



## **DCC plc**

### **Remuneration Policy - Restricted Retirement Stock**

As part of a revised remuneration policy, the DCC plc Remuneration Committee is proposing to change the approach to executive pensions, by ending the practice of paying executive Directors cash allowances in lieu of defined benefit pension and introducing a defined contribution pension payment for our current executive Directors. The Committee believes this is the right change to implement at this time as the new Chief Executive is appointed and to meet emerging best practice in this area.

In order to achieve this change, the Committee has agreed with Mr Fergal O'Dwyer, executive Director and CFO, that he will receive a Restricted Retirement Stock award to replace defined benefit pension cash allowances. This is a one-off, individual arrangement for Mr O'Dwyer. The annual award of €575,000 will be fixed until Mr O'Dwyer's retirement and the Restricted Retirement Stock will not vest until Mr O'Dwyer retires. (The Restricted Retirement Stock is treated as fixed pay and therefore will not be subject to performance targets).

Full details of the Restricted Retirement Stock to be awarded are set out in the Remuneration Report at page 89 of the 2017 Annual Report.

The Committee considers it appropriate to clarify that the value of the Restricted Retirement Stock award, at €575,000 per annum, was calculated independently by Mercer, pension advisors to the Committee, by taking the amount of the defined benefit pension cash allowance being foregone by Mr. O'Dwyer and deducting the amount of the new defined contribution arrangement of 15% of salary. There was no enhancement of this value to reflect additional responsibilities, which are separately reflected in a salary increase to Mr O'Dwyer.

The Committee believes that it is preferable from a shareholder perspective to deliver this value by way of restricted shares, therefore providing long-term alignment of interests, rather than through annual cash payments as under the current policy.