Board of Directors

**Peter Gray**  
Chairman (64)

**Brendan McAtamney**  
Chief Executive (56)

**Nigel Clerkin**  
Chief Financial Officer (45)

**Chris Brinsmead CBE**  
Senior Independent Director (59)

**Linda Wilding**  
Non-Executive Director (59)

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**Biography**

Peter Gray is Chairman and non-executive director of UDG Healthcare plc. Peter formerly held senior executive positions in a number of Irish public companies, the most recent being that of Vice Chairman and Chief Executive of ICON plc, the Irish based multinational pharmaceutical development services company.

Brendan McAtamney was appointed Group Chief Executive Officer on 2 February 2016, having previously served as the Group’s Chief Operating Officer since 1 September 2013. Before joining UDG Healthcare, Brendan held various senior management positions with Abbott, latterly as Vice President Commercial and Corporate Officer within the Established Pharmaceuticals division.

Nigel Clerkin joined UDG Healthcare plc as Chief Financial Officer on 1 May 2018. Prior to this, Nigel held the position of CFO with ConvaTec Group plc where he worked for three years. Before this, he worked with Elan Corporation plc both in the US and Europe, holding the position of Executive Vice President and CFO. Nigel started his career at KPMG and is a fellow of the Institute of Chartered Accountants of Ireland.

Chris Brinsmead CBE was formerly Chairman of AstraZeneca Pharmaceuticals UK, President of AstraZeneca UK and Ireland and President of the Association of the British Pharmaceutical Industry (ABPI). Chris succeeded Philip Toomey as Senior Independent Director on 1 July 2017.

Linda Wilding’s career includes 12 years at Mercury Asset Management where she held the position of Managing Director in the Private Equity division. Prior to this, Linda qualified as a chartered accountant while working with Ernst & Young.

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**Term of office**

Peter was appointed Chairman of the Board on 7 February 2012 having served as a non-executive director since 28 September 2004.

Brendan was appointed to the Board of UDG Healthcare as an executive director on 16 December 2013.

Nigel was appointed to the Board of UDG Healthcare as an executive director on 15 May 2018.

Chris was appointed to the Board of UDG Healthcare as a non-executive director on 12 April 2010.

Linda was appointed to the Board of UDG Healthcare as a non-executive director on 16 December 2013.

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**Independent**

Not applicable  
No  
No  
Yes  
Yes

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**External appointments**

Peter is currently a non-executive director of Jazz Pharmaceuticals plc and a director of two venture capital backed private companies.

Brendan is currently a non-executive director of Scapa Group plc.

Not applicable.

Chris is currently a non-executive director of the Wesleyan Assurance Society and Collagen Solutions plc. Chris will join Consort Medical plc as a non-executive director in February 2019, and will become Chairman in April 2019.

Linda is currently a non-executive director of Electra Private Equity plc and Skagen Conscious Capital Limited.

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**Committee membership**

- [ ]  
- [ ]  
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Myles Lee  
Non-Executive Director (65)

Myles was Group Chief Executive of CRH plc, a FTSE 100 and Fortune 500 company, prior to retiring in December 2013. With more than 30 years’ experience at senior financial and managerial level, Myles has extensive global experience in management, M&A and finance. He is a qualified civil engineer and a Fellow of the Institute of Chartered Accountants in Ireland.

Philip Toomey  
Non-Executive Director (65)

Philip was formerly Global Chief Operating Officer for the financial services industry practice of Accenture. Philip has wide ranging international consulting experience and was a member of the Accenture Global Leadership Council. Philip held the position of Senior Independent Director of UDG Healthcare plc from 14 June 2013 until 30 June 2017.

Lisa Ricciardi  
Non-Executive Director (58)

Lisa Ricciardi is currently the Chief Executive Officer of Suono Bio Inc. Prior to this, Lisa was Senior Vice President of Foundation Medicine, Inc. and formally Senior Vice President of US and International Business Development at Medco Health Solutions. Lisa also held multiple senior roles in Pfizer, first in operations then leading business development for over a decade.

Nancy Miller-Rich  
Non-Executive Director (59)

Nancy Miller-Rich was formerly Senior Vice-President, Business Development & Licensing, Strategy and Commercial Support for Global Human Health at MSD, known as Merck in the US and Canada, until her retirement in September 2017. With more than 35 years’ experience in the healthcare industry, Nancy’s background includes roles in sales, marketing and business development for MSD, Schering-Plough, Sandoz (now Novartis) and Sterling Drug.

Chris Corbin  
Non-Executive Director (63)

Chris Corbin retired as executive Chairman of the Ashfield division in July 2018 but has remained on the board in a non-executive director capacity. Chris founded Ashfield Healthcare Limited. Prior to this he held sales management positions with Parke Davis, Fisons, Astra and May & Baker. Chris was formerly Patron for SETPOINT Leicestershire, Chairman of Leicestershire Business Awards and a member of Derbyshire Magistrates Bench.

Erik van Snippenberg  
Non-Executive Director (54)

Erik van Snippenberg spent almost 30 years with GlaxoSmithKline (GSK). More recently, Erik held the position of Senior Vice President and Area Head for Europe and Canada and was a member of GSK’s Global Pharmaceutical Management Team. Prior to this, Erik held a number of senior executive roles such as Senior Vice-President and Director of UK and Ireland.

Myles was appointed to the Board of UDG Healthcare as a non-executive director on 1 April 2017.

Philip was appointed to the Board of UDG Healthcare as a non-executive director on 27 February 2008.

Lisa was appointed to the Board of UDG Healthcare as a non-executive director on 14 June 2013.

Nancy was appointed to the Board of UDG Healthcare as an executive director on 20 June 2003.

Chris was appointed a non-executive director of UDG Healthcare on 2 July 2018.

Myles is currently a non-executive director of both Ingersoll-Rand Inc. and Babcock International Group plc.

Philip is currently Chairman of Kerry Group plc.

Lisa is currently Chief Executive Officer of Suono Bio Inc. and a Member of the Advisory Council for Humania Capital (DIFC) Limited.

Nancy is an adviser with the Gerson Lehrman Group, a director of Intercept Pharmaceuticals Inc and Executive Chairman of Altum Pharma.

Chris is a director of a number of privately held companies.

Erik van Snippenberg is currently a non-executive director of Eurovite Group.
Dear Shareholder,

I am pleased to report that for the year ended 30 September 2018, UDG Healthcare is again fully compliant with the requirements of the UK Corporate Governance Code. We have set out on the following pages the important details of our work during the year.

As previously announced, Gerard Van Odijk stepped down at our 2018 AGM, and we were delighted to welcome Erik van Snippenberg, another Dutch national and retired pharmaceutical industry executive, to the Board in June. Similarly, Alan Ralph retired as CFO and as a director during the year and Nigel Clerkin was appointed to replace him. As also previously noted, Philip Toomey has served on the Board for over nine years and will step down at our upcoming AGM, while Chris Brinsmead will have served nine years on the Board in April 2019. Chris Corbin has served on the Board since 2003, and I myself have served on the Board since 2004, and as Chairman since 2012. Thus, succession planning is important.

The Board currently comprises 11 members; myself, two executives and eight other non-executives, three of whom are female. Four board members are resident in Ireland (two executives and two non-executives), four are resident in the UK, two are resident in the US and one is resident in mainland Europe, while eight have pharmaceutical company and/or pharma services experience, and three come from other industries. To ensure our Committees are appropriately staffed and have adequate diversity in gender, geography and background, we believe a Board of between nine and 11 individuals is ideal. We therefore conducted two further searches during 2018, one by PwC and one by Korn Ferry. We expect to make at least one new appointment in the coming months to replace Philip Toomey, to plan for Chris Brinsmead’s retirement in 2020 and to broaden the pool of candidates for my succession, which will need to be considered in due course and in the light of the new 2018 UK Corporate Governance Code, which comes into effect for the Group from 1 October 2019.

During 2018 we engaged Independent Audit, an external independent consultant that we have used previously, to review the Risk, Investment and Finance Committee. Some good recommendations materialised including that there could be some improvements made to the risk oversight process and greater clarity on the remit of the Committee. The Board itself again conducted a self-evaluation in 2018, using an online questionnaire mediated by the Company Secretary, which raised no significant or new issues. An independent external review will be carried out in 2019.

We remain committed to the highest standards of corporate governance. As I said last year, the essence of good governance is a state-of-mind, not a set of rules. We strive to ensure that we focus on the important issues for the business and its stakeholders, using good sense, transparency, openness, and honesty.

Peter Gray
Chairman
Corporate Governance

UDG Healthcare Governance Framework

Chairman – Peter Gray

Chairman – Peter Gray

Audit Committee
Chair
Myles Lee
Committee Report on pages 73 to 76

Remuneration Committee
Chair
Linda Wilding
Committee Report on pages 79 to 91

Nominations & Governance Committee
Chair
Peter Gray
Committee Report on pages 70 to 72

Risk, Investment & Financing Committee
Chair
Chris Brinsmead
Committee Report on pages 77 to 78

Quality & Compliance sub-Committee

Senior Executive Team

Compliance with the UK Corporate Governance Code

The 2016 UK Corporate Governance Code (the ‘Code’) applies to companies with a listing on the London Stock Exchange and sets out key principles and specific provisions which establish standards of good governance practice in relation to leadership, effectiveness, accountability, remuneration and relations with shareholders. The Board considers that UDG Healthcare has continued to comply with the provisions set out in the Code throughout the year to 30 September 2018.

Copies of the Code can be found on the Financial Reporting Council’s website (www.frc.org.uk). This Corporate Governance Report sets out details of how the Company has applied the key principles of the Code.

Leadership

Board
The Board, led by the Chairman, sets the Group’s strategic direction and is responsible to UDG Healthcare’s shareholders for the leadership, oversight and long-term success of the Group. The Board also has ultimate responsibility for corporate governance, which it discharges either directly, or through its Committees and structures as further described in this report. The Board has, in particular, reserved certain items for its review including the approval of:

- Group strategic plans;
- Financial statements and budgets;
- Significant acquisitions and disposals;
- Significant capital expenditure;
- Dividends; and
- Board appointments.

The roles of Chairman and Chief Executive are separate with a clear division of responsibility between them. The Chairman is responsible for the leadership and governance of the Board as a whole, and the Chief Executive for the management of the Group and the successful implementation of Board strategy. The Board has delegated some of its responsibilities to Board Committees, details of which are set out overleaf.
Corporate Governance (continued)

Board Committees
The Board has established four Committees to assist in the execution of its responsibilities. An overview of these Committees is provided in the Governance Framework diagram on page 63 and further details are also included in each Committee report.

Each Board Committee has specific terms of reference under which authority is delegated to it by the Board. These terms of reference are reviewed annually and are available on the Group’s website. The Chair of each Committee reports to the Board regularly on its activities, attends the AGM and is available to answer questions from shareholders.

The current membership of each Committee, details of attendance and each member’s tenure are set out in each individual Committee report.

Meetings
The Board met nine times during the year. Details of directors’ attendance at these meetings are set out below. In the event that a director is unavailable to attend a Board meeting, he or she can communicate their views on any items to be raised at the meeting through the Chairman.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Number of meetings held during the year when the director was a member</th>
<th>Number of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Brinsmead</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Chris Corbin</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Nigel Clerkin¹</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Peter Gray</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Myles Lee</td>
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<td>9</td>
</tr>
<tr>
<td>Brendan McAtamney</td>
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<td>9</td>
</tr>
<tr>
<td>Nancy Miller-Rich</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Gerard van Odijk²</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Erik van Snippenberg³</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Alan Ralph⁴</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Lisa Ricciardi</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Philip Toomey</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Linda Wilding</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

¹ Joined the Board on 15 May 2018.
² Stepped down from the Board on 15 January 2018.
³ Joined the Board on 2 July 2018.
⁴ Retired from the Board on 15 May 2018.

Roles and Responsibilities

Chairman
The Chairman leads the Board, ensuring its effectiveness by:
- providing a sounding board for the Chief Executive;
- setting the agenda, style and tone of Board meetings;
- promoting a culture of openness and debate ensuring constructive relations between executive and non-executive directors;
- demonstrating ethical leadership and promoting the highest standards of integrity throughout the Group;
- ensuring that directors receive accurate, relevant, timely and clear information;
- ensuring the effective operation, leadership and governance of the Board; and
- ensuring effective communication with shareholders.

Chief Executive
The role of the Chief Executive is to maintain a close working relationship with the Chairman, shareholders, potential shareholders and major external bodies to promote the culture and values of the Group. The Chief Executive is responsible for and accountable to the Board for:
- the management and operation of the Group;
- the development of strategic proposals and annual plans for recommendation to the Board;
- the resourcing of the Group to achieve its strategic goals, including development of the required organisational structure, process and systems; and
- the implementation through the SET of the Group’s strategy and plans as agreed by the Board.

Non-Executive Directors
The role of the non-executive directors is to:
- constructively challenge and debate management proposals;
- bring external perspectives and insight to the deliberations of the Board and its Committees;
- examine and review management performance in meeting agreed objectives and targets;
- assess risk and the integrity of financial information and controls;
- determine the appropriate levels of remuneration of executive directors and ensure appropriate succession plans are in place; and
- input their knowledge and experience in respect of any challenges facing the Group, and in particular, to the development of strategy and strategic plans.
Effectiveness

Board Composition
We believe that the Board’s composition gives us the necessary balance of diversity, skills experience, independence and knowledge to ensure we continue to run the business effectively and deliver sustainable growth.

Directors’ Appointments, Induction and Development
Non-executive directors are engaged under the terms of a Letter of Appointment, a copy of which is available on request from the Company Secretary. For details of executive directors’ service contracts and termination arrangements, please refer to our Remuneration Policy on our website.

As both Nigel Clerkin and Erik van Snippenberg were appointed during the year, they will offer themselves for election at the AGM on 29 January 2019. All other Directors are required to seek re-election on an annual basis unless they are retiring from the Board. Details of the Directors’ length of service are set out on page 71.

On appointment, directors receive a formal induction and are given briefing materials tailored to their individual requirements, in each case, to facilitate their understanding of the Group and its operations. New directors meet with Board members and the SET as part of the induction process. Visits to the Group’s main locations are scheduled to provide the director with an opportunity to meet divisional management and to get further insight into the businesses. During the year, the Board visited Cambridge BioMarketing and Vynamic’s offices in Boston which provided an excellent opportunity for the Board to meet with senior managers from the Ashfield Advisory and Ashfield Healthcare Communications businesses.

Non-executive directors also receive additional training and presentations from across the businesses to update their knowledge and develop their understanding of the Group. During the year, the Board received refresher training on the EU Market Abuse Regulation, changes to the UK Corporate Governance Code and data protection. In addition to this, members of the Board Committees also receive regular updates on technical developments at scheduled Committee meetings.

Independence
At least half the Board, excluding the Chairman, is comprised of independent non-executive directors. All of the non-executive directors are considered to be independent, with the exception of the Chairman and Chris Corbin who was appointed a non-executive director of the Board in July this year, following his retirement as Executive Chairman of Ashfield.

Company Secretary
The Company Secretary assists the Chairman in ensuring the effective operation of the Board, is a member of the Group’s SET and has the following responsibilities:
• to ensure good information flows between the Board and its Committees, senior management and non-executive directors;
• to ensure that Board procedures are followed;
• to facilitate director induction and assist with professional development; and
• to advise the Board on corporate governance obligations and developments in best practice.

Senior Independent Director (SID)
The SID’s role is to:
• provide a sounding board for the Chairman;
• conduct an annual review of the performance of the Chairman;
• make himself available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Chief Financial Officer; and
• be available to act as an intermediary for directors, if necessary.

Changes to the Board
During the year to 30 September 2018 and since the year end, the following changes to the Board occurred:

Gerard van Odijk stepped down from the Board following the 2017 AGM.

Alan Ralph retired as Chief Financial Officer on 1 May and stepped down from the Board on 15 May 2018 but remained with the Company until November 2018.

Nigel Clerkin joined the Group as Chief Financial Officer on 1 May 2018 and was subsequently appointed an executive director of the Board on 15 May 2018.

Erik van Snippenberg joined the Board as a non-executive director and member of the Audit Committee with effect from 2 July 2018.

Chris Corbin retired as Executive Chairman of Ashfield on 2 July but remained on the Board in a non-executive director capacity from that date.

As previously announced, Philip Toomey will step down from the Board at the 2019 AGM.
Corporate Governance (continued)

Time Commitment of the Non-executive Directors
Non-executive directors are required to set aside sufficient time to prepare for meetings, and to regularly refresh and update their skills and knowledge. Each director’s other significant commitments are disclosed to the Board at the time of their appointment and they are required to notify the Board of any subsequent changes. The Chairman has reviewed the availability of the non-executive directors and considers that each of them is able to, and in practice does, devote the necessary amount of time to the Group’s business.

2017 Board Evaluation – progress update
The 2017 Board Evaluation resulted in a number of recommendations and below is a summary of the progress made in addressing the issues raised:

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Actions taken/progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group strategy sessions – provide scene-setting and background information in briefing materials, allowing more focus on future strategic planning during the sessions.</td>
<td>The recommended approach is being adopted resulting in greater focus on strategic planning.</td>
</tr>
<tr>
<td>Increasing governance – that the Group take steps to provide more training to the directors on certain identified areas of interest given increased levels of governance regulation.</td>
<td>Training sessions on a number of topics were arranged during the year, some of which addressed specifically the areas of governance particularly where there were impending changes in the landscape.</td>
</tr>
<tr>
<td>Communication – that the Group continue to regularly review means of communication with the Board to ensure that these remain up-to-date, appropriate and effective.</td>
<td>Introduced new video conferencing software to enable easier communications with directors in between face-to-face meetings.</td>
</tr>
</tbody>
</table>

2018 Board Evaluation
For this year’s Board evaluation, a questionnaire was circulated to the directors in August on the following aspects of Board effectiveness:

- Board responsibilities and oversight;
- Board composition and meeting dynamics;
- Board information, including improvements during the year;
- Board support, administration and logistics;
- Board strategy day;
- Use of video technology for some meetings;
- Board Committees;
- The Board’s relationship with management; and
- The Board’s satisfaction with the progress made in responding to the recommendations of the previous year’s evaluation.

The output from this review was presented to the Board at its September meeting and it indicated that, consistent with the previous year’s findings, the Board and Committees continue to operate effectively and no significant issues of concern were raised. The agreed actions from the 2018 review are summarised below:

1. Training on the changes to the UK Corporate Governance Code and its impact on the Board and the wider Group; and
2. Board focus on ensuring that capital expenditure and M&A opportunities continue to align with the Group’s strategy.

The Company Secretary in conjunction with the Chairman of the Board will follow up on these action items and work to address them throughout FY 2019.

The performance of individual directors was primarily assessed through discussions held by the Chairman with directors on an individual basis. During May 2018, the performance assessment of the Chairman was led by the SID and reviewed by the Board in the absence of the Chairman. Feedback was communicated by the SID to the Chairman following the review.

The Board will continue to review its performance on an annual basis.

Board Policy on Diversity
The Board believes that diversity is an essential foundation for building long-term sustainability in business and it introduces different perspectives into the Board debate. Whilst it is the Board’s policy to ensure the best candidate for the position is selected, we recognise the importance of diversity in all forms (including age, gender, ethnicity, educational and progressional backgrounds), and we confirm that diversity will continue to be taken into account when considering all new appointments to the Board.

The results of our Board Policy on Diversity is set out on pages 60 and 61 which details our directors’ gender, age, and professional background.
Accountability

The Board is committed to providing a fair, balanced and understandable assessment of the Company’s position and prospects.

Responsibility for reviewing the Group’s internal financial control and financial risk management systems and monitoring the integrity of the Group’s financial statements has been delegated by the Board to the Audit Committee. Details of how these responsibilities were discharged are set out in the Audit Committee Report on pages 73 to 76.

Responsibility for reviewing the Group’s risk management and risk evaluation procedures has been delegated by the Board to the Risk, Investment & Financing Committee. Details of how these responsibilities were discharged are set out in the Risk, Investment & Financing Committee Report on pages 77 to 78.

The Quality & Compliance Committee oversees the Group’s performance in Health and Safety, Quality and Compliance, and ensures that a culture of continuous improvement is encouraged and measured throughout the Group.

The Board receives regular updates from the Chair of each Committee.

Remuneration

Consistent with past practice, the Board has adopted remuneration policies that are considered appropriate to promote the long-term success and viability of the Group whilst ensuring that the performance related elements are both stretching and rigorously applied. The current Directors’ Remuneration Policy Report was approved by shareholders at the 2017 AGM with the remuneration policy to be put forward to shareholders again in 2020.

The Group again presents the Directors’ Remuneration Report for FY2018 in accordance with the requirements of the UK Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the ‘Regulations’). Details of directors’ remuneration and share ownership, as required by the Regulations, are set out in the Directors’ Remuneration Report on pages 79 to 91.

The Company’s current share plans expire in 2020. We have reviewed these share plans to reflect many factors, including current corporate governance guidelines, established best practices and also to provide the Company with sufficient flexibility to compete effectively for talent now and in the future. These share plans will be put forward for approval by shareholders at the 2019 AGM.

Relations with Shareholders

Shareholder Engagement

The Board recognises the importance of regular dialogue with shareholders and accordingly, the Group and its SET maintains an ongoing investor relations programme. While the Chairman takes overall responsibility for ensuring that the views of our shareholders are communicated to the Board and that all directors are made aware of major shareholders’ issues and concerns, contact with major shareholders is principally maintained by the Chief Executive, the Chief Financial Officer and the Group Head of Investor Relations. Our Group website also contains information on the business of the company, corporate governance, all regulatory announcements, key dates in the financial calendar and other important shareholder information.

A programme of meetings with institutional shareholders, fund managers and analysts takes place each year. There is regular dialogue with institutional shareholders, as well as general presentations at the time of the release of the annual and interim results and during major developments including M&A transactions.

In 2018, the UDG Healthcare senior management team conducted over 220 institutional investor one-on-one meetings and participated in 12 investor conferences, including five in the US. The Group also hosted a successful two day Capital Markets event at its US facilities in Fort Washington, PA (Ashfield) and Allentown, PA (Sharp) in February 2018. In addition to various presentations during the event, attendees were given tours of the facilities and met with the wider Ashfield and Sharp senior management teams. The event was attended by the Group’s Chief Executive, Chief Financial Officer and Chairman.

Notwithstanding our investor relations programme throughout the year, the key means of communicating with the company’s shareholders is through the AGM. The company’s AGM is an opportunity for the Board to meet with shareholders, hear their views and answer their questions about the Group and its business. The Notice of AGM, the Form of Proxy and the Annual Report are issued to shareholders at least 20 working days before the meeting. At the meeting, resolutions are voted on by a show of hands of those shareholders attending, in person or by proxy. If validly requested, resolutions can be voted by way of a poll. Details of proxy votes received are also made available on the company’s website following the meeting.

A quorum for a general meeting of the company is constituted by three or more shareholders present in person or by proxy and entitled to vote. The passing of resolutions at a meeting of the company, other than special resolutions, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast.

The company specifies record dates for general meetings, by which date shareholders must be registered on the company’s Register of Members to be entitled to attend. Record dates are specified in the Notice of AGM. Shareholders may exercise their right to vote by appointing a proxy, by electronic means or in writing, to vote some or all of their shares. The requirements for the receipt of valid proxy forms are also set out in the Notice of AGM.

The 2019 AGM will be held at 12 noon on Tuesday, 29 January 2019 at the Westbury Hotel in Dublin 2, Ireland.
In 2018, the Board focused on strategy, succession and operational performance.

The Board continued to oversee the evolution of the long-term strategy of the Group during FY2018. It evaluated no less than ten potential acquisitions in some detail (several of which did not proceed for commercial reasons) and supported the acquisition of both Create NYC and SmartAnalyst. For Ashfield, these acquisitions helped develop its communications offering, adding talented management teams which enhanced its capabilities and extended its geographic reach.

Investment in capital assets continued with the phased fit out and development of the newly acquired Sharp Clinical facility in Bethlehem, Pennsylvania, further investment to complete development of the new greenfield site for Sharp’s Clinical EU business in Rhymney, Wales, and enhancements to its Heerenveen facility in the Netherlands. The Board supported continued expansion within the Ashfield business, opening new offices for its Cambridge BioMarketing and Vynamic businesses in Boston, MA and for the wider Ashfield Healthcare Communication business in Manchester, UK.

The Board’s attention to succession and talent development continued, as evidenced by the addition to the Board of Nigel Clerkin and Erik van Snippenberg.

November
The Risk, Investment & Financing Committee (RIF) met to conduct a review of the Group’s Internal Control and Risk Management systems as well as receiving an update on Cyber Security. The RIF also conducted a number of one and three year post transaction reviews.

The Audit Committee met twice in November. The first meeting was to review the FY2017 external auditor report and the Group’s draft preliminary announcement of results for FY2017. At its second meeting that month, the Audit Committee received an update from the Internal Audit team, made recommendations which the Board subsequently approved in relation to the Directors’ Compliance Statements, the Group’s Viability Statement, the Annual Report for FY2017 and the FY2017 final dividend to be proposed to shareholders. At the Board meeting, the Board received a presentation from the Group’s corporate finance advisors on the state of the market and competitors. The Remuneration Committee met to review performance against the Group’s incentive and bonus schemes, changes to its terms of reference and to review the draft Remuneration Report for the 2017 Annual Report.

December
As 2017 drew to a close, the Board convened to approve the 2017 Annual Report and to confirm the appointment of Nigel Clerkin as Chief Financial Officer of the Group. The Remuneration Committee also met to agree the grant of awards under one of its incentive schemes and to test performance criteria set out in previous option awards.

January
The Audit Committee met at the end of January to review and approve the draft Q1 Trading Statement and to receive updates from Internal Audit and the finance team in relation to IFRS 15 and 16.

The Group’s AGM took place in the Westbury Hotel in Dublin at the end of the month. The meeting successfully concluded with all resolutions passed. While gathered for the AGM, the Board took the opportunity to conduct its annual two-day session with the Group’s SET to discuss the alignment of key objectives and activities with the Group’s strategy. The Board met again during this strategy session and considered proposals in relation to a new Boston office and one of the Group’s finance facilities. The Board also received a number of updates from Group functions, including tax and HR.
March
The Board met in March to discuss possible M&A opportunities, to receive an update on progress in preparing for GDPR and to review the Group’s gender pay gap report. The Board was pleased with the progress made in preparing for the implementation of GDPR, noting the key milestones remaining before the new regulation came into force and that it would be a continuous process thereafter.

April
In April, the RIF met to discuss progress on a number of potential M&A targets which included updates on Create NYC, SmartAnalyst and other potential targets, considering the alignment of each opportunity with the Group’s strategy.

May
With the Group’s half-year approaching, the Audit Committee convened to discuss the draft Interim Report and updates on the Viability Statement, Internal Audit, treasury, Directors’ Compliance Statements and corporate governance developments.

The RIF met to review the Risk Management Framework and approve the Principal Risks and Uncertainties for inclusion in the Interim Report. A number of updates to the Committee were also provided in relation to Quality & Compliance, Cyber Security, M&A and Financing. The RIF reviewed its terms of reference and agreed some amendments which were subsequently approved by the Board.

The Board also convened to review the draft Interim Report, updated FY2017 guidance to the market and the proposed interim dividend.

June
In June, the Board approved the purchase of SmartAnalyst and later in the month, the acquisition of Create NYC. Updates were provided to the Board on Investor Relations and Corporate Governance. Upon recommendation from the Nominations & Governance Committee, the Board approved the appointment of Erik van Snippenberg and the change in role of Chris Corbin.

July
In July, the Remuneration Committee reviewed executive compensation in connection with the preparation for the FY2019 budget.

August
In early August, the Audit Committee reviewed the draft Q3 Trading Update. The Board also met to approve the disposal of the Aquilant division. Later in August, the Audit Committee re-convened during which EY presented its Audit Plan and the Committee reviewed EY’s independence, fees and engagement terms. The Audit Committee also received a full internal audit update, conducted a review of the Committee’s performance and resources and, in advance of year-end, conducted the goodwill impairment review and reviewed the Group’s long-term viability and progress on implementing IFRS 15 and 16.

The Board subsequently convened again and received updates from the Chairs of the Audit and Remuneration Committees, an update from the CEO and the Head of Corporate Development and reviewed the draft budget for FY2019.

September
As FY2018 drew to a close, the Board convened in the US for a three-day Board meeting, visiting Cambridge BioMarketing and Vynamic in Boston and reconvening in New York. This overseas trip enabled the Board to meet a broad group of managers from the US businesses both in formal and informal settings. Throughout these three days, the Board received updates from the Ashfield Advisory and Ashfield Healthcare Communications business, the Ashfield Clinical & Commercial business and the Sharp businesses as well as presentations from the two newly-acquired entities, Create NYC and SmartAnalyst. The strategic merits of other capital expenditure and potential M&A opportunities were also considered. A number of other Board matters were discussed, including the approval of the 2019 budget and the results of the Board evaluation.

The Remuneration Committee also met in September to consider the FY2019 goals for the SET and to discuss two new proposed share plans to replace the Group’s existing plans which expire in 2020.
Composition as at 30 September 2018
Peter Gray (Chair)
Chris Brinsmead
Linda Wilding
Myles Lee
Philip Toomey

Key Responsibilities
The key responsibilities of the Nominations and Governance Committee are:
• to evaluate the balance of skills, knowledge, experience and diversity of the Board and Committees and make recommendations to the Board with regard to any changes;
• to consider succession planning for directors and other senior executives taking into account what skills and expertise are needed for the future;
• to identify, and nominate for the approval of the Board, candidates for appointment as directors;
• to consider the re-appointment of any non-executive director at the conclusion of their specified term of office and recommend their re-appointment to the Board; and
• to review Corporate Governance developments and ensure the Group remains compliant with all aspects of governance applicable to it.

Meetings
The Committee met three times during the year ended 30 September 2018. Individual attendance at these meetings is set out overleaf. The Committee is chaired by the Chairman of the Board and apart from the Chairman, is comprised only of non-executive directors considered by the Board to be independent. The Chief Executive is present occasionally at the invitation of the Committee.

Key Activities of the Committee during 2018
• Recommended the appointment of Nigel Clerkin as CFO.
• Recommended the expansion of the Committee to meet the future needs of our diverse and ever-evolving Group.
• Recommended the appointment of Erik van Snippenberg as a non-executive director and member of the Audit Committee and oversaw his induction; and
• Reviewed Board succession, commencing two separate searches for non-executive directors in light of planned retirements.

Appointment of a new CFO
When Alan Ralph informed the Board of his intention to retire at the end of 2018, the Committee engaged Korn Ferry to search for a replacement Chief Financial Officer. A candidate profile was prepared outlining the key skills, experience, characteristics and requirements for the role, and following a series of meetings and discussions involving the CEO and Group Head of HR, a number of candidates were shortlisted, including internal candidates.
### Attendance Record and Tenure

<table>
<thead>
<tr>
<th>Member</th>
<th>Number of meetings held when director was a member</th>
<th>Number of meetings attended</th>
<th>Committee tenure</th>
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<td>Linda Wilding</td>
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<tr>
<td>Philip Toomey</td>
<td>3</td>
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<td>9 years</td>
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The shortlisted candidates were interviewed by members of the Board and the CEO. The process culminated with the Committee recommending to the Board the appointment of Nigel Clerkin as Chief Financial Officer. The recommendation received unanimous Board approval. Nigel brings with him significant industry experience and an excellent track record of leading finance functions in the international healthcare sector. On 19 December 2017, it was announced that Nigel would join the Group as Chief Financial Officer with effect from 1 May 2018 and was formally appointed as an executive director on 15 May 2018. As previously disclosed, Alan Ralph remained with the Group until November 2018 to help ensure a smooth transition of his CFO responsibilities.

### New Non-Executive Director Appointment

When Gerard van Odijk informed the Board that he intended to step down at the end of the AGM in January 2018, Korn Ferry were engaged to assist with the search for a new non-executive director. Given Gerard van Odijk’s strong international industry experience, the Committee was keen to identify candidates with similar skills, experience and background.

After interviewing a number of potential candidates, the Committee recommended the appointment of Erik van Snippenberg to the Board as a non-executive director and a member of the Audit Committee. The Board subsequently approved Erik’s appointment with effect from 2 July 2018. Erik brings a wealth of industry and international experience to the Board specifically in relation to product launches, product lifecycle management, business development and strategy.

### Change in Role and New Non-Executive Appointment

During the summer of 2018, Chris Corbin decided to bring forward his retirement date as Executive Chairman of Ashfield. As announced in September 2016, Chris was due to retire as Executive Chairman of Ashfield and from the Board of UDG Healthcare in April 2019. However, given his deep industry experience and tenure with the Group, the Board was delighted when Chris agreed to the Committee and Board’s request to extend his term on the Board in a non-executive director capacity, subject to re-election at the AGM in 2019.

### Future Succession Planning for Non-Executive Directors

As previously noted, Philip Toomey will step down at our upcoming AGM having served over ten years on the Board. Chris Brinsmead, will, in April 2019, have served nine years as a non-executive director and will most likely retire at the 2020 AGM. I myself have now been Chairman for almost seven years and a director for over 14 years. My succession must therefore be planned for. We commissioned PwC and have also commissioned Korn Ferry to carry out a further search with a view to making one or two additional appointments to ensure sufficient talent on the Board and to supplement our pool of succession candidates for the role of Chair.

### Board Appointment and Tenure

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<tr>
<th>Director Name</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9+</th>
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<th>Date of next election or re-election</th>
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Nominations & Governance Committee Report (continued)

Corporate Governance Considerations
The Committee also continues to review all external and internal governance procedures to ensure ongoing compliance and that the Board and its Committees are best structured to meet the future needs of our diverse and ever-evolving Group. In January, the Committee recommended the membership of the Committee be enhanced and they proposed that Myles Lee and Linda Wilding join the Committee with effect from 1 February 2018, which was subsequently approved by the Board.

Last year, the Committee engaged Independent Audit to conduct a first-ever external independent audit of its Committees, starting with the Remuneration Committee and this year, the Risk, Investment & Financing Committee. For details of this evaluation, please refer to page 78.

The Committee considered recent changes to the UK Corporate Governance Code and this was then discussed at Board level with the Committee arranging external training for the Board as a whole during November 2018.

Succession Planning for Senior Management
During the year, the Committee also considered succession planning for the SET. The composition of the SET was refreshed during the year following the departure of Jez Moulding, with the Board deciding that the three leaders of the Ashfield divisions should join the SET going forward.

Priorities for 2018
- Focusing on succession planning for members of the Board
- Supporting the Group’s preparation for compliance with changing governance requirements being introduced by the 2018 UK Corporate Governance Code and applicable to the Group from 1 October 2019.

Peter Gray
Chair of the Nominations & Governance Committee
Audit Committee Report

Composition as at 30 September 2018
Myles Lee (Chair)
Erik van Snippenberg
Linda Wilding

As set out in the biographical details on pages 60 and 61, the members of the Committee have a strong mix of skills, expertise and experience from a variety of industries and as a whole have the relevant competencies for the sector in which we operate. The Board has determined that both Myles Lee, a member of the Institute of Chartered Accountants in Ireland, and Linda Wilding, a member of the Institute of Chartered Accountants in England and Wales, are the Committee’s financial experts.

Meetings
The Committee met six times during the year ended 30 September 2018. Individual attendance at these meetings, along with the tenure of each member, is set out above. In the event that a director is unavailable to attend a Committee meeting, he or she can communicate their views on any items to be raised at the meeting through the Chair of the Committee.

The Chief Executive, the Chief Financial Officer, the Head of Finance and the Head of Internal Audit together with representatives of the external auditor are invited to attend each meeting of the Committee. In addition, the Chairman of the Board attends meetings at the invitation of the Committee.

The Committee regularly meets separately with the Head of Internal Audit and with the external auditor without others being present.

The Chair of the Committee reports to the Board, as part of a separate agenda item at Board meetings, on all significant matters reviewed by the Committee.

Role and Responsibilities
The Committee supports the Board in fulfilling its responsibilities in relation to financial reporting and reviews the effectiveness of the Group’s internal financial control and financial risk management systems, pursuant to the Committee’s terms of reference which are reviewed annually and are available on the Group’s website. The Committee also monitors and reviews the effectiveness of the Group’s Internal Audit function and, on behalf of the Board, manages the appointment and remuneration of the external auditor and in addition monitors their performance and independence. The Group has an independent and confidential reporting procedure and the Committee monitors the operation of this facility.

Once again, the Board requested that the Committee advise it on both the long-term viability of the Group and also its compliance with relevant laws and the associated adoption of a compliance policy and statement by the directors pursuant to section 225 of the Companies Act, 2014. Details of this review of long-term viability and the

“The Committee’s composition was refreshed during the year with the appointment of Erik van Snippenberg following the departure of Gerard van Odijk.”

Myles Lee
Chair of the Audit Committee
Audit Committee Report (continued)

**Attendance Record and Tenure**

<table>
<thead>
<tr>
<th>Member</th>
<th>Number of meetings held when director was a member</th>
<th>Number of meetings attended</th>
<th>Committee tenure</th>
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<td>Myles Lee (Chair)</td>
<td>6</td>
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<tr>
<td>Gerard van Odijk¹</td>
<td>3</td>
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<td>3 years</td>
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<td>Linda Wilding</td>
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<td>5 years</td>
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¹ Gerard van Odijk was unable to attend the November meeting due to conflict with a prior engagement. Gerard provided his comments on the various agenda items in advance of the meeting. Gerard stepped down from the Audit Committee on 30 January 2018.

² Erik van Snippenberg joined the Audit Committee on 2 July 2018.

Group’s Viability Statement are contained in the Risk Report on pages 77 and 78, and details of the Directors’ Compliance Policy and Directors’ Compliance Statement are set out on page 94.

The activities undertaken by the Committee in fulfilling its key responsibilities in respect of the year to 30 September 2018 are detailed below.

**Financial Reporting**

The Group’s financial statements are prepared by finance personnel with the appropriate level of qualifications and expertise. The Committee is responsible for monitoring the integrity of the Group’s financial statements and reviewing the significant financial reporting judgements contained therein.

In respect of the year to 30 September 2018, the Committee reviewed the Group’s Trading Updates issued in February and August 2018, the Interim Report for the six months to 31 March 2018 and the Preliminary Announcement and Annual Report for the year to 30 September 2018.

In carrying out these reviews, the Committee considered:

- whether the Group had applied appropriate accounting policies and practices;
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies set out on pages 107 to 117;
- whether the Annual Report and Accounts, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group’s performance, business model and strategy;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- the consistency of accounting policies across the Group and on a year-on-year basis.

The significant areas of judgement considered by the Committee in relation to the financial statements for the year to 30 September 2018 and how these were addressed are outlined below.

**Revenue Recognition**

The critical area of judgement from a revenue perspective is the determination of the proportion of completion of each revenue contract to ensure revenue is being recognised in line with the accounting policies of the Group. The Committee, through discussions with management, the external auditor and the Head of Internal Audit, considered the judgements applied when determining the appropriate revenue recognition profile applied to the revenue contracts. Given the changing nature of the Group’s business, Internal Audit increased their level of audit emphasis on revenue recognition during the year.

**Goodwill Impairment**

The Committee considered the carrying value of goodwill in the 2018 financial statements. As part of the annual impairment testing process, management prepare detailed models assessing the recoverable amount of each cash generating unit (CCU), based on a value in use approach. The Committee reviewed these models and, having considered the underlying judgements and assumptions, were satisfied with the methodology used and the result of the assessment. Details of the impairment testing process, including the underlying assumptions, are set out in Note 1 to the financial statements.

Each of these areas received particular focus from the external auditor, and the external auditor provided detailed analysis and assessment of the matters in their report to the Committee.
Going Concern and Viability Statement
The Audit Committee reviewed the draft Going Concern and Viability Statements before recommending them for approval to the Board. Earlier in the year, the Committee agreed to increase the number of scenarios against which to test the Group’s viability to five, by modelling the simultaneous occurrence of two of the pre-existing scenarios. Under all scenarios, the Group remained viable. For further details, please refer to page 26.

Changes in IFRS Standards
The Committee received updates on the preparation for the implementation of IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers) and IFRS 16 (Leases). The Group has decided that the ‘modified retrospective’ transition approach is the most practical method for implementation of IFRS 15 and IFRS 16. For IFRS 9 and IFRS 15, the necessary changes have been put in place for the financial year beginning 1 October 2018 and in respect of IFRS 16, a project is underway to implement the necessary changes for 1 October 2019.

Internal Control
The Committee is responsible, on behalf of the Board, for reviewing the effectiveness of the Group’s internal financial controls and financial risk management systems. Details of the Group’s risk management system and internal controls are set out in pages 25 to 26.

In carrying out these responsibilities, the Committee reviewed reports issued by both Internal Audit and the external auditor and held regular discussions with the Head of Internal Audit and representatives of the external auditor. The Committee also reviewed the outcome of an assessment of the Group’s internal financial controls which had been co-ordinated by Internal Audit.

This overall process, which has been in place throughout the financial year up to the date of the approval of the Annual Report and financial statements, accords with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and is regularly reviewed by the Board. This system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Audit
The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Internal Audit function including its focus, plans, activities and resources.

At the beginning of the financial year, the Committee reviewed and approved the internal audit plan for the year having considered the adequacy of staffing levels and expertise within the function. During the year, the Committee received regular reports from the Head of Internal Audit summarising findings from the work of Internal Audit and the responses from management to address these findings. The Committee monitors progress on the implementation of the action plans on significant findings to ensure these are completed satisfactorily.

Earlier in the year, the Committee commissioned an external quality assessment of the Group’s Internal Audit function. The assessment was conducted by KPMG and the results confirmed that the Group Internal Audit function had a strong platform, was well-respected throughout the business and generally conforms with the majority of the Chartered Institute of Internal Auditors standards with no areas of non-conformance. A number of recommendations were made, for example, an increase in reliance on data analytics as an audit tool and also a greater use of KPIs to manage the Internal Audit function. The Committee will continue to monitor the implementation and timing of all suggested recommendations.

External Audit
Appointment, Independence and Performance
The Committee manages the relationship with the Group’s external auditor on behalf of the Board.

The Committee carried out its annual assessment of the external auditor including a review of the external auditor’s internal policies and procedures for maintaining independence and objectivity and consideration of their approach to audit quality and materiality. The Committee reviewed and approved the external audit plan as presented by the external auditor. The Committee also reviewed the performance of the external auditor and assessed the qualifications and expertise of their resources. The Committee concluded that the external auditor was independent of the Group, that the Committee was satisfied with the performance of the external auditor and that the audit process was effective.

The Committee also reviewed the external auditor’s engagement letter and recommended the level of remuneration of the external auditor to the Board having reviewed the scope and nature of the work to be performed. Details of the remuneration of the external auditor are set out in Note 5 to the financial statements.

In accordance with the Group’s policy on the hiring of former employees of the external auditor, the Committee reviews and approves any appointment of an individual, within three years of having previously been employed by the external auditor, to a senior managerial position in the Group.
In accordance with the Companies Act 2014, the Group has committed to rotate its external auditor at least every ten years. Breffni Maguire has been the Group’s lead audit engagement partner with effect from the financial year ended 30 September 2017 and has been in place since the appointment of Ernst & Young in FY2017 following an formal tender process conducted in July 2016. There are no contractual obligations which restrict the Committee’s choice of external auditor.

**Non-Audit Services**

The Committee has a formal policy governing the engagement of the external auditor to provide non-audit services and this policy is reviewed on an annual basis. The policy is designed to safeguard the objectivity and independence of the external auditor and prevents the provision of services which would result in the external auditor auditing its own firm’s work, conducting activities that would normally be undertaken by management, having a mutuality of financial interest with the Group or acting in an advocacy role for the Group.

The external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, provided it has the skill, experience, competence and integrity to carry out the work and is considered by the Committee to be the most appropriate to provide such services in the best interests of the Group. The engagement of the external auditor to provide non-audit services must be pre-approved by the Committee or entered into pursuant to pre-approved policies and procedures established by the Committee and approved by the Board.

The nature, extent and scope of non-audit services provided to the Group by the external auditor and the economic importance of the Group to the external auditor were also monitored to ensure that independence and objectivity were not impaired. The Group has decided to adopt the EU Directive such that the non-audit services payable to the auditors will be no more than 70% of the average audit fee for the previous three years.

During FY18, the external auditor conducted a review of the Group’s cyber security programme. For further information, please refer to Note 5 to the financial statements.

**Confidential Reporting Procedures**

In line with best practice, the Group has an independent and confidential reporting procedure which allows employees to raise any concerns about business practice. During the year, the Committee reviewed the operation of the procedures in place to allow employees to raise matters in a confidential manner and concluded that this facility was operating effectively. We encourage employees to report genuine issues and concerns as they arise. These concerns are taken seriously. They are investigated where appropriate and confidentiality is respected.

Myles Lee  
Chair of the Audit Committee
Composition as at 30 September 2018
Chris Brinsmead (Chair)
Lisa Ricciardi
Nancy Miller-Rich

Meetings
The Committee met five times during the year ended 30 September 2018. Individual attendance at these meetings along with the tenure of each member is set out overleaf. The Chief Executive, Chief Financial Officer, the Group Head of Quality & Compliance and the Global Head of IT are not members of the Committee but regularly attend meetings at the invitation of the Committee.

Where a Committee member has been unable to attend a Committee meeting, he or she can communicate their views on any items to be raised at the meeting through the Chair.

Key Responsibilities
- To oversee the Group’s risk management systems, including its risk register and internal controls;
- to oversee the identification and assessment of the Group’s Principal Risks and Uncertainties as well as their associated mitigation strategies, and recommend them to the Board for approval;
- to consider, review and authorise the commencement of due diligence on potential transactions;
- to consider, review and approve potential transactions to be made by the Group which have a consideration value of up to €50 million or foreign exchange equivalent;
- to evaluate, and recommend to the Board for approval, any proposed capital expenditure requests not exceeding $10 million or foreign exchange equivalent and any debt and equity financing proposals; and
- conduct one-year and three-year post-acquisition reviews.

Main Activities During the Year
Risk Management
The effective understanding and management of risk is critical to the success and viability of the Group. It is in that context that the Group has incorporated quarterly viability reviews within the Risk Management Process ensuring that the risks associated with what the Group does are addressed in the most appropriate way. To support this, the Group has developed and implemented a risk management system that facilitates the identification of the principal or significant risks that face the Group and which allows those risks and their associated resolutions to be actively amended and monitored.

This system is dynamic and as part of its ongoing development the Group has focused on a greater facilitation of its risk identification and management, as well as an internal review of its effectiveness. As a consequence, the Committee is satisfied that the Group’s risk management system is effective.
The Principal Risks and Uncertainties for the Group are set out on pages 28 to 31.

There are two executive sub-committees in place, the Risk & Viability sub-committee and the Quality & Compliance sub-committee, both of which report their annual activities to this Committee. The Chairman of the Board sits on the Quality & Compliance sub-committee.

The process for development of the Viability Statement was to review the Group’s activities and, considering the Group’s strategy, to review key aspects of the business environment. Long-term viability forms part of the Group strategy, as one of the objectives of developing a long-term strategy is to ensure the viability of the Group. The scenario selection is based on the risks identified in the Principal Risks and Uncertainties which is reviewed on a regular basis by the Committee.

During the year, the Committee also received the results of a follow-up cyber security audit completed by EY. While good progress had been made since the first audit in 2015, the Committee acknowledged that cyber security was an ongoing project to ensure robust controls are in place throughout the Group and reviewed regularly. Cyber security awareness training has been rolled out across the Group and a cyber security governance framework implemented.

**Investment**

As was the case in the previous year, the Committee was heavily involved in reviewing requests to proceed to due diligence for a number of potential acquisitions, including SmartAnalyst and Create NYC.

Pursuant to the Committee’s terms of reference, the Committee approved a capital expenditure request to invest in a HealthCloud, a new CRM system. In early 2018, the Board approved an amendment to the Committee’s terms of reference, increasing the value of capital expenditure requests that the Committee was authorised to approve from €3 million to $10 million.

During the year, the Committee undertook a number of one and three year post-transaction reviews including reviews of the acquisitions of STEM, Pegasus, KnowledgePoint360 and Galliard.

**Financing**

During the year, the Committee reviewed the financial position of the Group with the Chief Financial Officer and the Group Head of Tax and Treasury. These reviews included an analysis of the Group’s banking and available financing facilities, cash balances and also involved a review of the Group’s acquisition capacity.

**External Review**

In August, the Committee undertook an independent review of its own performance by using an external provider, Independent Audit. The findings of the review were presented to the RIF in September and the consensus was that the Committee worked well as a group, provided good challenge and had good communication with management. The Committee engaged well with the Board and reported appropriately on its activities. Some suggestions were made by Independent Audit in relation to risk management, and the Committee agreed to meet again to consider these.

**Attendance Record and Tenure**

<table>
<thead>
<tr>
<th>Member</th>
<th>Number of meetings held when director was a member</th>
<th>Number of meetings attended</th>
<th>Committee tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Brinsmead (Chair)</td>
<td>5</td>
<td>🌟🌟🌟🌟🌟</td>
<td>7 years</td>
</tr>
<tr>
<td>Gerard van Odijk1</td>
<td>2</td>
<td>🌟🌟</td>
<td>4 years</td>
</tr>
<tr>
<td>Lisa Ricciardi2</td>
<td>4</td>
<td>🌟🌟🌟</td>
<td>5 years</td>
</tr>
<tr>
<td>Nancy Miller-Rich3</td>
<td>4</td>
<td>🌟🌟🌟🌟</td>
<td>&gt;1 year</td>
</tr>
</tbody>
</table>

1 Gerard van Odijk stepped down from the Board on 30 January 2018. He was unable to attend the 14 November RIF meeting due to prior travel commitments.
2 Lisa Ricciardi was unable to attend the RIF meeting on 14 November due to a prior engagement.
3 Nancy Miller-Rich was unable to attend the RIF meeting on 26 April due to a prior engagement.

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Chris Brinsmead
Chair of the Risk, Investment & Financing Committee
Dear Shareholder,

I am pleased to present, on behalf of the Board, our Directors’ Remuneration Report for the year ended 30 September 2018.

The Committee continues to monitor best practice developments in remuneration and once again presents this year’s report in accordance with the requirements of the UK Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the “Regulations”). The Committee is mindful of recent amendments to the Regulations and also the recent introduction of the new UK Corporate Governance Code which will be applicable to UDG Healthcare from 1 October 2019. We continue to follow the provisions of the current UK Corporate Governance Code, including the alignment of remuneration arrangements with the Group’s strategy.

UDG Healthcare is an Irish incorporated company and is therefore not subject to the UK company law requirement to submit its Directors’ Remuneration Report (Policy) to a binding vote. At the AGM in January 2017, our revised Policy (which improved the clarity of the Policy itself and reflected evolving market practice and shareholders’ expectations) was approved by our shareholders by an advisory vote. As no changes to the Policy are proposed this year, the Policy will not be subject to a further vote at the 2019 AGM. In the interests of succinct reporting the Policy is not reproduced in this Report but can be found on our website and in our FY 2016 Annual Report.

We are once again submitting our annual report on remuneration, which is prepared following the format prescribed under UK law, for its annual advisory vote.

Overall Performance and Context
The Group delivered a strong financial performance in 2018 with adjusted earnings per share increasing by 24% (22% on a constant currency basis) for the year. The Board has proposed a final dividend of 11.75p cent per share, giving a total dividend for the year of 16.00p cent per share. This dividend represents an increase of 20% over 2017. Our Relative Total Shareholder Return (TSR) tested against the constituents of the FTSE 250 index over the last three years to 30 September 2018 was also strong, ranking the Group in the 75th percentile.

Director Changes during 2018
The Group saw a number of high profile changes during the year. After 20 years with the business, UDG
Directors’ Remuneration Report (continued)

Healthcare’s Chief Financial Officer, Alan Ralph, stepped down from the Board on 15 May 2018. For the period from 16 May 2018 to 30 September 2018 (and through to 30 November 2018 when he retired from the Group), Alan remained with the business to support the transition.

Nigel Clerkin joined UDG Healthcare, succeeding Alan Ralph as Chief Financial Officer from 1 May 2018, and joining the Board as executive director on 15 May 2018.

After over 18 years with UDG Healthcare, Chris Corbin stepped down from the role of Executive Chairman of Ashfield on 2 July 2018, assuming the role of non-executive director on 2 July 2018.

After four years, Gerard van Odijk stepped down from his role as non-executive director of the Board at the last AGM on 30 January 2018 and on 2 July 2018, Erik van Snippenberg joined the Board as a non-executive director.

Executive Remuneration for 2018

Annual Bonus
Annual bonus targets are primarily set by reference to challenging internal financial targets together with an element based on personal performance. For the year to 30 September 2018, the financial performance of the Group resulted in an actual bonus achievement (as a percentage of their maximum opportunity) of 18% for Brendan McAtamney, 13% for Alan Ralph (who retired from the Board on 15 May 2018), 23% for Nigel Clerkin (who joined the Board on 15 May 2018) on a pro rata basis. Details of this assessment are on pages 82 and 84.

LTIP Awards
The Committee has assessed the performance against targets for the December 2015 and February 2016 LTIP awards, both of which share performance periods from 1 October 2015 to 30 September 2018 (the 2015 LTIP Awards). As set out on page 85, the cash flow performance of the Group ($350m) resulted in 67% vesting for this element for the three-year period to 30 September 2018. As mentioned above, TSR tested against the constituents of the FTSE 250 index over the three-year period was strong, ranking the Group at the 75th percentile. A portion of the TSR element of the award is also subject to meeting an EPS growth underpin of 5% which was also achieved in full over the three-year performance period. As a result, 100% of this element of the award will vest. Accordingly, 84% of the overall 2015 LTIP Awards will vest on their prescribed vesting dates in December 2020 and February 2021 subject to the fulfilment of all other conditions of the LTIP scheme.

Executive Remuneration for 2019

During the year, the Committee reviewed executive remuneration arrangements to consider whether they continued to be aligned with shareholders’ interests and the Group’s strategy. Following such review, the Committee concluded this to be the case.

Salary
We have agreed an increase in salary for executive directors of 2% which is consistent with the average increase awarded across the wider workforce. This increase is effective from 1 October 2018. This excludes Alan Ralph and Chris Corbin, who both retired from their executive director roles on 15 May 2018 and 2 July 2018 respectively. Alan retired from UDG Healthcare as of 30 November 2018, while Chris has agreed to remain on the Board as a non-executive director subject to re-election at AGM. Nigel Clerkin joined the Board in May 2018 on a salary of €475,000. Given Nigel’s previous experience as a Chief Financial Officer at a FTSE 100 plc in the healthcare industry, and having conducted a competitive process, the Committee believe that the salary level is appropriate given the calibre of the candidate and we are glad to note that the response from shareholders to the appointment has been very positive.

Annual Bonus
We intend to retain the same mix of financial and non-financial goals in relation to bonus arrangements for executive directors in FY2019. Further details are set out on page 84.

LTIP Scheme
In relation to the LTIP for FY2019, Brendan McAtamney and Nigel Clerkin will participate at 150% of base salary. As previously noted, due to their respective retirement plans, neither Alan Ralph nor Chris Corbin received awards under the LTIP for FY2018. There are no proposed changes to the performance measures for awards to be granted in FY2019.

The Company’s current share plans expire in 2020. We have reviewed these share plans to reflect current corporate governance guidelines, established best practice and also to provide the Company with sufficient flexibility to compete effectively for talent now and in the future. These share plans will be put forward for approval by shareholders at the AGM in January 2019.

Linda Wilding
Chair of the Remuneration Committee
**Directors’ Remuneration (Audited)**

The following table sets out the total remuneration for directors for the year ending 30 September 2018 and the prior year.

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</tr>
<tr>
<td>Nigel Clerkin(^1)</td>
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<td>13</td>
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<td>-</td>
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<td>Brendan McAtamney</td>
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<td>42</td>
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<td>166</td>
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<td>Alan Ralph(^3)</td>
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<td>28</td>
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<td>57</td>
<td>324</td>
<td>403</td>
<td>903</td>
<td>110</td>
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<td>1,040</td>
<td>1,800</td>
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<td><strong>Non-executive directors</strong></td>
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<td>Chris Brinsmead</td>
<td>94</td>
<td>86</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Peter Gray</td>
<td>208</td>
<td>205</td>
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<td>Mykles Lee</td>
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<td>82</td>
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<tr>
<td>Nancy Miller-Rich</td>
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<td>-</td>
<td>-</td>
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<td>Lisa Ricciardi</td>
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<tr>
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<td>85</td>
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<tr>
<td>Linda Wilding</td>
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<td>84</td>
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<td><strong>Total</strong></td>
<td>2,513</td>
<td>2,141</td>
<td>142</td>
<td>129</td>
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<td>1,002</td>
<td>1,817</td>
<td>2,681</td>
<td>398</td>
<td>436</td>
<td>5,092</td>
<td>6,389</td>
<td></td>
</tr>
</tbody>
</table>

1 On 15 May 2018, Alan Ralph stepped down from his position as executive director on the Board, and Nigel Clerkin joined the Board as executive director.
2 Chris Corbin’s salary has been converted to Euro at the average rate for each year (0.8849 for 2018 and 0.8722 for 2017). Chris Corbin stepped down as an executive director on 2 July 2018. Upon stepping down from his executive director role he assumed a non-executive director role. Further details are set out on page 71.
3 Variances in non-executive director fees are primarily related to travel allowances.
4 Gerard van Odijk retired from the Board at the 2018 AGM on 30 January 2018.
5 Erik van Snippenberg joined on 2 July 2018.

Details on the valuation methodologies applied are set out in Notes (a) to (e) below. These valuation methodologies are as required by the Regulations and are different from those applied within the financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS). The total expense relating to the directors recognised within the income statement in respect of long-term incentives is €1,402,707 (2017: €780,422) and in respect of pension benefits is €398,217 (2017: €435,813).

**Notes to Directors’ Remuneration Table**

(a) **Salary and fees:** This is the amount earned in respect of the financial year, whilst a director.

(b) **Benefits:** This is the taxable value of benefits paid in respect of the financial year. These benefits principally relate to death in service, disability and medical insurance, club subscriptions, the provision of a company car, or cash allowances taken in lieu of such benefits, and personal tax return preparation.

(c) **Annual bonus:** This is the total bonus earned under the annual bonus scheme in respect of the financial year. For details of performance against targets set for the year see pages 85 to 86.

(d) **Long term incentives:** For the year ended 30 September 2018, this is the market value of the LTIP awards earned based on performance to 30 September 2018. These LTIP awards (structured as nominally priced options) were granted in December 2015 and February 2016 and the performance period was the three-year period from 1 October 2015 to 30 September 2018. They are subject to an additional two-year holding period, vesting in December 2020 and February 2021 respectively. These awards are also entitled to dividend equivalents during the vesting period. The value above only includes dividend equivalents earned to 30 September 2018.

The Committee has assessed performance for these awards and determined that 84% of the original award will vest at the end of the five-year vesting period. See pages 85 and 86 for details. The share price at the date of vesting is not available at this time and therefore the number of shares that will vest has been multiplied by the difference between the average share price over the quarter ending 30 September 2018 (£7.65) and the exercise price per share option (£0.05) to calculate a representation of the value attributed to these options.
Directors’ Remuneration Report (continued)

Notes to Directors’ Remuneration Table (continued)

For the year ended 30 September 2017, this is the market value of the LTIP awards (structured as nominally priced options) that were granted in December 2014 and the performance period was the three-year period from 1 October 2014 to 30 September 2017. The Committee reviewed actual performance relative to the performance targets in November 2017 and determined that 100% of the original award should vest at the end of the five-year vesting period. The difference between the share price on the third anniversary of the grant date (£8.95) and the exercise price per share option (£0.05) was multiplied by the number of options that vested to calculate the value attributed to the options for each director. This has been updated from the 2017 report where in accordance with the Regulations the disclosure was based on the average share price over the quarter ended 30 September 2017 (£8.35). This gave values of €760,697 for Chris Corbin, €900,264 for Brendan McAtamney and €843,328 for Alan Ralph. The value of dividend equivalents accrued during the performance period and up to the third anniversary of the grant date is also included.

(e) Pension: Please see pages 86 and 87 for further information.

Discussion of Individual Remuneration Elements

The following sections set out details on each element of remuneration for the year to 30 September 2018 and detail how we intend to operate our policy with respect to each element of remuneration for the year to 30 September 2019.

Salary

The base salaries of executive directors are reviewed annually having regard to personal performance, divisional or Group performance, significant changes in responsibilities and competitive market practice in their area of operation as well as the pay and conditions in the wider Group. The principal external comparator group against which executive directors’ reward is currently reviewed comprises the FTSE 250.

In setting Nigel Clerkin’s salary upon appointment, the Committee considered and balanced a number of reference points to ensure his salary was set at an appropriate level. These factors included: securing the right candidate at the right price; the exceptional calibre of the candidate; competitive market positioning; the previous incumbent’s package; appropriate internal relativities; and external expectations.

In relation to both Brendan McAtamney and Nigel Clerkin, the Committee determined that their base salaries for FY2019 will increase by 2%, consistent with the average increases awarded across the wider Group. Changes to base salary are generally effective from 1 October.

As previously announced, Chris Corbin retired from his role as an executive director in July 2018, remaining on the Board in a non-executive capacity. A sum of £227,628 was paid to Chris Corbin upon his retirement in July 2018, being the amount that Chris would have been entitled to receive under his pre-existing employment arrangements, less amounts payable to Chris going forward in his capacity as a non-executive director. Alan Ralph retired in November 2018 and his salary remained unchanged during the five-month period from May 2018 until his retirement in November 2018 as he supported the transition of his duties to Nigel Clerkin.

The following table sets out the salaries for the executive directors at the start of each financial year.

<table>
<thead>
<tr>
<th>Name</th>
<th>1 October 2018 €’000</th>
<th>1 October 2017 €’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brendan McAtamney</td>
<td>€676</td>
<td>€663</td>
</tr>
<tr>
<td>Nigel Clerkin1</td>
<td>€485</td>
<td>-</td>
</tr>
<tr>
<td>Alan Ralph2</td>
<td>€-</td>
<td>€442</td>
</tr>
<tr>
<td>Chris Corbin3</td>
<td>€-</td>
<td>€312</td>
</tr>
</tbody>
</table>

1 Nigel Clerkin was not employed by the Group until May 2018. Nigel’s salary was €475,000 from May 2015 until 30 September 2018.
2 On 15 May 2018, Alan Ralph stepped down from his position as executive director on the Board. His salary remained unchanged from this date to his retirement in November 2018.
3 Chris Corbin retired from his role as an executive director in July 2018, remaining on the Board in a non-executive capacity.

Benefits

Employment related benefits for executive directors principally relate to death in service, disability and medical insurance, club subscriptions, the provision of a company car or cash allowances taken in lieu of such benefits and personal tax return preparation. In the case of recruitment, benefits may include relocation allowances or other benefits considered appropriate by the Committee to facilitate recruitment. Any such benefits are in line with our recruitment remuneration policy.

Annual Bonus

Bonus for the year ended 30 September 2018

For the year ended 30 September 2018, the maximum bonus opportunity, as a percentage of salary, was 100% for each of Brendan McAtamney, Alan Ralph and Nigel Clerkin (on a pro-rated basis reflecting the date he joined the Company). The bonus opportunity for on-target performance was 70% of maximum.

Given Chris Corbin’s retirement as an executive director in July 2018, Chris will not receive a bonus for the year ended 30 September 2018.
The following table sets out the performance measures applied for executive directors for the year ended 30 September 2018.

<table>
<thead>
<tr>
<th>Performance targets</th>
<th>Weighting %</th>
<th>Actual %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial targets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>Cash flow</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>Non-financial targets</td>
<td>15%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The performance targets were set by the Committee at the start of the financial year and comprised both financial and non-financial targets.

**Financial performance**

Subsequent to the end of the financial year, the Committee reviewed actual performance against the targets set for each executive director.

Based on this review, the Committee determined that the executive directors should be awarded bonuses based on the achievement of financial targets as illustrated in the table below.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighing %</th>
<th>Actual %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group basic PBT</td>
<td>40.0</td>
<td>8</td>
</tr>
<tr>
<td>Stretch PBT</td>
<td>30.0</td>
<td>–</td>
</tr>
<tr>
<td>Group cash flow</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td>Total bonus for financial performance</td>
<td>85.0</td>
<td>8</td>
</tr>
</tbody>
</table>

The following table summarises performance against target for each of the financial objectives.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Definition</th>
<th>Performance targets</th>
<th>Actual performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group basic PBT</td>
<td>PBT is defined as profit before tax, exceptional items, amortisation of acquired intangibles and transaction costs. It is measured against budget on a constant currency basis to remove foreign exchange translation impacts. It excludes the impact of unbudgeted acquisitions and disposals.</td>
<td>Budget PBT was $142.5 million and if achieved, leads to a pay-out of the relevant Group basic PBT bonus. Threshold performance equates to $136.8 million or 96% of budget PBT. No portion of basic bonus is paid where actual PBT is at or below threshold performance. 20% of the potential group PBT bonus pays out when actual reaches 96% of budget, and then ratchets up to reach 100% pay-out when 100% of Group PBT budget is achieved. Payment for performance between threshold and budget is on a pro-rata basis.</td>
<td>Reported PBT excluding currency impacts was $137.2 million. Excluding unbudgeted acquisitions and disposals gives PBT for bonus purposes of $136.8 million. As the results were 4% under budget (or 96% of target), this resulted in 20% of the bonus % attributed to Group basic PBT being achieved.</td>
</tr>
<tr>
<td>Stretch PBT</td>
<td>The stretch PBT measure is the Group basic PBT including the contribution of unbudgeted acquisitions and deposits.</td>
<td>Achievement of stretch PBT bonus requires PBT of 115% of budget or $163.9 million. Payment between budget and stretch performance is on a pro-rata basis.</td>
<td>Including the net impact of acquisitions and disposals during the year results in a PBT of $137.2 million. As this is under the 100% threshold, no stretch bonus is payable.</td>
</tr>
</tbody>
</table>
Directors’ Remuneration Report (continued)

Discussion of Individual Remuneration Elements (continued)

<table>
<thead>
<tr>
<th>Measure</th>
<th>Definition</th>
<th>Performance targets</th>
<th>Actual performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group cash flow</td>
<td>Cash flow is defined as net cash inflow from operating activities less capital expenditure and excludes exceptional items, transaction costs, interest and tax. Cash flow generated by acquisitions is excluded from the actual cash flow performance.</td>
<td>The Group’s cash flow target is based on budgeted cash flow of $90.2 million. Threshold performance equates to 95% of budgeted cash flow. No bonus is paid if actual cash flow is at or below threshold target. 100% of bonus is paid if budget cash flow is reached or exceeded.</td>
<td>Actual cash flow of $69.4 million ($71.2 million operating cash flows less capex, less $1.8 million from acquisitions) did not meet the budget target of $90.2 million. Accordingly, none of this element of the bonus was achieved. Payment between threshold and budget performance is on a pro-rata basis.</td>
</tr>
</tbody>
</table>

Non-financial performance

15% of the annual bonus for each executive director was based on the achievement of personal objectives. These objectives include the achievement of operational goals, the executive’s contribution to Group strategy as a member of the Board, and specific goals related to their functional role. 2018 objectives were set for each executive at the beginning of the financial year, and performance against these objectives was assessed by the Committee at its November 2018 meeting.

In the case of Brendan McAtamney, personal objectives included the appointment and transition of a new Chief Financial Officer to succeed Alan Ralph, the evaluation and acquisition of appropriate businesses that would add shareholder value, the creation of synergies across recently-acquired assets, and the achievement of underlying growth-related targets. The Committee assessed performance against these objectives and judged that a strong performance had been achieved with respect to the Chief Financial Officer appointment and management of the transition. In relation to M&A, a number of potential acquisitions had been evaluated and two of these had been delivered. While synergies (including cross-selling opportunities) had been created, the growth-related target was not achieved. The Committee therefore recommended 10% of the 15% bonus allocable to personal objectives should be payable.

In the case of Alan Ralph, personal objectives included the management of Future Fit on time and on budget, supporting the Chief Financial Officer transition, and the achievement of underlying growth-related targets. The Committee noted that the Chief Financial Officer transition had been smooth. However, the Future Fit project suffered delays in implementation which had also resulted in some additional costs and the underlying growth-related target was not achieved. The Committee therefore recommended 5% of the 15% bonus should be payable.

In the case of Nigel Clerkin, personal objectives included the familiarisation with key stakeholders internally and externally and the successful transitioning of activities from Alan Ralph. The Committee judged that these objectives had been achieved and recommended that a pro-rata bonus be paid to Nigel based on time served. The Committee therefore recommended that 15% bonus should be payable on a pro-rata basis.

Total bonus payable

The total bonus payable is therefore 18% of maximum for Brendan McAtamney, 13% of maximum for Alan Ralph, and 23% of maximum for Nigel Clerkin. The Committee considers that this level of bonus payout is a fair reflection of the performance achieved during the year and the value created for shareholders.

Bonus for the year ending 30 September 2019

For the year ending 30 September 2019, the maximum bonus opportunity for the executive directors remains at 100% of base salary and is based on the same balance of financial and non-financial performance measures as for FY2018. The bonus opportunity for on-target performance will continue to be 70% of maximum.

Long Term Incentive Plan (LTIP)

The LTIP was approved by shareholders at the Company’s 2010 AGM. As noted above, the Company’s current share plans expire in 2020. We have reviewed these share plans to reflect current corporate governance guidelines, established best practice and also to provide the Company with sufficient flexibility to compete effectively for talent now and in the future. These share plans will be put forward for approval by shareholders at the AGM in January 2019.
Award for which the year to 30 September 2018 was the last year of the performance period

The following table sets out details in respect of the 2015 LTIP Awards, for which the final year of performance was the year to 30 September 2018.

<table>
<thead>
<tr>
<th>Targets for performance period (1 October 2015 to 30 September 2018)</th>
<th>Performance against targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TSR performance (50% of award)</strong></td>
<td>The relative TSR performance over the three-year period was externally measured as being at the 75th percentile, and in relation to adjusted diluted EPS growth, FY2015 EPS of €28.77 cents compounded by 5% for three-years and converted to US dollars (based on an exchange rate of 0.8403 for FY2018) equals 41.61. Actual EPS for FY2018 is 45.94 and therefore exceeded the underpin. Accordingly, 100% of this element of the award will vest. Awards are subject to a two-year holding period and will be delivered to participants in December 2020 and February 2021.</td>
</tr>
<tr>
<td>TSR measured against constituents of the FTSE 250 Index</td>
<td></td>
</tr>
<tr>
<td>Vesting schedule for first 25% for Brendan McAtamney and Alan Ralph and first 50% for Chris Corbin:</td>
<td></td>
</tr>
<tr>
<td>Below median = 0%</td>
<td></td>
</tr>
<tr>
<td>At median = 25%</td>
<td></td>
</tr>
<tr>
<td>Upper quartile = 100%</td>
<td></td>
</tr>
<tr>
<td>Pro-rating between points</td>
<td></td>
</tr>
<tr>
<td>Vesting schedule for final 25% for Brendan McAtamney and Alan Ralph and final 50% for Chris Corbin:</td>
<td></td>
</tr>
<tr>
<td>This portion of the LTIP award is subject to the same vesting schedule as above. Additionally, vesting of this element of the TSR award is subject to the following underpin:</td>
<td></td>
</tr>
<tr>
<td>• adjusted diluted Earnings Per Share (EPS) growth of not less than 5% per annum compounded over the performance period.</td>
<td></td>
</tr>
<tr>
<td><strong>Aggregate cash flow performance</strong>¹ (50% of award)</td>
<td>The PBIT conversion rate was 91% over the three-year period, and aggregate cash generation was $350 million. Accordingly, 67% of this element of the award will vest.</td>
</tr>
<tr>
<td>Company’s aggregate cash flow performance (PBIT to cash conversion rate)</td>
<td></td>
</tr>
<tr>
<td>Percentage PBIT to cash conversion rate vesting schedule:</td>
<td></td>
</tr>
<tr>
<td>Below 80% = 0%</td>
<td></td>
</tr>
<tr>
<td>At 80% = 25%</td>
<td></td>
</tr>
<tr>
<td>100% or above = 100%</td>
<td></td>
</tr>
<tr>
<td>Pro-rating between points</td>
<td></td>
</tr>
<tr>
<td>Vesting under the cash flow element is also contingent on an aggregate minimum cash flow generation by the Company of $302 million over the performance period.</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>84% of awards will vest and become exercisable in December 2020 and February 2021.</td>
</tr>
</tbody>
</table>

¹ In line with the plan rules, for the purposes of assessing the level of LTIP awards that should vest, the impact of exceptional items and amortisation of acquired intangible assets has been excluded within both PBIT and cash flow for calculation purposes. For the purposes of assessing the achievement of the minimum cash flow generation target over the performance period, actual cash generation during this period has been adjusted by eliminating cash generated from acquisitions completed after the target level of $302 million had been set. Similarly, cash generated has also been adjusted in respect of disposals completed after the target level of $302 million had been set.

LTIP awards made during the year to 30 September 2018

The following table sets out details of LTIP awards made during the year to 30 September 2018.

<table>
<thead>
<tr>
<th>Number of options</th>
<th>Date of award</th>
<th>Share price at date of grant</th>
<th>Face value £’000</th>
<th>Threshold vesting %</th>
<th>Maximum vesting %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brendan McAtamney</td>
<td>102,038</td>
<td>5 December 2017</td>
<td>8.55</td>
<td>872</td>
<td>25</td>
</tr>
</tbody>
</table>

The above award is subject to performance over the three-year period to 30 September 2020. The award is then subject to a further two-year holding period and the vested portion will be delivered in December 2022. The award is in the form of nominal value share options over ordinary shares with an exercise price of €0.05 per share.

The market value of the options granted to Brendan McAtamney (number of options multiplied by the share price at the date of grant) equated to 150% of his base salary. None of Alan Ralph, Chris Corbin nor Nigel Clerkin received an LTIP award during the year ending 30 September 2018.
Directors' Remuneration Report (continued)

Discussion of Individual Remuneration Elements (continued)
The following table sets out details of performance measures in respect of the LTIP awards granted during the year.

<table>
<thead>
<tr>
<th>Targets for performance period (1 October 2017 to 30 September 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TSR performance (50% of award)</strong></td>
</tr>
<tr>
<td>TSR measured against the FTSE 250 Index</td>
</tr>
<tr>
<td>Vesting schedule for first 75% of the TSR award:</td>
</tr>
<tr>
<td>Below median = 0%</td>
</tr>
<tr>
<td>At median = 25%</td>
</tr>
<tr>
<td>Upper quartile = 100%</td>
</tr>
<tr>
<td>Pro-rating between points</td>
</tr>
<tr>
<td>Vesting schedule for final 25% of the TSR award:</td>
</tr>
<tr>
<td>This portion of the LTIP award is subject to the same vesting</td>
</tr>
<tr>
<td>schedule as above. Additionally, vesting</td>
</tr>
<tr>
<td>of this element of the TSR award is subject to the following</td>
</tr>
<tr>
<td>underpin:</td>
</tr>
<tr>
<td>• adjusted diluted Earnings per Share (EPS) growth of not less</td>
</tr>
<tr>
<td>than 5% per annum compounded over the performance period.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Aggregate cash flow performance¹ (50% of award)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company’s aggregate cash flow performance (PBIT to cash conversion rate)</td>
</tr>
<tr>
<td>Percentage PBIT to cash conversion rate vesting schedule:</td>
</tr>
<tr>
<td>Below 80% = 0%</td>
</tr>
<tr>
<td>At 80% = 25%</td>
</tr>
<tr>
<td>100% or above = 100%</td>
</tr>
<tr>
<td>Pro-rating between points</td>
</tr>
<tr>
<td>Vesting under the cash flow element is also contingent on an aggregate minimum cash flow generation by the Company of $397.2 million over the performance period.</td>
</tr>
</tbody>
</table>

¹ In line with the plan rules, for the purposes of assessing the level of LTIP awards that should vest, the impact of exceptional items and amortisation of acquired intangible assets will be excluded within both PBIT and cash flow for calculation purposes. For the purposes of assessing the achievement of the minimum cash flow generation target, cash flows from acquisitions shall be excluded and the target shall also be adjusted in respect of lost cash flows from disposals.

The proportion of awards that do not meet the performance criteria will lapse on the scheduled vesting date.

LTIP awards during the year to 30 September 2019
Award levels will be set at 150% of base salary in the case of both Brendan McAtamney and Nigel Clerkin. The Committee has determined 150% of salary to be the appropriate level of award given the Group’s ambitious growth plans over the next three to five years and the award sizes at the Company’s comparators in the FTSE 250. It is intended that performance targets for LTIP awards to be granted during the year to 30 September 2019 will continue to be based on the same performance conditions as outlined above. The performance period will be the three years to 30 September 2021 and awards meeting their vesting criteria will vest on the fifth anniversary of their grant.

Pensions
Irish and UK tax legislation impose penalty taxes on annual pension contributions and increases in pension fund values accruing to individual employees where prescribed maximum amounts are exceeded. The Committee has previously determined that impacted executive directors could either continue to accrue pension benefits as previously entitled, or alternatively, accept pension benefits limited by the prescribed maximum amounts and receive or accrue a supplementary taxable non-pensionable allowance equal to the cost to the Company of the pension benefit foregone. The amount of the allowance awarded to each director has been set by the Committee such that there is no additional cost to the Company from the arrangement.

As previously noted, Chris Corbin is a member of a defined contribution scheme with contributions capped at the permitted level under UK tax legislation and the alternative arrangements referred to above were accepted by Chris Corbin with effect from 5 April 2011. Over his tenure with UDG Healthcare, the Company has accrued pension for Chris Corbin up to the permitted level of £750,000. Since reaching the permitted level, the Group has accrued a supplementary taxable non-pensionable allowance equal to the cost of the pension contribution foregone. The combined cost of these arrangements was £73,000 in 2018. As noted above, Chris Corbin ceased to be an executive director on 2 July 2018, at which time the provision of such supplementary taxable non-pensionable allowances ceased and arrangements were made to transfer the accrued pension benefit amount to Chris in July 2018.

All pension benefits are determined solely in relation to base salary. Fees paid to non-executive directors are not pensionable.

Brendan McAtamney and Nigel Clerkin both receive a taxable, non-pensionable cash allowance of 25% of base salary.
Alan Ralph participated in a defined benefit pension plan, which accrued annually to provide up to 55% of his final pensionable salary at retirement. This plan was closed to future accrual in December 2015. Since January 2016, Alan has received a taxable non-pensionable cash allowance in lieu of pension of 25% of base salary. In 2018, the amount included in the single figure in relation to this cash allowance was €110,388.

On 26 September 2018, Alan accepted an offer made to all members of the defined benefit pension plan to transfer his accrued benefit from the defined benefit plan to a privately managed arrangement at a value of 125% of transfer value. There was no increase in his accrued pension entitlement from 1 October 2017 to the date of transfer, with the accumulated accrued pension standing at €91,008 per annum as at the date of transfer and based on a normal retirement date of 18 September 2029.

The normal retirement date of each executive director is their 60th birthday. In the event that a director retires before their 60th birthday and receives an immediate pension, their pension entitlement shall be reduced on an actuarial basis to reflect earlier payment.

Additional Information

Fees from external appointments

The executive directors are permitted to retain for their own benefit fees they receive from any external non-executive directorships. Brendan McAtamney has served as a non-executive director of Scapa Group plc since 1 February 2018. During the period from 1 February to 30 September 2018, he received fees of £28,000.

Payments to Former Directors

Save as set out in this section, there were no payments to former directors during the year.

Payments for Loss of Office

Save as set out in this section, there were no payments for loss of office during the year.

Transition Arrangements for Chris Corbin and Alan Ralph

Chris Corbin stepped down from his role as Executive Chairman of Ashfield and assumed a non-executive director role on 2 July 2018. For the period from 1 October 2017 to 2 July 2018, he continued to be paid his salary and regular benefits and, as noted at page 82 above, received the amount of £227,628 upon his retirement, being the amount that he would have been entitled to under pre-existing employment arrangements. Upon his retirement, Chris ceased to be eligible for a bonus for FY2018. Subject to performance assessment at the normal time being met, his outstanding LTIP awards will continue to vest on their respective vesting dates. He did not receive an LTIP award for FY2018 and will receive no further awards. Chris will continue to have the use of a company car until the pre-existing lease expires in July 2019 and health benefits coverage continues until its expiry in March 2019.

In the case of Alan Ralph, Alan stepped down from the Board on 15 May 2018. For the period from 16 May 2018 to 30 September 2018 (and through to 30 November 2018), Alan continued to be paid his salary and regular benefits and to be eligible to receive a bonus based on his performance against financial and non-financial objectives for the year to 30 September 2018. Upon stepping down from his executive director role, Alan Ralph will not be eligible for a bonus for his time with the Company in FY2019. Subject to performance assessment at the normal time being met, his outstanding LTIP awards will continue to vest on their respective vesting dates. He did not receive an LTIP award for FY2018 and will receive no further awards.

Minimum Shareholding Requirements

The Committee has adopted guidelines for executive directors to retain substantial long-term share ownership. These guidelines specify that executive directors should, over a period of five years from the date of appointment, build up and then retain a shareholding in the Company with a valuation at least equal to 100% of their annual base salary.

The table below sets out the percentage of base salary held in shares in the Company by each executive director as at 30 September 2018.

<table>
<thead>
<tr>
<th>Number of Shares of Shares</th>
<th>30 September 2018 Share Price £</th>
<th>Value of Shareholding £</th>
<th>30 September 2018 Salary (or last applicable salary where relevant)1</th>
<th>% of base Salary2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Corbin</td>
<td>609,481</td>
<td>6.81</td>
<td>4,150,566</td>
<td>£311,657</td>
</tr>
<tr>
<td>Alan Ralph</td>
<td>83,100</td>
<td>6.81</td>
<td>565,911</td>
<td>€441,550</td>
</tr>
<tr>
<td>Brendan McAtamney</td>
<td>115,000</td>
<td>6.81</td>
<td>783,150</td>
<td>€663,000</td>
</tr>
<tr>
<td>Nigel Clerkin</td>
<td>40,000</td>
<td>6.81</td>
<td>272,400</td>
<td>€475,000</td>
</tr>
</tbody>
</table>

1 Amounts have been converted to euro at the average exchange rate for the year of 0.8849.
2 Brendan McAtamney has met the shareholding guideline. Nigel Clerkin has acquired 65% of the shareholding guideline as at the date of this report, and has until 30 April 2023 to meet the shareholding guideline.
Non-Executive Directors’ Remuneration

Non-executive directors’ fees are set at a level to attract individuals with broad international, commercial and other relevant experience and reward them for fulfilling the relevant role.

Non-executive directors receive a basic fee for their role and membership of a Committee. Non-executives who serve as chair of one or more Committees are entitled to an additional fee. Membership of multiple Committees does not accrue any additional fee. Non-executive directors who travel to/from meetings from Europe receive an additional €500 travel allowance per trip and those travelling to/from the US receive an additional €1,000 per trip. The Senior Independent non-executive Director (‘SID’) is also entitled to an additional fee of €10,000 per annum.

In addition to the basic fee of €66,300, Peter Gray received a fee of €142,800 in respect of his role as Chairman (i.e., total fees of €209,100 in FY2018).

Following a review of the fees of the non-executive directors and the Chairman in November and 2018, a 2% increase was agreed in each case. This increase will be effective from 1 January 2019.

Non-executive directors’ fees:

<table>
<thead>
<tr>
<th>From 1 January 2019</th>
<th>From 1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic fee (including Committee membership)</td>
<td>67,626</td>
</tr>
<tr>
<td>Chairman’s fee (including basic fee)</td>
<td>213,282</td>
</tr>
<tr>
<td>Committee chair1</td>
<td>15,300</td>
</tr>
<tr>
<td>SID fee</td>
<td>10,200</td>
</tr>
</tbody>
</table>

1 This is an additional fee payable to the Chairs of the Audit, Remuneration, and Risk, Investment & Financing Committee. Peter Gray is Chair of the Nominations & Governance Committee and does not receive a separate fee in respect of this role.

Directors’ Shareholding and Share Interests (Audited)

Long Term Incentive Plan (LTIP)

Details of outstanding share awards, with performance conditions, granted to directors under the LTIP are set out below.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Number of shares under award</th>
<th>At 1 October 2017</th>
<th>Granted during the year1</th>
<th>Exercised during the year</th>
<th>Lapsed during the year</th>
<th>At 30 September 2018</th>
<th>Market price at date of award</th>
<th>Exercise price €</th>
<th>Market price at date of vesting</th>
<th>Date of award</th>
<th>Vesting date</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Corbin</td>
<td>77,212</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>77,212</td>
<td>£3.73</td>
<td>0.05</td>
<td>n/a</td>
<td>28.02.14</td>
<td>28.02.19</td>
<td>27.02.21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>77,772</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>77,772</td>
<td>£3.78</td>
<td>0.05</td>
<td>n/a</td>
<td>17.12.14</td>
<td>17.12.19</td>
<td>16.12.21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>54,884</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>54,884</td>
<td>£5.52</td>
<td>0.05</td>
<td>n/a</td>
<td>03.12.15</td>
<td>03.12.20</td>
<td>02.12.22</td>
<td></td>
</tr>
<tr>
<td></td>
<td>209,868</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>209,868</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Brendan McAtamney</td>
<td>93,911</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>93,911</td>
<td>£3.73</td>
<td>0.05</td>
<td>n/a</td>
<td>28.02.14</td>
<td>28.02.19</td>
<td>27.02.21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>92,041</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>92,041</td>
<td>£3.78</td>
<td>0.05</td>
<td>n/a</td>
<td>17.12.14</td>
<td>17.12.19</td>
<td>16.12.21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>57,954</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>57,954</td>
<td>£5.52</td>
<td>0.05</td>
<td>n/a</td>
<td>03.12.15</td>
<td>03.12.20</td>
<td>02.12.22</td>
<td></td>
</tr>
<tr>
<td></td>
<td>77,354</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>77,354</td>
<td>£5.12</td>
<td>0.05</td>
<td>n/a</td>
<td>05.02.16</td>
<td>05.02.21</td>
<td>04.02.23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>122,180</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>122,180</td>
<td>£6.72</td>
<td>0.05</td>
<td>n/a</td>
<td>07.12.16</td>
<td>06.12.21</td>
<td>06.12.23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>102,038</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>102,038</td>
<td>£8.55</td>
<td>0.05</td>
<td>n/a</td>
<td>05.12.17</td>
<td>05.12.22</td>
<td>05.12.24</td>
<td></td>
</tr>
<tr>
<td></td>
<td>443,440</td>
<td>102,038</td>
<td>-</td>
<td>-</td>
<td>545,478</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Alan Ralph</td>
<td>87,973</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>87,973</td>
<td>£3.73</td>
<td>0.05</td>
<td>n/a</td>
<td>28.02.14</td>
<td>28.02.19</td>
<td>27.02.21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>86,220</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>86,220</td>
<td>£3.78</td>
<td>0.05</td>
<td>n/a</td>
<td>17.12.14</td>
<td>17.12.19</td>
<td>16.12.21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>54,289</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>54,289</td>
<td>£5.52</td>
<td>0.05</td>
<td>n/a</td>
<td>03.12.15</td>
<td>03.12.20</td>
<td>02.12.22</td>
<td></td>
</tr>
<tr>
<td></td>
<td>54,242</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,0681</td>
<td>39,174</td>
<td>£6.72</td>
<td>0.05</td>
<td>n/a</td>
<td>07.12.16</td>
<td>06.12.21</td>
<td>06.12.23</td>
</tr>
<tr>
<td></td>
<td>282,724</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,068</td>
<td>267,656</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

1 Details regarding the grant of awards to directors during the year to 30 September 2018 are set out on page 85.

2 Denotes the 2015 LTIP Awards. Post 30 September 2018, and following a performance assessment, the Committee determined that 84% of the 2015 LTIP Awards would vest, and accordingly, that 16% of the shares subject to these awards would lapse in due course.

3 In connection with Alan Ralph’s retirement, this award was time-apportioned and the relevant number of shares subject to these awards lapsed.
s.305 CA 2014
For the purposes of Section 305 of the Companies Act 2014 (Ireland), the aggregate gains by directors on the exercise of share options during the year ended 30 September 2018 was €0.00 (2017: €205,797).

Directors’ Interests in Share Capital (Audited)
The beneficial interests, including family interests, of the directors and secretary in office at 30 September 2018 in the ordinary share capital of the Company are detailed below.

<table>
<thead>
<tr>
<th>Name</th>
<th>30 September 2018</th>
<th>1 October 2017 (or date of appointment if later)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ordinary shares</td>
<td>Ordinary shares</td>
</tr>
<tr>
<td>Chris Brinsmead</td>
<td>12,500</td>
<td>12,500</td>
</tr>
<tr>
<td>Nigel Clerkin</td>
<td>40,000</td>
<td>–</td>
</tr>
<tr>
<td>Chris Corbin</td>
<td>609,481</td>
<td>1,739,481</td>
</tr>
<tr>
<td>Peter Gray</td>
<td>114,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Myles Lee</td>
<td>4,000</td>
<td>–</td>
</tr>
<tr>
<td>Brendan McAtamney</td>
<td>115,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Nancy Miller-Rich</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Erik van Snippenberg</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Alan Ralph</td>
<td>83,100</td>
<td>170,688</td>
</tr>
<tr>
<td>Lisa Ricciardi</td>
<td>16,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Philip Toomey</td>
<td>84,334</td>
<td>84,334</td>
</tr>
<tr>
<td>Linda Wilding</td>
<td>19,304</td>
<td>19,304</td>
</tr>
<tr>
<td>Damien Moynagh (Company Secretary)</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

1 On 27 November 2018 Myles Lee purchased 6,000 Ordinary shares in the Company.

There were no other changes in the above Directors and Secretary’s interests between 30 September 2018 and 3 December 2018.

The directors and secretary have no beneficial interests in any Group subsidiary or joint venture undertakings.

Statement of Shareholder Voting
The Company is committed to ongoing shareholder dialogue and takes shareholder views into consideration when formulating remuneration policy and practice. To the extent there are substantial numbers of votes against resolutions in relation to directors’ remuneration, the Company will seek to understand the reasons for any such vote and will provide details of any actions in response to such a vote.

The following tables set out the actual votes at the 2018 AGM in respect of the Directors’ Remuneration Report and the actual votes at the 2017 AGM in relation to Directors’ Remuneration Policy.

<table>
<thead>
<tr>
<th>Directors’ Remuneration Report</th>
<th>For</th>
<th>Against</th>
<th>Withheld1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of votes (millions)</td>
<td>154.1</td>
<td>1.4</td>
<td>0.05</td>
</tr>
<tr>
<td>Percentage %</td>
<td>99.1</td>
<td>0.9</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Directors’ Remuneration Policy</th>
<th>For</th>
<th>Against</th>
<th>Withheld1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of votes (millions)</td>
<td>143.3</td>
<td>2.3</td>
<td>11.5</td>
</tr>
<tr>
<td>Percentage %</td>
<td>98.4</td>
<td>1.6</td>
<td>–</td>
</tr>
</tbody>
</table>

1 A vote withheld is not a vote in law and is not counted in the calculation of the percentage votes for and against a resolution.

Remuneration Committee
The following table details the members of the Committee, their attendance at meetings held during the year to 30 September 2018 and their tenure.

<table>
<thead>
<tr>
<th>Member</th>
<th>Number of meetings held when director was a member</th>
<th>Number of meetings attended</th>
<th>Committee tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linda Wilding (Chair)</td>
<td>5</td>
<td>4 years</td>
<td></td>
</tr>
<tr>
<td>Chris Brinsmead</td>
<td>5</td>
<td>7 years</td>
<td></td>
</tr>
<tr>
<td>Peter Gray</td>
<td>5</td>
<td>5 years</td>
<td></td>
</tr>
<tr>
<td>Lisa Ricciardi</td>
<td>5</td>
<td>4 years</td>
<td></td>
</tr>
<tr>
<td>Philip Toomey</td>
<td>5</td>
<td>9 years</td>
<td></td>
</tr>
</tbody>
</table>

1 Peter Gray was unable to join the meeting on 24 July 2018 due to travel. Lisa Ricciardi was unable to join the meeting on 25 September 2018 due to prior engagement. In each case, the Chair had the opportunity to discuss agenda items with the individual in advance.
The Committee’s responsibilities include:

- setting, reviewing and recommending to the Board the remuneration policy for executive directors and certain other senior executives;
- setting, reviewing and approving the remuneration arrangements of executive directors and senior executives; and
- reviewing and approving the rules of any incentive plans subject to final approval by the Board and shareholders.

External Advisors

The Committee seeks and considers advice from independent remuneration advisors where appropriate. During 2012, following a review process, the Committee appointed Deloitte LLP to provide advice on compensation and remuneration matters including advice on best practice market developments. During the year to 30 September 2018, fees payable to Deloitte in respect of services which materially assisted the Committee amounted to £14,350. These fees were charged on a time and expenses basis. Deloitte is one of the founding members of the Remuneration Consultants’ Code of Conduct and adheres to this Code in its dealings. The Committee is satisfied that the advice provided by Deloitte is objective and independent. The Committee is comfortable that the Deloitte engagement team that provide remuneration advice to the Committee do not have connections with UDG Healthcare that may impair their independence.

During the year, the Group also received advice and services from Deloitte in respect of consulting services. The Committee is satisfied that the provision of these services does not constitute a conflict of interest.

Performance Graph and Table

The table below summarises the single figure of total remuneration for the Chief Executive for the past ten years as well as how the actual awards under the annual bonus and LTIP compare to their respective maximum opportunity.

<table>
<thead>
<tr>
<th>Year</th>
<th>Chief Executive</th>
<th>Single figure of total remuneration £’000</th>
<th>Annual bonus award against maximum opportunity</th>
<th>LTIP award against maximum opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Brendan McAtamney</td>
<td>1,995</td>
<td>18.0%</td>
<td>84.0%</td>
</tr>
<tr>
<td>2017</td>
<td>Brendan McAtamney</td>
<td>2,306</td>
<td>75.0%</td>
<td>100%</td>
</tr>
<tr>
<td>2016¹</td>
<td>Brendan McAtamney</td>
<td>1,265</td>
<td>74.0%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Liam FitzGerald</td>
<td>683</td>
<td>81.2%</td>
<td>100%</td>
</tr>
<tr>
<td>2015</td>
<td>Liam FitzGerald</td>
<td>2,509</td>
<td>70.2%</td>
<td>100%</td>
</tr>
<tr>
<td>2014</td>
<td>Liam FitzGerald</td>
<td>2,371</td>
<td>71.6%</td>
<td>89.2%</td>
</tr>
<tr>
<td>2013</td>
<td>Liam FitzGerald</td>
<td>1,709</td>
<td>20.0%</td>
<td>95.5%</td>
</tr>
<tr>
<td>2012</td>
<td>Liam FitzGerald</td>
<td>1,697</td>
<td>90.0%</td>
<td>62.5%</td>
</tr>
<tr>
<td>2011</td>
<td>Liam FitzGerald</td>
<td>1,223</td>
<td>89.8%</td>
<td>0%¹</td>
</tr>
<tr>
<td>2010</td>
<td>Liam FitzGerald</td>
<td>1,342</td>
<td>77.5%</td>
<td>0%¹</td>
</tr>
<tr>
<td>2009</td>
<td>Liam FitzGerald</td>
<td>1,884</td>
<td>0%</td>
<td>89.8%</td>
</tr>
</tbody>
</table>

¹ Liam FitzGerald was CEO until 1 February 2016. Brendan McAtamney was appointed as Group CEO from 2 February 2016. For 2016, Brendan McAtamney participated in the 2010 LTIP. Liam FitzGerald also participated in the 2010 LTIP in 2012, 2013, 2014 and 2015 financial years. Details on the vesting performance of awards under this plan are set out on pages 85 and 86. In relation to the single figure of total remuneration, both Liam FitzGerald and Brendan McAtamney’s amounts have been pro-rated for their period of service as CEO.

² For the 2011 and 2010 financial years, Liam FitzGerald participated in the ESOS. Awards under this scheme did not meet their performance targets in respect of either financial year.

The Company became a member of the FTSE 250 Index on 24 December 2012 and the Committee believes that this is the most appropriate index against which to compare the performance of the Company (prior to this the Company had its primary listing on the Irish Stock Exchange). The chart below compares the performance of the Company relative to the FTSE 250 Index over the ten-year period to 30 September 2018.

Value (£)

This graph shows the value of £100 invested in UDG Healthcare plc on 30 September 2008 compared with the value of £100 invested in the FTSE 250. Values at each year-end date are calculated on a 3-month average basis.

Source: Thomson Reuters
Percentage Change in Total Remuneration of CEO Versus Average Employee
Details of the percentage change in the total remuneration of the Chief Executive relative to employees across the Group as at 30 September 2018 are set out below.

<table>
<thead>
<tr>
<th></th>
<th>2018 Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive</td>
<td>(13.5)%</td>
</tr>
<tr>
<td>Average employee¹</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

¹ The increase in average employee remuneration is a reflection of currency movements, a change in employee mix arising from acquisitions and disposals, and the broad geographic spread of employees across 26 countries.

Relative Spend on Pay
The following table sets out the percentage change in adjusted profit before tax, dividends and overall expenditure on pay (as a whole across the organisation). Both profit and expenditure on pay have been impacted by changes in foreign exchange translation rates, between 2017 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2018 £'000</th>
<th>2017 £'000</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted profit before tax</td>
<td>128,815</td>
<td>118,928</td>
<td>16.7%</td>
</tr>
<tr>
<td>Dividends</td>
<td>34,705</td>
<td>31,279</td>
<td>11.0%</td>
</tr>
<tr>
<td>Overall expenditure on pay</td>
<td>614,181</td>
<td>511,108</td>
<td>20.2%</td>
</tr>
</tbody>
</table>
Report of the Directors

The directors present their report and audited financial statements for the year ended 30 September 2018.

Non-Financial Reporting Statement
In compliance with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, the table below is designed to help stakeholders navigate to the relevant sections in this annual report to understand UDG’s approach to these non-financial matters:

<table>
<thead>
<tr>
<th>Reporting Requirements</th>
<th>Our Policies</th>
<th>Page references</th>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental matters</td>
<td>• Environmental Sustainability</td>
<td>page 50</td>
<td>Although the risks associated with environmental matters are actively monitored, UDG do not believe these risks meet the threshold of a principal risk for our business.</td>
</tr>
<tr>
<td>Social and Employee matters</td>
<td>• Diversity, Equality and Inclusion</td>
<td>pages 51 – 55</td>
<td>For employee matters Talent Management is one of our principal risks. Please refer to page 28 for more details.</td>
</tr>
<tr>
<td></td>
<td>• Driver Safety Management</td>
<td>Confidential Reporting Procedures – page 76</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Health and Safety</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Whistleblowing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Conflicts of Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Rights</td>
<td>• Anti-Modern Slavery</td>
<td>page 51</td>
<td>Although the risks associated with human rights abuses are actively monitored, UDG do not believe these risks meet the threshold of a principal risk for our business.</td>
</tr>
<tr>
<td>Anti-bribery and Corruption</td>
<td>• Code of Conduct</td>
<td>page 58</td>
<td>Although the risks associated with bribery and corruption are actively monitored, UDG do not believe these risks meet the threshold of a principal risk for our business.</td>
</tr>
<tr>
<td>Description of the business model</td>
<td>Please refer to pages 12 and 13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Financial key performance indicators</td>
<td>Please refer to page 24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dividends
An interim dividend of $4.25 cent (2017: $3.58 cent) per share was paid on 26 June 2018. Subject to shareholder approval at the Company’s AGM, it is proposed to pay a final dividend of $11.75 cent (2017: $9.72 cent) per share on 4 February 2019, to ordinary shareholders on the Company’s register at 5.00 p.m. on 11 January 2019, thereby giving a total dividend for the year of $16.00 cent (2017: $13.30 cent) per share.

Board of Directors
Nigel Clerkin was appointed as an executive director on 15 May 2018. Erik van Snippenberg was appointed as a non-executive director on 2 July 2018. Details of the Board and Committee composition are set out on pages 60 and 61.

In accordance with the recommendation contained in the 2016 UK Corporate Governance Code, the Board has adopted the practice of annual re-election for all directors, unless a director is stepping down from the Board.

Company Listing and Share Price
At 30 September 2018, the Company’s shares were listed solely on the London Stock Exchange. The price of the Company’s shares ranged between £6.31 and £9.59, with an average price of £8.42, during the year ended 30 September 2018. The share price at the end of the 2018 financial year was £6.81 and the market capitalisation of the Group was £1.7 billion.

Substantial Interests
The Company has received notification of the following interests of 3% or more in its ordinary share capital:

<table>
<thead>
<tr>
<th></th>
<th>At 23 November 2018</th>
<th>At 28 September 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ordinary shares number</td>
<td>% of issued share capital (excluding treasury shares)</td>
</tr>
<tr>
<td>Fidelity Management &amp; Research</td>
<td>22,337,376</td>
<td>8.98</td>
</tr>
<tr>
<td>Allianz Global Investors GmbH</td>
<td>21,666,815</td>
<td>8.71</td>
</tr>
<tr>
<td>Kabouter Management</td>
<td>13,479,303</td>
<td>5.42</td>
</tr>
<tr>
<td>Blackrock</td>
<td>11,393,602</td>
<td>4.58</td>
</tr>
<tr>
<td>Vanguard Group</td>
<td>9,478,230</td>
<td>3.81</td>
</tr>
</tbody>
</table>

* 23 November is the last practicable date to verify interests before printing this report.
These entities have indicated that the shareholdings are not ultimately beneficially owned by them.

**Authority to Allot Shares and Disapplication of Pre-emption Rights**
At the AGM held on 29 January 2018, the directors received the authority from shareholders to allot shares up to an aggregate nominal value representing approximately one-third of the issued share capital of the Company and the power to disapply the statutory pre-emption provisions relating to the issue of new equity for cash. The disapplication is limited to the allotment of shares in connection with the exercise of share options, any rights issue, any open offer or other offer to shareholders and the allotment of shares up to an aggregate nominal value representing approximately 5% of the issued share capital of the Company. The directors also received authority to allot up to 10% of the issued share capital of the Company if the issue was related to an acquisition.

These authorities are due to expire at the Company’s 2019 AGM. Consequently, at the forthcoming AGM, shareholders will be asked to renew these authorities until the date of the Company’s AGM to be held in 2020 or the date 15 months after this forthcoming AGM, whichever is the earlier.

**Purchase of Own Shares**
At the AGM held on 29 January 2018, authority was granted to the Company, or any of its subsidiaries, to purchase a maximum aggregate of 10% of the Company’s shares.

Special resolutions will be proposed at the Company’s 2019 AGM to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the issued share capital of the Company and in relation to the maximum and minimum prices at which treasury shares (effectively shares purchased and not cancelled) may be re-issued off-market by the Company. If granted, the authorities will expire on the earlier of the date of the Company’s AGM in 2020 or the date 15 months after this forthcoming AGM.

The directors will only exercise the power to purchase shares if they consider it to be in the best interests of the Company and its shareholders as a whole.

**Takeover Directive**
The Group’s principal banking and loan note facilities include provisions that, in the event of a change of control of the Company, the Group could be obliged to repay the facilities together with penalties. Certain client and supplier contracts and joint venture arrangements also contain change of control provisions. Additionally, the Company’s Long Term Incentive Plan and Employee Share Option Plan contain change of control provisions which potentially allow for the acceleration of the exercisability of awards in the event that a change of control occurs with respect to the Company.

**Political Donations**
No political donations which require disclosure in accordance with the Electoral Acts 1997 to 2012 were made by the Group during the year.

**Accounting Records**
The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the Company’s registered office, 20 Riverwalk, Citywest Business Campus, Citywest, Dublin 24, Ireland.

**Auditor**
The appointment of Ernst & Young as the Company’s External Auditor was approved by shareholders on 7 February 2017. The re-appointment of Ernst & Young for the year ending 30 September 2019 will be subject to shareholder approval at the AGM to be held on 29 January 2019.

**Disclosure of Information to the Auditor**
Each of the directors individually confirms that:
- in so far as they are aware, there is no relevant audit information of which the Company’s auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of such information.

**Annual General Meeting**
The AGM of the Company will be held on 29 January 2019. Your attention is drawn to the letter to shareholders and the Notice of AGM available on the Company’s website, www.udghealthcare.com, which sets out details of the matters which will be considered at the meeting.

**Memorandum and Articles of Association**
The Company’s Memorandum and Articles of Association set out the objects and powers of the Company and may be amended by a special resolution passed by the shareholders at a general meeting of the Company.
Corporate Governance
UDG Healthcare plc is an Irish registered company and is therefore not subject to the disclosure requirements contained in the UK Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013.

A summary of the Group’s business model and strategy is set out on pages 12 to 15 and the Group’s sustainability policies and activities are summarised on pages 48 to 59.

Directors Compliance Statement
(Made in accordance with section 225 of the Companies Act, 2014).

The directors acknowledge that they are responsible for securing compliance by UDG Healthcare plc (the ‘Company’) with its relevant obligations as are defined in the Companies Act, 2014 (the ‘Relevant Obligations’).

The directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company’s policies that, in the directors’ opinion, are appropriate to the Company with respect to compliance by the Company with its relevant obligations.

The directors further confirm the Company has put in place appropriate arrangements or structures that are, in the directors’ opinion, designed to secure material compliance with its relevant obligations including reliance on the advice of persons employed by the Company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this report relates.

Statement of Directors’ Responsibilities
The directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable laws and regulations.

Company law requires the directors to prepare Group and Company financial statements each year. Under that law, the directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014.

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

• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• state that the financial statements comply with IFRS as adopted by the European Union as applied in accordance with the Companies Act 2014; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the assets, liabilities, financial position and profit and loss of the Company, and which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure that such records are kept by subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act, 2014. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group’s and Company’s website (www.udghealthcare.com). Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as Required by the Transparency Directive and UK Corporate Governance Code
Each of the directors, whose names and functions are listed on pages 60 and 61 of this Annual Report, confirm that, to the best of each person’s knowledge and belief:

• as required by the Transparency Regulations:
  • The Group financial statements, prepared in accordance with IFRS as adopted by the European Union and, in the case of the Company, as applied in accordance with the Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Group and Company as at 30 September 2018 and of the profit of the Group for the year then ended;
• The Directors’ Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
• as required by the UK Corporate Governance Code:
• The Annual Report and financial statements, taken as a whole, provide the information necessary to assess the Group’s performance, business model and strategy and is fair, balanced and understandable.

Other Information
Other information relevant to the Director’s Report may be found in the following sections of the Annual Report:

<table>
<thead>
<tr>
<th>Information</th>
<th>Location in the Annual Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal activities, business review and future developments</td>
<td>Chairman’s Statement; Chief Executive’s Review; Operations Reviews and Finance Review – pages 4 to 35.</td>
</tr>
<tr>
<td>Results</td>
<td>Financial Statements – pages 102 to 167.</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>Corporate Governance Report – pages 62 to 69.</td>
</tr>
<tr>
<td>Directors’ remuneration, including the interests of the directors and secretary in the share capital of the Company</td>
<td>Directors’ Remuneration Report – pages 79 to 91.</td>
</tr>
<tr>
<td>Principal Risks and Uncertainties</td>
<td>Principal Risks and Uncertainties – pages 27 to 31.</td>
</tr>
<tr>
<td>Principal Key Performance Indicators</td>
<td>Key Performance Indicators – pages 22 to 24.</td>
</tr>
<tr>
<td>Financial risk management objectives and policies of the Group and the Company</td>
<td>Financial Statements – Note 31.</td>
</tr>
<tr>
<td>Company’s capital structure including a summary of the rights and obligations attaching to shares</td>
<td>Group Statement of Changes in Equity – page 104; and Financial Statements – Notes 18, 20 and 21.</td>
</tr>
<tr>
<td>Long Term Incentive Plan, share options and equity settled incentive schemes</td>
<td>Directors’ Remuneration Report – pages 79 to 91.</td>
</tr>
<tr>
<td>Events after the balance sheet date</td>
<td>Financial Statements – Note 35.</td>
</tr>
<tr>
<td>Significant subsidiary undertakings</td>
<td>Financial Statements – Note 45.</td>
</tr>
</tbody>
</table>

The Directors’ Report for the year ended 30 September 2018 comprises these pages and the sections of the Annual Report referred to under ‘Other information’ above, which are incorporated into the Directors’ Report by reference.

On behalf of the Board

P. Gray
Director

B. McAtamney
Director

3 December 2018