additional remuneration would be offered as an incentive to join and the composition of remuneration would be based on the same components as existing Directors.

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Exit policies for the elements of remuneration are summarised in the table below:

Component	Good Leaver*	Bad Leaver*	Change of Control
Basic Salary and Benefits	12 months notice period	No notice period or payment in lieu of notice	150% of the normal notice provisions for basic salary
Annual performance incentive	Pro rata payment based on the performance in the year in question at the discretion of the Remuneration Committee	No award	Pro rata payment based on the previous year's award
Retention scheme	Awards not vested forfeited except in certain circumstances**	Awards not vested forfeited	All subsisting awards vest
Five Year Performance Plan	Will receive the return of their invested securities together with a scaled back return, the amount of which will be at the discretion of the Remuneration Committee	Will receive the return of their invested securities only	The annual compound TSR will be calculated and measured between 31 March 2018 and the date of the change of control takes effect (rather than the highest 30 dealing day average ordinary share price achieved in the 5 year period of the plan) with entitlements vesting to the extent that such annual compound TSR is between 4 and 12%

*Bad leaver provisions relate to termination of employment for the reason of gross misconduct including breach of obligation, bankruptcy and disqualification as a director. A good leaver covers all other circumstances.

**If a scheme participant ceases employment due to ill health or disability, redundancy as determined by the Committee or retirement, awards not vested shall vest in full on such date as if the remaining scheduled payment dates occurred at such time.

Shareholder Views

The view of shareholders is sought prior to any significant change to the Remuneration Policy. The views of shareholders holding 63.47% of ordinary shares were taken into account prior to presenting the terms of this Remuneration Policy at the 2017 AGM.

Summary of Remuneration for the Financial Year Ended 31 December 2017

In this section we summarise the remuneration packages for the Executive Directors.

Year ended 31 December 2017	Salary and fees £'000	Benefits ⁽¹⁾ £'000	Pension ⁽²⁾ £'000	Retention scheme – cash £'000	Annual performance incentive – cash £'000	Total cash remuneration £'000	Retention Scheme – shares No of preference shares	Retention scheme – shares No of convertible preference shares	Annual performance incentive – shares No of convertible preference shares
G Hirsch	568	36	57	–	–	661	133,236	534,749	–
A Bilton	568	40	57	–	–	665	133,236	534,749	–
M Sinclair	354	20	35	266	–	675	41,519	166,638	–
C Smith	314	20	31	236	–	601	36,828	147,809	–

Year ended 31 December 2016	Salary and fees £'000	Benefits ⁽¹⁾ £'000	Pension ⁽²⁾ £'000	Retention scheme – cash £'000	Annual performance incentive – cash £'000	Total cash remuneration £'000	Retention Scheme – shares No of preference shares	Retention scheme – shares No of convertible preference shares	Annual performance incentive – shares No of convertible preference shares ⁽³⁾
G Hirsch	554	27	55	–	–	636	–	830,250	364,145
A Bilton	554	41	55	–	–	650	–	830,250	364,145
M Sinclair	345	17	34	258	258	912	–	258,375	–
C Smith	306	17	31	229	229	812	–	229,500	–

1. Benefits include health cover and insurance, subscriptions and sports memberships. These are not performance related. They have been calculated based on premiums and subscriptions payable.

2. Pensions are cash payments made to executive directors, either directly or to their pension scheme.

3. The amounts shown for year ended 31 December 2016 have been restated from the estimate reported in the 2016 Remuneration Report to the actual number of shares transferred.

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2009 Long Term Incentive Plan ("LTIP")

This scheme is closed to new participants and no further awards can be made.

The Directors' interests in this scheme are set out below:

LTIP	Available to exercise at 1/1/17	Vested in year	Exercised in year	Available to exercise at 31/12/17
G Hirsch	1,000,000	–	(1,000,000)	–
A Bilton	–	–	–	–
M Sinclair	–	–	–	–
C Smith	–	–	–	–

Interests of Executive and Non-Executive Directors in Ordinary Shares, Preference Shares, Convertible Preference Shares and Warrants

The beneficial interests of the Directors in office at 31 December 2017 in the Ordinary Shares, Preference Shares, Convertible Preference Shares and Warrants of the Company, both at the beginning and the end of the year, are set out below. There have been no changes to the figures below since 31 December 2017.

Director	Number of Ordinary Shares 31/12/17	Number of Preference Shares 31/12/17	Number of Convertible Preference Shares 31/12/17	Number of Warrants 31/12/17
R Jewson	252,909	75,460	–	–
G Hirsch ⁽¹⁾	7,505,640	2,219,595	1,729,144	–
A Bilton ⁽¹⁾	41,367,676	5,953,355	1,729,144	–
M Sinclair ⁽¹⁾	3,193,719	762,351	425,013	–
C Smith ⁽¹⁾	978,031	503,719	293,875	–
C Sherwell	242,755	79,728	–	–
S Coe	105,589	73,412	8,771	–
D Moore	222,501	14,172	–	–
	53,868,820	9,681,792	4,185,947	–

Director	Number of Ordinary Shares 31/12/16	Number of Preference Shares 31/12/16	Number of Convertible Preference Shares 31/12/16	Number of Warrants 31/12/16
R Jewson	252,909	75,460	–	–
G Hirsch ⁽¹⁾	7,321,176	2,143,225	830,250	2,292,817
A Bilton ⁽¹⁾	43,864,758	5,820,119	830,250	11,151,075
M Sinclair ⁽¹⁾	3,384,921	720,832	258,375	–
C Smith ⁽¹⁾	1,383,997	466,891	186,500	7,385
C Sherwell	242,755	79,728	–	–
S Coe	111,965	63,004	–	–
D Moore	222,501	14,172	–	–
	56,784,982	9,383,431	2,105,375	13,451,277

(1) Includes ordinary, preference and convertible preference shares and warrants held by trusts or pensions schemes where the individual or close family members are beneficiaries.

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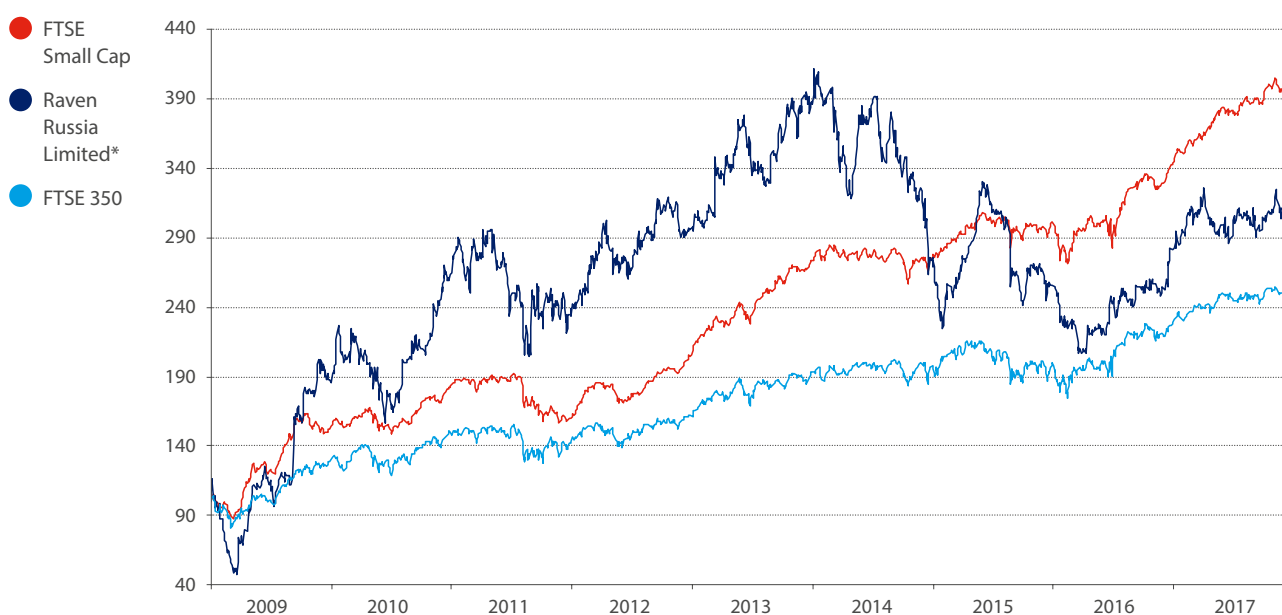
Non-Executive Directors

The remuneration of Non-Executive Directors is determined by the Executive Board. No Non-Executive Director is entitled to any form of performance related remuneration, including share options. Remuneration paid in the year was as follows:

	2017 £'000	2016 £'000
R Jewson	110	110
C Sherwell	48	48
S Coe	48	48
D Moore	46	46
	252	252

The contractual arrangements of the Non-Executive Directors for 2018, following an inflationary increase in fees are:

Non-Executive Director	Fees £'000	Appointment date	Unexpired term	Notice period	Contractual termination payment
R Jewson	113	29.06.07	Rolling contract	3 months	No provision for payment on termination
S Coe	50	04.07.05	Rolling contract	3 months	
D Moore	48	04.07.05	Rolling contract	3 months	
C Sherwell	50	01.04.08	Rolling contract	3 months	



*Assuming participation in the tender offer

The graph above shows the performance of the Group's ordinary shares over the last eight years versus FTSE Small Cap and FTSE 350 indices (rebased 2009 = 100).

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The contractual arrangements of the Executive Directors for 2018 are:

Director	Salary £'000	Appointment date	Unexpired term	Notice period	Contractual termination payment
G Hirsch	584	27.11.08	Rolling contract	12 months	Payment of 12 months salary and benefits on termination
A Bilton	584	27.11.08	Rolling contract	12 months	
M Sinclair	364	23.03.09	Rolling contract	12 months	
C Smith	323	14.11.08	Rolling contract	12 months	

At the 2017 Annual General Meeting the Remuneration Report, changes to the Directors' Remuneration Policy and new five year plan for the period 31 March 2018 to 31 March 2023 were subject to an advisory vote. The table below sets out the results for these particular resolutions.

Resolution	For		Against		Number of votes withheld	Total votes cast
	Number of votes	%	Number of votes	%		
To approve the Remuneration Report	405,288,055	77.18	119,800,868	22.82	3,135	525,088,923
To approve the changes to the Directors' remuneration policy	427,791,728	81.47	97,297,195	18.53	3,135	525,088,923
To approve the new five year plan for the period 31 March 2018 to 31 March 2023	430,701,304	82.02	94,389,209	17.98	1,545	525,090,513

Christopher Sherwell

Chairman of the Remuneration Committee

11 March 2018



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