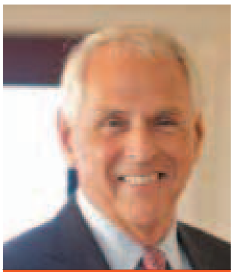
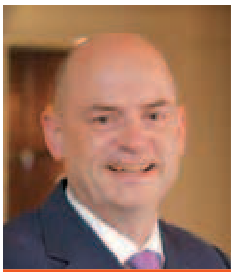
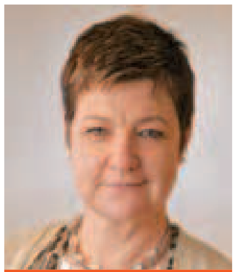
Board of Directors



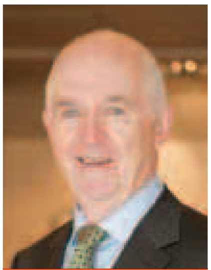
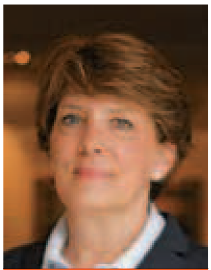
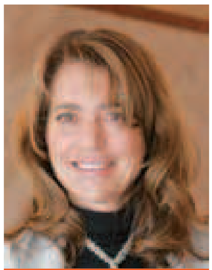




	PETER GRAY Chairman (63)	**BRENDAN McATAMNEY** Chief Executive Officer (55)	**ALAN RALPH** Chief Financial Officer (48)	**CHRIS CORBIN** Chairman of Ashfield (62)	**LINDA WILDING** Non-Executive Director (58)
Biography	Peter Gray is Chairman and non-executive director of UDG Healthcare. Peter formerly 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.	Alan Ralph joined UDG Healthcare in 1999 and was appointed Chief Financial Officer on 1 June 2013. Alan previously had responsibility for the Supply Chain Services division which was sold in 2016. Alan also held various roles throughout the Group including Managing Director of the Pharma Wholesale division and Group Financial Controller. Prior to working with the Group, Alan worked with Banta Corporation and PriceWaterhouseCoopers.	Chris Corbin is executive Chairman of the Ashfield division, having previously served as Managing Director of Ashfield. Chris founded Ashfield Healthcare Limited and previously 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.	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.
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.	Alan was appointed to the Board of UDG Healthcare as an executive director on 19 June 2008.	Chris was appointed to the Board of UDG Healthcare as an executive director on 20 June 2003.	Linda was appointed to the Board of UDG Healthcare as a non-executive director on 16 December 2013.
Independent	Not applicable	No	No	No	Yes
External appointments	Peter is currently a non-executive director of Jazz Pharmaceuticals plc, chairman of one other private company and one not-for-profit organisation.	Not applicable	Not applicable	Not applicable	Linda is currently a non-executive director of Touchstone Innovations plc, Electra Private Equity plc and one other private company.
Committee membership	N R				A R

Committee Membership Key

A Audit Committee	R Remuneration Committee
N Nominations & Governance Committee	☐ Indicates Committee Chair
R Risk, Investment & Financing Committee	

					
MYLES LEE Non-Executive Director (64)	**GERARD VAN ODIJK** Non-Executive Director (59)	**LISA RICCIARDI** Non-Executive Director (57)	**PHILIP TOOMEY** Non-Executive Director (64)	**CHRIS BRINSMEAD CBE** Senior Independent Non-Executive Director (58)	**NANCY MILLER-RICH** Non-Executive Director (58)
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.	Gerard van Odijk has over 25 years' experience in the European healthcare industry and was formerly President and Chief Executive Officer of Teva Pharmaceuticals Europe. Prior to this, Gerard held various senior management positions with GlaxoSmithKline, latterly holding the position of Senior Vice President and Area Director Northern Europe. Gerard also holds a medical degree from the University of Utrecht.	Lisa Ricciardi was recently appointed Chief Operating Officer of ContraFect Corporation, a NASDAQ company. Lisa was formerly Senior Vice President of Foundation Medicine, Inc. and prior to this was 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.	Philip Toomey was appointed a non-executive director of UDG Healthcare on 27 February 2008 and held the position of Senior Independent non-executive Director from 14 June 2013 until 30 June 2017. 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.	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 non-executive Director on 1 July 2017.	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.
Myles was appointed to the Board of UDG Healthcare as a non-executive director on 1 April 2017.	Gerard was appointed to the Board of UDG Healthcare as a non-executive director on 16 December 2013. Gerard will retire from the Board at the 2018 AGM.	Lisa was appointed to the Board of UDG Healthcare as a non-executive director on 14 June 2013.	Philip was appointed to the Board of UDG Healthcare as a non-executive director on 27 February 2008.	Chris was appointed to the Board of UDG Healthcare as a non-executive director on 12 April 2010.	Nancy was appointed to the Board of UDG Healthcare as a non-executive director on 20 June 2016.
Yes	Yes	Yes	Yes	Yes	Yes
Myles is currently a non-executive director of both Ingersoll Rand Inc., and Babcock International Group plc.	Gerard is currently Chairman of Bavarian Nordic A/S and Chairman of HTL Strefa.	Lisa is currently an executive director of ContraFect Corporation.	Philip is currently a non-executive director and also chairman-elect of Kerry Group plc.	Chris is currently a non-executive director of the Wesleyan Assurance Society and Datapharm, and is a member of council at Imperial College London and the Chairman of two other private companies.	Nancy is an adviser with the Gerson Lehrman Group.
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Chairman's Introduction to Corporate Governance

UDG Healthcare continues to comply with all aspects of governance in pursing its strategic priorities and growth ambitions.

Peter Gray
Chairman

Dear Shareholder,

I am pleased to report that for the year ended 30 September 2017, UDG Healthcare is fully compliant with the requirements of the UK Corporate Governance Code. Details of our work during the year are set out in the following pages.

The Board conducted a self-evaluation during 2017, including a review of how well we had responded to the recommendations of our external independent review last year. The assessment was positive, noted that we had made good progress, but also identified some further areas for improvement, including recommendations for some changes to the way we conduct our annual strategy session.

We engaged an external independent consultant, Independent Audit, to conduct a review of the Remuneration Committee, and some good recommendations came from that exercise, including a suggestion that we amend the terms of reference of the Committee to make clearer whether it decides remuneration, or merely makes recommendations to the Board. While we want Committees to have delegated authority to act, we are also conscious of the high-profile that remuneration issues attract, and want to ensure that the Board is fully aligned with the decisions taken.

Diversity and succession are important considerations for the Board, exercised through the Nominations and Governance Committee. We currently have 11 members (which will reduce to ten when Gerard van Odijk stands down at the AGM in February), comprising three executives, myself and seven non-executives, of whom three are female. Four 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. Eight have pharmaceutical company and/or pharma services executive experience, while three come from other industries. In my opinion, we have an excellent mix of skills and styles which ensures good debate and well considered decisions.

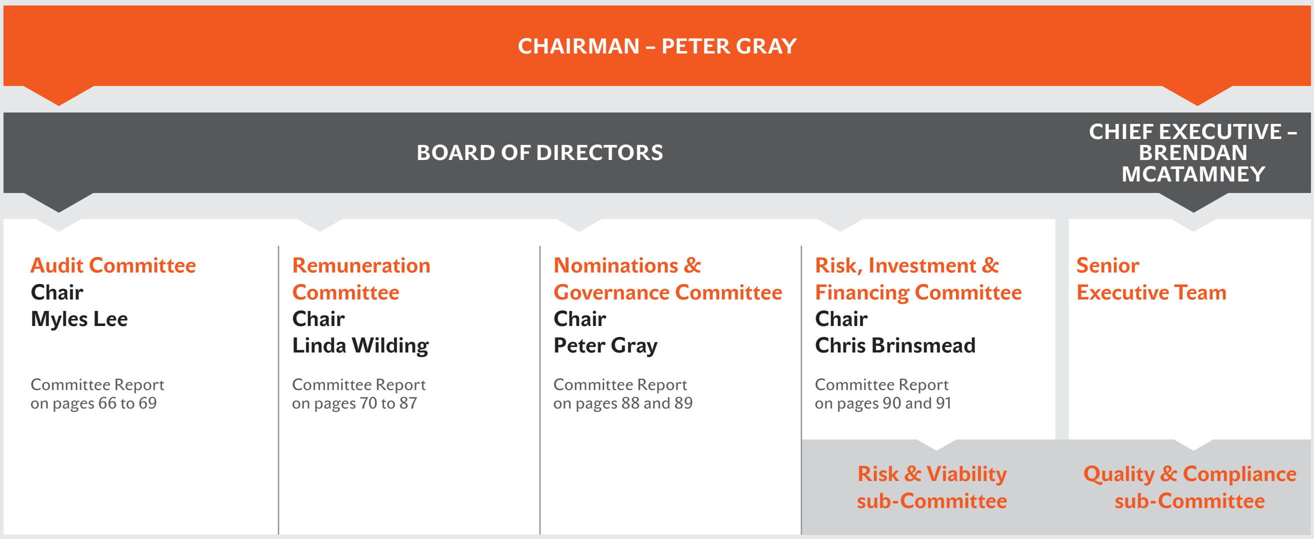
Philip Toomey will have served on the Board for almost ten years by the time of our next AGM. The Board has determined that Philip remains independent; his lack of close association with management or other directors, coupled with his clear willingness to challenge at Board and Committee meetings makes this manifest. With the pending departure of Gerard van Odijk, the Board has requested Philip to serve one further year, and assist in the selection and induction of at least one additional non-executive director.

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



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. Copies of the Code can be found on the Financial Reporting Council's website (www.frc.org.uk).

The Board considers that UDG Healthcare has continued to comply with the provisions set out in the Code throughout the year to 30 September 2017. 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 below.

Board Committees

The Board has established four Committees to assist in the execution of its responsibilities. These Committees are the Audit Committee (chaired by Myles Lee), the Remuneration Committee (chaired by Linda Wilding), the Nominations & Governance Committee (chaired by Peter Gray) and the Risk, Investment & Financing Committee (chaired by Chris Brinsmead). In addition, a Quality Compliance sub-Committee has been established, comprising mainly of executive directors, the Chairman and members of the Senior Executive Team, reflecting the importance placed on quality and compliance by the Group.

Corporate Governance (continued)

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. Details of activities of each of the Committees throughout the year are set out in pages 66 to 91.

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.

	Number of meetings held during the year when the director was a member	Number of meetings attended
Chris Brinsmead	9	9
Chris Corbin (i)	9	7
Peter Gray	9	9
Myles Lee (joined the Board on 1 April 2017)	5	5
Brendan McAtamney	9	9
Nancy Miller-Rich	9	9
Gerard van Odijk (ii)	9	8
Alan Ralph	9	9
Lisa Ricciardi (iii)	9	8
Philip Toomey	9	9
Linda Wilding	9	9

(i) Chris Corbin could not attend these meetings due to personal reasons.
(ii) Gerard van Odijk was travelling on 1 August 2017 and, due to technical difficulties, was unable to join the Board meeting scheduled for that afternoon by teleconference. Input was provided to the Chairman after the meeting.
(iii) Lisa Ricciardi could not attend a meeting convened at short notice due to prior commitments. Input provided in advance and communicated through the Chairman.

Chairman

Peter Gray has served as Chairman of the Board since 7 February 2012. 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.

Senior Independent Non-Executive Director

Chris Brinsmead was appointed Senior Independent non-executive Director (SID) on 1 July 2017, succeeding Philip Toomey, who had held the role since 14 June 2013. 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.

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

The Board is currently comprised of 11 directors, three executive directors and eight non-executive directors. Biographical details are set out on pages 56 and 57. The Board is satisfied that each director has the necessary time to devote to the effective discharge of their responsibilities and that, between them, the directors have a blend of skills, experience, knowledge and independence suited to the Group's needs and its continuing development and long-term viability.

As previously disclosed, Gerard van Odijk will step down from the Board at the conclusion of the Group's AGM on 30 January 2018.

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. On appointment, directors receive a full, 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 Senior Executive Team as part of the induction process. Visits to each of 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. Non-executive directors also receive additional training and presentations from across the businesses to update their knowledge and develop their understanding of the Group.

Independence

The Board has determined that 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.

Succession Planning and Diversity

As noted in the Chairman's Introduction to Corporate Governance, the Board believes that diversity is an essential foundation for building long-term sustainability in business and introduces different perspectives into Board debate. This philosophy forms an important element of our succession planning when considering new appointments to the Board.

Whilst it is the Group's policy to ensure the best candidate for the position is selected, the Board will continue to ensure diversity is taken into account when considering any new appointments to the Board.

Company Secretary

Damien Moynagh has served as Company Secretary since 21 September 2016. The Company Secretary assists the Chairman in ensuring the effective operation of the Board, is a member of the Group's Senior Executive Team 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.

Chief Executive

Brendan McAtamney was appointed Chief Executive on 2 February 2016. In addition to maintaining 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 of the Group's strategy and plans as agreed by the Board through the Senior Executive Team.

Myles Lee was appointed to the Board on 1 April 2017, bringing extensive global experience in management, M&A and finance to the Board. Details of the process leading to his appointment are summarised in the Nominations & Governance Committee Report on pages 88 and 89.

Board Evaluation

Following the engagement of Independent Audit Board Review ('Independent Audit') to facilitate an external Board evaluation last year, it was deemed appropriate to conduct. an internally-facilitated evaluation this year. During August 2017, a questionnaire was circulated to the directors 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 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 Independent Audit's findings last year, the Board and Committees continue to operate effectively. In addition to the strengths previously identified (e.g., that the Board was made up of enthusiastic and committed directors who were overall a motivated and successful team), the directors noted that opportunities for improvement suggested by Independent Audit last year had been acted upon and changes introduced. The agreed action items out of the 2017 review are summarised below:

- Group strategy days – that the time should be wholly devoted to future potentials, and background scene-setting be handled solely in the briefing materials;
- 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; and
- 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.

Corporate Governance (continued)

The Company Secretary in conjunction with the Chairman of the Board will follow up on these action items and ensure they are implemented in 2018.

The performance of individual directors was primarily assessed through discussions held by the Chairman with directors on an individual basis. 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.

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 66 to 69.

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 90 to 91.

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

Following the updates to the UK Corporate Governance Code, in particular in relation to the risk management process and long-term viability of the Group, we provide detail, on pages 19 and 20, on these processes and the associated assessments.

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 (Policy) was proposed and recommended by the Board, and subsequently approved by shareholders earlier this year at the 2017 AGM.

Prior to our 2017 AGM, while Glass Lewis recommended that shareholders vote in favour of our Annual Remuneration Report, ISS recommended a vote against and other proxy advisers abstained. The primary reasons put forward for the vote against were the 8% increase in salary awarded to the CEO within a year of his appointment, at which time he had been granted a salary comparable to his predecessor, and the increase in his LTIP award to 150% of salary without an increase in the stretch of the targets.

We consulted extensively with shareholders prior to the vote and explained the rationale: there had only been a net 1% increase in the CEO's salary in the previous eight years, while there had been a transformation of the Company during that time in terms of profitability, market capitalisation, employee numbers, geographic spread, and complexity. In terms of the LTIP award, we considered that the level of LTIP awarded was appropriate for a Company of our size and complexity and that the targets set were appropriately stretching. Importantly, the Committee also believed it important that the CEO should build up a meaningful equity investment in the business so as to align his interest with that of shareholders. Given the CEO's short tenure and the five-year vesting period for any such award, and to attain that meaningful shareholding, the Committee was supportive of this increase.

A significant majority of shareholders accepted our explanations and voted in favour, some changing their already cast vote. Some shareholders, while sympathetic, were mandated by their policy to follow the proxy adviser's and thus had to vote against, and a small number were not persuaded. Since the AGM, the Chairman has met with major shareholders face-to-face to discuss governance in general including remuneration, and the feedback from all shareholder interactions will be factored into future decision making.

The Group again presents the Directors' Remuneration Report for FY2017 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 70 to 87.

Relations with Shareholders

Shareholder Engagement

The Board recognises the importance of regular dialogue with shareholders and accordingly, the Group and its senior management team 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.

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. In addition to investor relations matters, the Group has engaged with major shareholders and made itself available to meet and discuss any other matters of interest, including matters of corporate governance and on foot of this engagement, the Chairman has met with a number of the Group's major shareholders to discuss such matters during the year.

Shareholder Communications

Results announcements are released promptly to shareholders in May and November and trading updates are issued in February and August. In addition, information including acquisition details and other disclosable information are notified to the stock exchange in accordance with the requirements of the Listing Rules, the Disclosure and Transparency Rules and other applicable rules and regulations.

The Group's website (www.udghealthcare.com) provides the full text of the annual and interim reports, investor presentations, trading updates and other stock exchange announcements.

General Meetings

The Company's AGM gives shareholders the opportunity to question the Chairman and the Board. The Notice of Annual General Meeting, 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. After each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the number of votes for, against and withheld. If validly requested, resolutions can be voted by way of a poll whereby the votes of shareholders present and voting at the meeting are added to the proxy votes received in advance of the meeting and the total number of votes for, against and withheld for each resolution are announced. 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.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. The Company specifies record dates for general meetings, by which date shareholders must be registered on the Company's register 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 set out in the Notice of AGM.

The 2018 AGM will be held at 12 noon on Tuesday, 30 January 2018 at the Westbury Hotel in Dublin 2, Ireland.

Corporate Governance
What the Board did in 2017

In a busy year, the Board oversaw the deployment of over $270m across acquisitions for Ashfield and Sharp, the investment in new facilities and new contracts and the investment in talent and important IT infrastructure for the Group as a whole.

The Board continued to oversee the evolution of the long-term strategy of the Group during FY2017. It evaluated and supported the acquisition of higher margin growth businesses such as STEM in the UK, Sellxpert in Germany, and Vynamic, Cambridge BioMarketing and MicroMass in the US. For Ashfield, these acquisitions helped establish its new Advisory group, adding talented management teams which enhanced its capabilities and extended its geographic reach.

Investment in capital assets to provide additional capacity and new capabilities for Sharp was also a priority, with the Board overseeing the acquisition of a new facility for its Clinical business in Bethlehem, Pennsylvania, investment in a new greenfield site for the Clinical EU business in Rhymney, Wales, and enhancements to its Belgian and Dutch facilities. The Board's attention to succession and talent development continued, which included the addition to the Board of Myles Lee (see page 57 for biography), and the appointment of Jez Moulding as COO of the Group and EVP, Ashfield.

October

Both the Board and the Risk, Investment & Financing Committee (RIF) met in the first month of UDG Healthcare's financial year. In a year during which six acquisitions were eventually completed (and many more considered), M&A was high on the agenda during both meetings. A number of the acquisitions discussed were progressed, including the acquisition of STEM Healthcare. STEM Healthcare would kick-start the establishment of Ashfield's new Advisory group.

November

The RIF met to conduct a review of the Group's Internal Control and Risk Management Systems. The Audit Committee also met to review the FY2016 external auditor report and the Group's draft preliminary announcement of results for FY2016. Later in November, the Audit Committee met again and, receiving an update from the internal audit team, made recommendations which the Board subsequently approved in relation to the Directors' Compliance Statement, the Group's Viability Statement, and the Preliminary Announcement of Results for FY2016. The Board also considered the RIF's recommendations in relation to the Group's Principal Risks and Uncertainties while the Remuneration Committee met to review performance against the Group's incentive and bonus schemes. Finally, the Nominations and Governance Committee met to discuss non-executive director recruitment.

December

As 2016 drew to a close, the Board convened again to approve the 2016 Annual Report and the Remuneration Committee met to agree the grant of awards under one of its incentive schemes and to test performance of executives against the criteria set out in another scheme.

February

The Audit Committee met in early February to review and approve the draft Q1 Trading Statement. The Group's AGM took place in the Westbury Hotel in Dublin a week later. The meeting successfully concluded with all resolutions passed, including the Group's new three-year remuneration policy. While gathered for the AGM, the Board took the opportunity to conduct its annual two-day strategy session with the Group's Senior Executive Team. The Board met again later in the month to discuss talent, to confirm the appointment of Mr. Myles Lee to the Board as an independent non-executive director, and to receive an M&A update.

March

The RIF convened in March to consider a number of potential acquisitions including that of Sellxpert in Germany (which later completed), and the Daiichi-Sankyo clinical packaging facility in Bethlehem, Pennsylvania, adding to both its Ashfield Clinical & Commercial and Sharp Clinical businesses.

April

In April, an ad hoc meeting of the Remuneration Committee convened to consider and approve the appointment of the Group's new COO and EVP of Ashfield Jez Moulding.

May

With the Group's half-year approaching, the Audit Committee convened with Myles Lee having succeeded Philip Toomey as Chairman of this Committee. The Committee discussed the draft Interim Report and received a corporate governance update from the Group's new external auditor, EY. The RIF met to approve the Principal Risks and Uncertainties for inclusion in the Interim Report. The Board also convened to review the draft Interim Report, updated FY2017 guidance to the market and the proposed interim dividend. The Board received cyber security training from EY and a detailed M&A update, which included Vynamic and Cambridge BioMarketing, which were subsequently acquired. The Nominations & Governance Committee met to recommend to the Board that Chris Brinsmead succeed Philip Toomey as Senior Independent Director, to confirm the re-appointment of a number of the independent non-executive directors and finally to recommend the appointment of Nancy Miller-Rich to the RIF Committee, effective 1 July 2017.

July

In July, the Remuneration Committee reviewed proposed salary increases for the Senior Executive Team in connection with the preparation of the FY2018 budget and also considered certain incentive arrangements to be entered into in connection with acquisitions.

August

In early August, the Audit Committee reviewed the draft Q3 Trading Update and approved amendments to its Terms of Reference. The Board also met to approve, in principle, the acquisition of MicroMass, which subsequently completed in September. Later in August, the Audit Committee re-convened during which EY presented its Audit Plan and the Committee reviewed EY's independence, fees (including its non-audit fee schedule) 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. The Board subsequently convened again and received updates from the Chairs of the Audit and Remuneration Committees, an update from the CEO and reviewed the draft budget for FY2018.

September

As FY2017 drew to a close, the Board convened in the US, with some newer Board members visiting Sharp, Allentown and the new Clinical facility in Bethlehem, Pennsylvania, in advance of the formal meeting. The Chairman (with the Board in attendance) officially opened the new Ashfield US Headquarters in Fort Washington, Pennsylvania. This overseas trip enabled the Board to meet a broad group of managers from the US businesses both in formal settings and more informal, social settings, something that is facilitated where possible throughout the year. The Board also travelled to Philadelphia and, in the offices of newly-acquired Vynamic, received updates from the Ashfield Communications US business, as well as presentations from the three most recently-acquired businesses, Vynamic, Cambridge BioMarketing and MicroMass. Together with STEM Healthcare, Sellxpert and the Daiichi-Sankyo facility in Bethlehem, the Group made over six acquisitions and deployed $270m during FY2017.

Audit Committee Report

> With a change of Chair and the appointment of new external auditors, 2017 was a year of successful transition for the Audit Committee.
>
> **Myles Lee**
> Chair of the Audit Committee

Attendance Record and Tenure

Member	Number of meetings held when director was a member	Number of meetings attended	Committee tenure
Myles Lee (Chair) (i) (joined the Board on 1 April 2017)	3	3	6 months
Philip Toomey (Chair)(ii) (stepped down on 18 May 2017)	4	4	9 years
Gerard van Odijk (iii)	6	5	3 years
Linda Wilding	6	6	4 years

(i) Myles Lee joined the Group as non-executive independent director on 1 April 2017, and succeeded Philip Toomey as Chair of the Audit Committee on 18 May 2017.
(ii) Philip Toomey stepped down from the Audit Committee on 18 May 2017.
(iii) Gerard van Odijk was travelling on 1 August 2017 and, due to technical difficulties, was unable to join the Audit Committee meeting scheduled to be held that morning by teleconference.

Composition

At 30 September 2017, the members of the Committee were Myles Lee (Chair), Linda Wilding and Gerard van Odijk, each of whom are considered by the Board to be independent. As set out in the biographical details on pages 56 and 57, the members of the Committee have a strong mix of skills, expertise and experience from a wide 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 2017. 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 Group Finance Director 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 certain 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 Group's Viability Statement are contained in the Risk Report on pages 19 and 20, 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 2017 are set out 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 2017, the Committee reviewed the Group's Trading Updates issued in February and August 2017, the Interim Report for the six months to 31 March 2017 and the Preliminary Announcement and Annual Report for the year to 30 September 2017.

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 108 to 118;
- 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 2017 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 2017 Financial Statements. As part of the annual impairment testing process, management prepare detailed models assessing the recoverable amount of each cash generating unit (CGU), 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 12 to the Financial Statements.

Acquisition Accounting

The Committee is conscious that accounting for acquisitions requires management judgement in identifying and valuing the assets acquired, particularly intangible assets, determining the impact of earn-out provisions and assessing whether the Group has control over the acquired entity. A number of acquisitions were made during the course of 2017 and considered by the Committee and the external auditor. Management engaged external specialists to perform the purchase price allocation exercises on these acquisitions. The Committee was satisfied with the judgements made and the accounting for these acquisitions.

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.

Audit Committee Report (continued)

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.

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 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.

External Audit

Appointment, Independence and Performance

The Committee manages the relationship with the Group's external auditor on behalf of the Board.

In July 2016, and in line with guidance provided by the UK Corporate Governance Code and EU Directive 2014/56/EU in respect of audit reforms and audit tendering, the Group conducted a formal tender process to engage a new external auditor. Following a rigorous process which included written submissions and presentation by the three invited firms, the Board decided, following a recommendation from the Committee, to appoint EY as the Group's external auditor from 2017 onward. A resolution proposing this appointment was supported by shareholders at the 2017 AGM.

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 SI 312/2016, the Group has committed to rotate its external auditor at least every ten years.

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 a regular 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 being 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.

Details of amounts paid to the external auditor for non-audit services are set out in Note 5 to the Financial Statements. These services included the provision of cyber security and corporate governance training to the Board.

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.

Myles Lee
Chair of the Audit Committee

Directors' Remuneration Report

> Following approval of the Remuneration Policy at the 2017 AGM, the Committee has focused on talent and succession and has recently completed its first external independent Committee evaluation.
>
> **Linda Wilding**
> Chair of the Remuneration Committee

Dear Shareholder,

I am pleased to present, on behalf of the Board, our Directors' Remuneration Report for the year ended 30 September 2017.

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'). We also continue to follow the provisions of the UK Corporate Governance Code, including the alignment of remuneration arrangements with the Group's strategy.

At the 2017 AGM, our revised Directors' Remuneration Policy Report (Policy) was approved by our shareholders by an advisory vote. Our previous policy had been in place for three years, and the minor changes approved at the last AGM have improved the clarity of the Policy and reflect evolving market practice and shareholders' expectations. No further changes to the Policy are proposed and therefore the Policy will not be subject to a further vote this year. UDG Healthcare is an Irish incorporated company and is therefore not subject to the UK company law requirement to submit its Policy to a binding vote. However, the Committee takes corporate governance very seriously and therefore we asked shareholders to approve the Policy on an advisory basis last year and we have once again submitted our annual report on remuneration, which is prepared following the format prescribed under UK law, for an advisory vote.

Overall Performance and Context

The Group delivered a strong financial performance in 2017. A 17% increase in earnings per share was complemented by a strong operating cash flow performance. Our reporting currency is now US dollar, and the Board has proposed a final dividend of 9.72 $ cent per share, giving a total dividend for the year of 13.30 $ cent per share. This dividend represents an increase of 7% over 2016 and, when combined with a share price appreciation of 32.5% over the year to 30 September 2017, represents a very strong return to shareholders. We also note that our Relative Total Shareholder Return (TSR) tested against the constituents of the FTSE 250 index over the last three years to 30 September 2017 was also very strong, ranking the Group at the 95th percentile.

Executive Remuneration for 2017

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 2017, the financial performance of the Group resulted in an actual bonus achievement (as a percentage of their maximum opportunity) of 75% for Brendan McAtamney, 75% for Alan Ralph and 53.5% for Chris Corbin. Details of this assessment are on pages 74 and 75.

2014 LTIP Scheme Award

The Committee has assessed the performance against targets for the 2014 LTIP scheme awards to 30 September 2017. As set out on page 54, the cash flow performance of the Group has been strong (€74.6m) and, as a result, the target for the three-year period to 30 September 2017 has been met in full and 100% of this element of the award will vest in December 2019. As mentioned above, TSR tested against the constituents of the FTSE 250 index over the three-year period was also excellent, ranking the Group at the 95th percentile, up from the 88th percentile in 2016. A portion of the TSR element of the award is also subject to meeting an EPS growth underpin which was achieved over the three-year performance period. As a result, 100% of this element of the award will also vest in 2019 as the targets for both elements of the award have been met in full. Accordingly, 100% of the overall 2014 LTIP award will vest in December 2019 subject to the fulfilment of all other conditions of the LTIP scheme.

Executive Remuneration for 2018

During the year, the Committee reviewed executive remuneration arrangements to ensure that they continued to be aligned with shareholders' interests and the Group's strategy.

Salary

We have agreed an increase in salary for executive directors of 2% which is consistent with the increase awarded across the wider workforce. This increase is effective from 1 October 2017 with the exception of Chris Corbin, who, as previously announced, will retire in April 2019 and whose salary remains unchanged.

Annual Bonus

There are no proposed changes to bonus arrangements for executive directors in 2018.

LTIP Scheme

In relation to the LTIP, Brendan McAtamney will participate at 150% of base salary respectively. Due to their respective retirement plans, neither Alan Ralph nor Chris Corbin will receive future awards under the LTIP. There are no proposed changes to the performance measures for awards to be granted in FY2018.

Linda Wilding
Chair of the Remuneration Committee

Directors' Remuneration Report (continued)

Directors' Remuneration

The following table sets out the total remuneration for directors for the year ending 30 September 2017 and the prior year.

	Salary and fees (a)		Benefits (b)		Annual bonus (c)		Long term incentives (d)		Pensions (e)		Total	
	2017 €'000	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000	**2017 €'000**	2016 €'000
Executive directors												
Chris Corbin (i)	**357**	389	**55**	61	**191**	265	**761**	706	**165**	184	**1,529**	1,605
Brendan McAtamney	**650**	550 (iv)	**42**	41	**487**	407	**900**	860	**163**	138	**2,242**	1,996
Alan Ralph	**433**	422	**32**	32	**324**	321	**843**	806	**108**	114	**1,740**	1,695
Non-executive directors (ii)												
Chris Brinsmead	**86**	76	**–**	–	**–**	–	**–**	–	**–**	–	**86**	76
Peter Gray	**205**	188	**–**	–	**–**	–	**–**	–	**–**	–	**205**	188
Myles Lee (iii)	**38**	–	**–**	–	**–**	–	**–**	–	**–**	–	**38**	–
Nancy Miller-Rich	**68**	18	**–**	–	**–**	–	**–**	–	**–**	–	**68**	18
Gerard van Odijk	**67**	66	**–**	–	**–**	–	**–**	–	**–**	–	**67**	66
Lisa Ricciardi	**68**	65	**–**	–	**–**	–	**–**	–	**–**	–	**68**	65
Philip Toomey	**85**	81	**–**	–	**–**	–	**–**	–	**–**	–	**85**	81
Linda Wilding	**84**	78	**–**	–	**–**	–	**–**	–	**–**	–	**84**	78
	2,141	1,933	**129**	134	**1,002**	993	**2,504**	2,372	**436**	436	**6,212**	5,868

(i) Chris Corbin's salary has been converted to Euro at the average rate for each year (0.8722 for 2017 and 0.7826 for 2016).
(ii) Variances in non-executive director fees are primarily related to travel allowances. See page 86 for more detail.
(iii) Myles Lee joined on 1 April 2017.
(iv) Brendan McAtamney was not Chief Executive Officer for the full FY2016.

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 €780,422 (2016: €690,214) and in respect of pension benefits is €435,813 (2016: €435,586).

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.

(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 73 to 75.

(d) **Long term incentives:** For the year ended 30 September 2017, this is the market value of the LTIP awards earned based on performance to 30 September 2017. These LTIP awards (structured as nominally priced options) were granted in December 2014 and the performance period was the three-year period from 1 October 2014 to 30 September 2017. They are subject to an additional two-year holding period, vesting in December 2019. These awards are also entitled to dividend equivalents during the vesting period. The value above only includes dividend equivalents earned to 30 September 2017.

The Committee has assessed performance for these awards and determined that 100% of the original award will vest at the end of the five-year vesting period. See pages 76 and 77 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 2017 (£8.35) and the exercise price per share option (€0.05) to calculate a representation of the value attributed to these options.

For the year ended 30 September 2016, this is the market value of the LTIP awards (structured as nominally priced options) that were granted in February 2014 and the performance period was the three-year period from 1 October 2013 to 30 September 2016. The Committee reviewed actual performance relative to the performance targets in November 2016 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 (£6.90) 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 2016 report where in accordance with the Regulations the disclosure was based on the average share price over the quarter ended 30 September 2016 (£6.08). This gave values of €626,589 for Chris Corbin, €762,104 for Brendan McAtamney and €713,916 for Alan Ralph. The value of dividend equivalents accrued during the vesting period and up to the third anniversary of the grant date is also included.

(e) **Pension:** Please see pages 77 and 78 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 2017 and detail how we intend to operate our policy with respect to each element of remuneration for the year to 30 September 2018.

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 groups against which executive directors' reward is currently reviewed include the FTSE 250. Changes to base salary are generally effective from 1 October.

In relation to both Brendan McAtamney and Alan Ralph, the Committee determined that their base salaries for 2017 will increase by 2%, consistent with the increases awarded across the wider Group. As previously announced, Chris Corbin will retire in April 2019 and his salary remains unchanged.

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

	1 October 2017 €'000	1 October 2016 €'000
Brendan McAtamney	**€663**	€650
Alan Ralph	**€442**	€433
Chris Corbin	**£312**	£312

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. 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 2017

For the year ended 30 September 2017, the maximum bonus opportunity, as a percentage of salary, was 100% for each of Brendan McAtamney and Alan Ralph. The bonus opportunity for on-target performance was 70% for Brendan McAtamney and Alan Ralph. Given Chris Corbin's planned retirement in April 2019, his bonus opportunity during the period from 1 October 2016 through April 2019 will be reduced in stages throughout this period. As such, during the period from 1 October 2016 to 30 September 2017, Chris Corbin's maximum bonus opportunity, as a percentage of salary was 75%. Chris Corbin's bonus opportunity for on-target performance during the period from 1 October 2016 to 30 September 2017 was 45%.

The following table sets out the performance measures applied for executive directors for the year ended 30 September 2017.

% of maximum bonus	B. McAtamney	A. Ralph	C. Corbin
Financial targets			
Profit	70%	70%	75%
Cash flow	15%	15%	10%
	85%	**85%**	**85%**
Non-financial targets	15%	15%	15%
	100%	**100%**	**100%**

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

Directors' Remuneration Report (continued)

Discussion of Individual Remuneration Elements (continued)

Annual Bonus (continued)

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.

	B. McAtamney A. Ralph		C. Corbin	
Measure	Weighting %	Actual %	Weighting %	Actual %
Group basic PBT	40.0	22.4	15.0	8.4
Stretch PBT	30.0	22.6	40.0	30.1
Group cash flow	15.0	15.0	–	–
Ashfield PBCIT	–	–	20.0	0.0
Ashfield Divisional cash flow	–	–	10.0	0.0
Total bonus for financial performance	**85.0**	**60.0**	**85.0**	**38.5**

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

Measure	Definition	Performance targets	Actual performance
Group basic PBT	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.	Budget PBT was $108.8 million and if achieved, leads to a pay-out of the relevant Group basic PBT bonus. Threshold performance equates to $103.3 million or 95% of budget PBT. No portion of basic bonus is paid where actual PBT is at or below threshold performance. Payment for performance between threshold and budget is on a pro-rata basis.	Reported PBT was $118.9 million*. Excluding unbudgeted acquisitions and an unbudgeted $0.9 million Sharp business relocation cost gives PBT for bonus purposes of $106.4 million. This resulted in 56% of the bonus % attributed to Group basic PBT being achieved.
Stretch PBT	The stretch PBT measure is the Group basic PBT including the contribution of unbudgeted acquisitions.	Achievement of stretch PBT bonus requires PBT of 115% of budget or $125.1 million. Payment between budget and stretch performance is on a pro-rata basis.	For the purposes of the stretch PBT bonus, actual PBT was adjusted upwards by $2.1 million for the relocation costs noted above and for other costs related to the Sharp Bethlehem acquisition but taken through the Income Statement. This resulted in 75% of the bonus % attributed to stretch PBT being achieved.
Group cash flow	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.	The Group's cash flow target is based on budgeted cash flow of $68.4 million. Threshold performance equates to 95% of budgeted cashflow. 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. Payment between threshold and budget performance is on a pro-rata basis.	Actual cash flow of $86.2 million exceeded the budget target of $68.4 million, and accordingly 100% of this element of the bonus was achieved.

Measure	Definition	Performance targets	Actual performance
Ashfield PBCIT	Profit is defined as profit before allocation of Group overheads, exceptional items, amortisation of acquired intangibles, transaction costs, interest and tax. It is measured on a constant currency basis to remove foreign exchange translation impacts and excludes profits from unbudgeted acquisitions and disposals.	Budget profit was $ 86.2 million and equates to a pay-out of 100% of Ashfield's divisional profit bonus. Threshold performance for the Ashfield divisional profit target equates to $81.9 million or 95% of budget. No portion of this element of bonus is paid where actual PBT is at or below threshold performance. Payment between threshold and budget performance is on a pro-rata basis.	Actual profit was $80.2 million and accordingly 0% of this element of the bonus was achieved.
Ashfield Divisional cash flow	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.	The Ashfield divisional cash flow target is based on budgeted cash flow of $56.0 million and equates to a pay-out of 100% of Ashfield's divisional cash flow bonus. Threshold performance equates to 95% of budgeted cashflow. No bonus is paid if actual cash flow is at or below threshold target. Payment between threshold and budget performance is on a pro-rata basis.	Actual cash flow was $45.0 million and accordingly 0% of this element of the bonus was achieved.

* Please see page 177 for further details on this calculation.

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 or business unit role. 2017 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 2017 meeting. In the case of Brendan McAtamney, personal objectives included the appointment of a new leader for the Ashfield division, management of the leadership transition and the detailed review of or acquisition of appropriate businesses. The Committee assessed performance against these objectives and judged that very strong performance had been achieved. In particular the transition of the new leader for the Ashfield division had been successfully managed, all operational management programmes had been progressed on time and on budget and a significant number of potential acquisitions had been evaluated, and a number of these delivered, adding value for shareholders. The Committee therefore judged that the personal element for Brendan should payout in full. In the case of Alan Ralph, personal objectives included the management and the on time and on budget delivery of the Future Fit projects, enhancing the effectiveness of the Group's tax planning and strengthening of our US investor profile. The Committee judged that excellent progress had been made against these objectives with operational management programmes being progressed on time and budget, the Group's tax planning effectiveness being significantly enhanced and Alan being instrumental in building strong relationships with our US investor base. The Committee therefore judged that the personal element for Alan should payout in full. In the case of Chris Corbin, the primary objective was to support and facilitate a smooth and effective transition of leadership of the Ashfield division which the Committee judged had been delivered in a successful and efficient way. The Committee therefore judged that the personal element for Chris should payout in full.

The total bonus payable is therefore 75% of maximum for Brendan McAtamney, 75% of maximum for Alan Ralph and 53.5% of maximum for Chris Corbin. 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 2018
For the year ending 30 September 2018, the maximum bonus opportunity for each of Brendan McAtamney and Alan Ralph remains at 100% of base salary and is based on the same balance of financial and non-financial performance measures as for 2017. The bonus opportunity for on-target performance will continue to be 70% for Brendan McAtamney and Alan Ralph. As outlined above, Chris Corbin's maximum bonus opportunity is reducing from 1 October 2016. As such, the maximum bonus opportunity for Chris Corbin during the period 1 October 2017 to 30 September 2018 shall be 37.5%. Chris Corbin's bonus opportunity for on-target performance, for the period 1 October 2017 to 30 September 2018, shall be 22.5%.

Directors' Remuneration Report (continued)

Discussion of Individual Remuneration Elements (continued)

Long Term Incentive Plan (LTIP)

The LTIP was approved by shareholders at the Company's 2010 AGM.

Award for which the year to 30 September 2017 was the last year of the performance period

The following table sets out details in respect of the December 2014 LTIP award, for which the final year of performance was the year to 30 September 2017.

	Targets for performance period (1 October 2014 to 30 September 2017)	Performance against targets
TSR performance (50% of award)	**TSR measured against constituents of the FTSE 250 Index** Vesting schedule for first 75% for Brendan McAtamney and Alan Ralph and first 50% for Chris Corbin: • Below median = 0% • At median = 25% • Upper quartile = 100% • Pro-rating between points Vesting schedule for final 25% for Brendan McAtamney and Alan Ralph and final 50% for Chris Corbin: • 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: • adjusted diluted Earnings Per Share (EPS) growth of not less than 5% per annum compounded over the performance period.	The relative TSR performance over the three-year period was at the 95th percentile, and in relation to adjusted diluted EPS growth, FY2014 EPS of €28.77 compounded by 5% for three-years and converted to US dollar (based on an exchange rate of 0.9047 for FY2017) equals $36.81. Actual EPS for FY2017 is $37.12 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 2019.
Aggregate cash flow performance* (50% of award)	**Company's aggregate cash flow performance (PBIT to cash conversion rate)** Percentage PBIT to cash conversion rate vesting schedule: • Below 80% = 0% • At 80% = 25% • 100% or above = 100% • Pro-rating between points Vesting under the cash flow element is also contingent on an aggregate minimum cash flow generation by the Company of $361 million over the performance period.	The PBIT conversion rate was 112.5% over the three-year period, and aggregate cash generation was $474.8 million.
Total		**100% of awards will vest in December 2017 and become exercisable during December 2019.**

* 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 $361 million had been set. Similarly, cash generated has also been adjusted in respect of disposals completed after the target level of $361 million had been set.

LTIP awards made during the year to 30 September 2017

The following table sets out details of LTIP awards made during the year to 30 September 2017.

	Number of options	Date of award	Share price at date of grant £	Face value £'000	Threshold vesting %	Maximum vesting %
Brendan McAtamney	122,180	7 December 2016	6.72	821	25	100
Alan Ralph	54,242	7 December 2016	6.72	366	25	100

The above awards are subject to performance over the three-year period to 30 September 2019. Awards are then subject to a further two-year holding period and the vested portion will be delivered to participants in December 2021. The awards are 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. The market value of the options granted to Alan Ralph (number of options multiplied by the share price at the date of grant) equated to 100% of his base salary. Chris Corbin did not receive a 2017 LTIP award.

The following table sets out details of performance measures in respect of the LTIP awards granted during the year.

	Targets for performance period (1 October 2016 to 30 September 2019)
TSR performance (50% of award)	**TSR measured against the FTSE 250 Index** Vesting schedule for first 75% of the TSR award: • Below median = 0% • At median = 25% • Upper quartile = 100% • Pro-rating between points Vesting schedule for final 25% of the TSR award: • 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: • adjusted diluted Earnings per Share (EPS) growth of not less than 5% per annum compounded over the performance period.
Aggregate cash flow performance* (50% of award)	**Company's aggregate cash flow performance (PBIT to cash conversion rate)** Percentage PBIT to cash conversion rate vesting schedule: • Below 80% = 0% • At 80% = 25% • 100% or above = 100% • Pro-rating between points Vesting under the cash flow element is also contingent on an aggregate minimum cash flow generation by the Company of $333.8 million over the performance period.

* 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 2018
Award levels will continue to be between 100% and 150% of base salary. In the case of Brendan McAtamney, the Committee has again 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. It is intended that performance targets for LTIP awards to be granted during the year to 30 September 2018 will continue to be based on the same performance conditions as outlined above. The performance period will be the three years to 30 September 2020 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 proscribed 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 proscribed 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 alternative arrangements were accepted by Chris Corbin with effect from 5 April 2011. 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.

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

Brendan McAtamney receives 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 2017, the amount included in the single figure in relation to this cash allowance was €108,213.

Directors' Remuneration Report (continued)

Discussion of Individual Remuneration Elements (continued)

Pensions (continued)

Chris Corbin is a member of a defined contribution scheme with contributions capped at the permitted level under UK tax legislation. 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 £144,000 in 2017.

Details of defined benefit pension entitlements

	Accumulated accrued pension at 30 September 2017 €'000	Normal retirement date
Alan Ralph	91	18 September 2029

The normal retirement date of each 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

Payments to Former Directors

There were no payments to former directors during the year.

Payments for Loss of Office

There were no payments for loss of office during the year.

Transition Arrangements for Chris Corbin

Chris Corbin stepped down from the role of Managing Director, Ashfield on 1 April 2017. He remains in an executive role until 1 April 2019 as Chairman of the Ashfield division. For the period to 1 April 2019 he will continue to be paid his salary and will receive a bonus based on his performance against financial and non-financial objectives. As described above his bonus opportunity will be reduced in stages over this period. For the year to 30 September 2017 he had a maximum bonus opportunity of 75% of salary and for the years to 30 September 2018 and 2019 he will have maximum bonus opportunities of 37.5% and 12.5% of salary respectively. 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 2017 and will receive no further awards. He will continue to be provided with the use of his company car and health benefits until 1 April 2019. Chris Corbin's retirement date may be brought forward by mutual agreement between both parties.

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 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 2017.

Value of Shareholdings as % of Base Salary

Pursuant to the Group's shareholding guidelines, executive directors are generally expected to build and maintain a shareholding of 100% of base salary. Further detail is set out on page 85.

	Number of Shares	30 September 2017 Share Price £	Value of Shareholding £	0.8722 converted to euro	30 September 2017 Salary	% of base salary*
Chris Corbin	1,739,481	8.50	14,785,589	16,952,062.03	£311,657	4,744%
Alan Ralph	170,688	8.50	1,450,848	1,663,434.99	€432,853	384%
Brendan McAtamney	80,000	8.50	680,000	779,637.70	€650,000	120%

* All executive directors have met their 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.

Non-executive directors' fees:

	From 1 June 2016
Basic fee (including Committee membership)	€65,000
Committee chair*	€15,000
SID Fee	€10,000

* 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.

In addition to the basic fee of €65,000, Peter Gray received a fee of €140,000 in respect of his role as Chairman (i.e., total fees of €205,000 in FY2017).

Following a review of the fees of the non-executive directors and the Chairman in November and December 2017, a 2% increase was agreed in each case. This increase will be effective from 1 January 2018. Accordingly, the basic fee for Non-executive directors shall be €66,300 and the total fees for the Chairman shall be €209,100.

Directors' Shareholding and Share Interests

Long Term Incentive Plan (LTIP)

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

	Number of shares under award										
	At 1 October 2016	Granted during the year(i)	Exercised during the year	Lapsed during the year(ii)	At 30 September 2017	Market price at date of award	Exercise price €	Market price at date of vesting	Date of award	Vesting date	Expiry date
Chris Corbin											
	77,212	–	–	–	77,212	£3.73	0.05	n/a	28.02.14	28.02.19	27.02.21
	77,772	–	–	–	77,772	£3.78	0.05	n/a	17.12.14	17.12.19	16.12.21
	54,884	–	–	–	54,884	£5.52	0.05	n/a	03.12.15	03.12.20	02.12.22
	209,868	**–**	**–**	**–**	**209,868**						
Brendan McAtamney											
	93,911	–	–	–	93,911	£3.73	0.05	n/a	28.02.14	28.02.19	27.02.21
	92,041	–	–	–	92,041	£3.78	0.05	n/a	17.12.14	17.12.19	16.12.21
	57,954	–	–	–	57,954	£5.52	0.05	n/a	03.12.15	03.12.20	02.12.22
	77,354	–	–	–	77,354	£5.12	0.05	n/a	05.02.16	05.02.21	04.02.23
	–	122,180	–	–	122,180	£6.72	0.05	n/a	07.12.16	07.12.21	06.12.23
	321,260	**122,180**	**–**	**–**	**443,440**						
Alan Ralph											
	87,973	–	–	–	87,973	£3.73	0.05	n/a	28.02.14	28.02.19	27.02.21
	86,220	–	–	–	86,220	£3.78	0.05	n/a	17.12.14	17.12.19	16.12.21
	54,289	–	–	–	54,289	£5.52	0.05	n/a	03.12.15	03.12.20	02.12.22
	–	54,242	–	–	54,242	£6.72	0.05	n/a	07.12.16	07.12.21	06.12.23
	228,482	**54,242**	**–**	**–**	**282,724**						

(i) Details regarding the grant of awards to directors during the year to 30 September 2017 are set out on page 77.
(ii) During the year, the Committee determined that 100% of the awards granted in December 2014 will vest.

Directors' Remuneration Report (continued)

Executive Share Option Scheme (ESOS)

Details of outstanding share options, with performance conditions, granted to directors under the ESOS are set out below. The last awards under this scheme were made in 2009. At 1 October 2016, all Basic tier share options under the ESOS had lapsed or had been exercised, and as such there is no information to disclose in relation to Basic tier. Information relation to Second tier share options under the ESOS is disclosed below.

	Number of shares under award								
	At 1 October 2016	Exercised during the year	Lapsed during the year	At 30 September 2017	Exercise price	Market price at date of vesting	Date of award	Vesting date	Expiry date
Second tier share options									
Chris Corbin									
	40,000	(25,332)	(14,668)	–	€4.06	n/a	20.06.07	06.12.16	19.06.17
	40,000	(25,332)	(14,668)	**–**					
Alan Ralph									
	45,000	(28,449)	(16,502)	–	€4.06	n/a	20.06.07	06.12.16	19.06.17
	45,000	(28,449)	(16,502)	**–**					

Second tier share options were exercisable when EPS growth exceeds the growth of the Irish Consumer Price Index by 10% compounded, over any period of five successive years, subsequent to the granting of the share options. In addition to this requirement, second tier share options may only be exercised if EPS growth over the same period places the Company:

(1) in the top 25% of companies listed on the ISEQ index, in which case these share options may be exercised in their entirety;
(2) in the midpoint position of companies listed on the ISEQ index, in which case half of the share options may be exercised;
(3) between the midpoint and the top 25% of companies listed on the ISEQ index, in which case the proportion of the share options which may be exercised increases on a straight line basis;
(4) below the midpoint position of companies listed on the ISEQ index, in which case no share options may be exercised.

As disclosed in last year's Annual Report, 63.33% of the options granted on 20 June 2007 under the ESOS scheme were deemed to vest on 6 December 2016 by the Remuneration Committee, having exercised their discretion in relation to the impact of the disposal of the United Drug Supply Chain businesses during FY2016.

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 2017 was €205,787 (2016: €2,991,360).

Directors' Interests in Share Capital

The beneficial interests, including family interests, of the directors and secretary in office at 30 September 2017 in the ordinary share capital of the Company are detailed below.

	30 September 2017 Ordinary shares	1 October 2016 (or date of appointment if later) Ordinary shares
Chris Brinsmead	**12,500**	12,500
Chris Corbin	**1,739,481**	1,862,681
Peter Gray	**100,000**	100,000
Myles Lee	**–**	–
Brendan McAtamney	**80,000**	80,000
Nancy Miller-Rich	**–**	–
Gerard van Odijk	**–**	–
Alan Ralph	**170,688**	170,688
Lisa Ricciardi	**16,000**	16,000
Philip Toomey	**84,334**	84,334
Linda Wilding	**19,304**	19,304
Damien Moynagh (Company Secretary)	**–**	–

There were no changes in the above Directors and Secretary's interests between 30 September 2017 and 4 December 2017.

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 2017 AGM in respect of the Directors' Remuneration Report for the year to 30 September 2016.

Directors' Remuneration Report	For	Against	Withheld*
Number of votes (millions)	98.8	26.3	20.5
Percentage %	79.0	21.0	–

We have engaged with shareholders following the 2017 AGM to understand any concerns and will endeavour to consult shareholders in advance of any future changes going forward. Further background to the 2017 AGM vote is set out in the Corporate Governance Report at page 62.

The following tables set out the actual votes at the 2017 AGM in respect of the last shareholder approved Directors' Remuneration Policy:

Directors' Remuneration Report	For	Against	Withheld*
Number of votes (millions)	143.3	2.3	11.5
Percentage %	98.4	1.6	–

* 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 2017 and their tenure.

	A	B	Committee tenure
Linda Wilding (Chair)	4	4	3 years
Chris Brinsmead	4	4	6 years
Peter Gray	4	4	4 years
Lisa Ricciardi	4	2*	3 years
Philip Toomey	4	4	8 years

Column A – Number of meetings held when director was a member.
Column B – Number of meetings attended when director was a member.

* Lisa Ricciardi was unable to attend meetings on 6 Dec 2016 and 3 April 2017, in one case for personal reasons and in the other as it was a short notice ad hoc meeting which coincided with a prior engagement. In both cases, Committee papers had been reviewed and input provided to the Committee Chair 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 2017, fees payable to Deloitte in respect of services which materially assisted the Committee amounted to £17,050. 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.

Directors' Remuneration Report (continued)

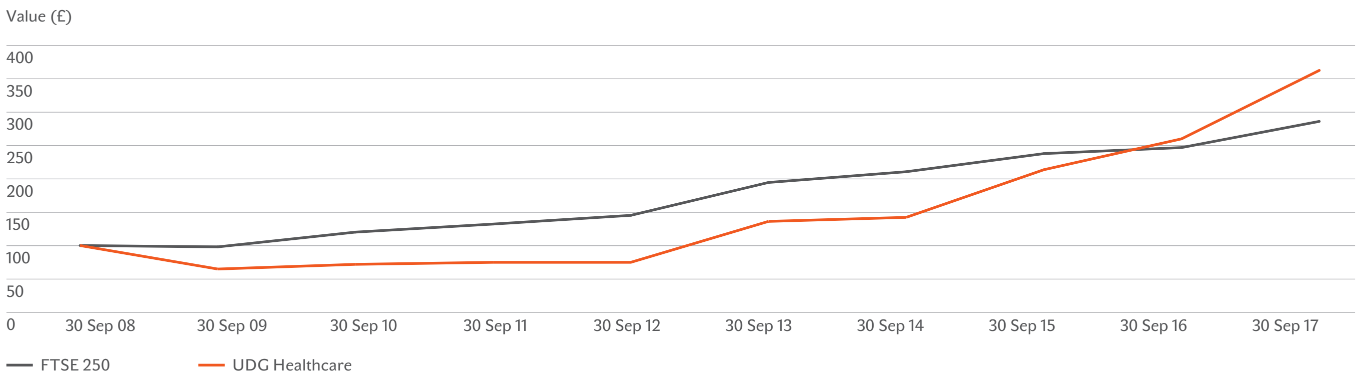
Performance Graph and Table

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

	Chief Executive	Single figure of total remuneration €'000	Annual bonus award against maximum opportunity	LTIP award against maximum opportunity
2017	Brendan McAtamney	2,242	75.0%	100%
2016 (i)	Brendan McAtamney	1,265	74.0%	100%
	Liam FitzGerald	683	81.2%	100%
2015	Liam FitzGerald	2,509	70.2%	100%
2014	Liam FitzGerald	2,371	71.6%	89.2%
2013	Liam FitzGerald	1,709	20.0%	95.5%
2012	Liam FitzGerald	1,697	90.0%	62.5%
2011	Liam FitzGerald	1,223	89.8%	0% (ii)
2010	Liam FitzGerald	1,342	77.5%	0% (ii)
2009	Liam FitzGerald	1,884	0%	89.8%

(i) 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 76 and 77. 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.
(ii) 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. Details on the ESOS vesting conditions are set out on page 80.

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 nine year period to 30 September 2017.



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 2017 are set out below.

	Total % 2017
Chief Executive*	**12.3%**
Average employee**	**(2.4%)**

UDG Healthcare is an international company employing over 9,000 people. The average employee percentage is representative of the multi-national and geographical nature of the Group.

* The increase in Chief Executive total remuneration for FY2017 reflects the fact that Brendan McAtamney was promoted Chief Executive in February 2016. Had he been Chief Executive for all of FY2016, the increase in FY2017 would have been 7%, which is in line with the award granted by the Remuneration Committee as previously disclosed. Please see 'Remuneration' on Page 62.
** The decrease in average employee remuneration is a reflection of lower bonus payments, currency movements, a change in employee mix arising from acquisitions and disposals, and the broad geographic spread of employees across 24 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 2016 and 2017.

	2017 $'000	2016 $'000	Change
Adjusted profit before tax	**129,280**	115,771	11.7%
Dividends	**31,279**	30,056	4.1%
Overall expenditure on pay	**511,108**	513,001	(0.4%)

Directors' Remuneration Policy Report

The previous Directors' Remuneration Policy Report had been approved by shareholders in 2014 and, in accordance with the remuneration reporting regulations, this Directors' Remuneration Policy Report (the 2017 Policy) was submitted to, and approved by, shareholders at the AGM on 7 February 2017 with 98.4% of shareholders voting in favour of the resolution. The Policy is unchanged from the version submitted for approval save that the scenario charts have been updated to reflect salaries with effect from 1 October 2017 and reward opportunities for FY2018. As UDG Healthcare is an Irish incorporated company the resolution was subject to an advisory rather than binding vote. The 2017 Policy took effect from the start of the financial year commencing 1 October 2016.

The 2017 Policy contained no significant changes to the policy approved by shareholders in 2014. Some minor changes were made to the Policy for clarity and to reflect evolving market practice and shareholder guidance.

The following table sets out a discussion of each element of the remuneration package for directors.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Salary	Sufficient to attract and retain individuals of the necessary calibre to execute our business strategy by ensuring base salaries are competitive in the market in which the individual is employed.	Reviewed annually. Changes are generally effective from 1 October. The review takes into consideration the scope and responsibilities of the role, the performance and experience of the individual, overall business performance, increases in the size and complexity of the Group and potential retention issues.	The principal external comparator groups against which executive directors' reward is currently reviewed include the FTSE 250. There is no maximum salary. Any salary increases will have regard to increases awarded to the overall employee population, the rate of underlying inflation, and general market conditions as well as reflecting changes in scope of role and responsibilities.	Individual and business performances are considered in setting base salary.
Benefits	Provide competitive benefits within the market in which the individual is employed.	Benefits typically include death, disability and medical insurance, club subscriptions, the provision of a company car or cash allowances taken in lieu of such benefits. In the case of recruitment, benefits may include relocation allowances or other benefits which are considered necessary to facilitate recruitment in line with our recruitment remuneration policy.	There is no maximum benefit value. Benefit entitlements are reviewed periodically.	Not performance related.
Pension	Designed to provide market competitive pension arrangements sufficient to attract and retain individuals of the necessary calibre to execute our business strategy and to honour legacy arrangements.	Current Irish resident executive directors receive a cash allowance in lieu of participation in a pension scheme. The current UK resident executive director's pension entitlement is satisfied through an accrual of a supplementary allowance.	Maximum levels of contributions for any new Executive Director is 25% of salary. Legacy arrangements for individuals are honoured and details are provided in the Annual Remuneration Report.	Related to salary.

Directors' Remuneration Report (continued)

Directors' Remuneration Policy Report (continued)

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Annual bonus	Rewards the achievement of annual financial and strategic business targets and individual performance.	Annual bonus performance measures and weightings for each executive director are reviewed at the start of each financial year to ensure they continue to support the achievement of the business strategy and represent appropriately stretching financial and non-financial targets. Pay-outs are determined by the Committee based on actual performance against the targets set at the start of the financial year. The Committee has discretion to determine appropriate bonus entitlement on cessation of employment. Bonus amounts will be based on the circumstances of the termination, the portion of the financial year elapsed and performance against targets and of the individual and other relevant factors.	Maximum bonus opportunity for all executive directors is currently set at 100% of base salary.	Performance is measured against clearly defined objectives set by the Committee. At least 75% of the maximum bonus opportunity is based on financial goals. The remainder may be based on achievement of personal and strategic goals. For financial performance, up to 10% of salary is available at threshold performance. For non-financial targets, the minimum level of performance equates to zero bonus pay-out.
Long Term Incentive Plan (LTIP)	Designed to incentivise execution of the business strategy over the longer term and align executives with shareholders' interests by rewarding sustained increase in shareholder value and strong long term financial performance.	Awards are normally made annually by the Committee following the release of full year financial results. Performance targets are set at the time of award based on: (i) delivering long term stretching financial performance aligned with strategic plans; and (ii) delivering long term superior returns (relative to an appropriate peer group) to shareholders. Performance is normally assessed over three financial years. The vesting period for awards is five years. Dividends or dividend equivalents may be paid. The Committee has discretion to determine appropriate entitlement to unvested LTIP awards on cessation of employment. Typically, pro-rating for time served will apply and performance will be tested at the end of the performance period as part of the normal process. The LTIP scheme rules contain provisions in relation to change of control. In such a scenario, the Committee has discretion to allow outstanding awards to vest to the extent that performance targets have been met. Time pro-rating will generally also be applied.	Under the scheme rules, the maximum value of awards in any one year is limited to 150% of base salary for each individual.	Up to half of any award may be based on a share price based measure (e.g. TSR) and up to half of any award may be based on a financial measure (e.g. Cash flow). The Committee retains discretion to introduce measures (e.g. strategic or returns based) for future awards which will account for no more than one third of the award.

Shareholder Guidelines Policy
The Company operates a shareholding guideline. Executives are generally expected to build and maintain a shareholding of 100% of base salary. New executives have a period of time, being five years from joining, in which to achieve this target.

Notes to Future Policy Table
LTIP Plan Limits and Clawback Provisions
The LTIP scheme rules provide for the granting of awards, up to a maximum of 10% of the Company's issued share capital over a ten year period, taking account of any other share scheme operated by the Company and also provide for a clawback of awards by the Committee, in the event that within one year of the awards vesting, the basis on which awards were determined to vest is shown to be manifestly misstated.

Annual Bonus Arrangements and Clawback Provisions
In relation to annual bonuses, clawback provisions apply in the event that within three years of payment the basis upon which a bonus payment was determined or paid, is shown to be manifestly misstated.

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

Choice of Performance Measures
The Committee believes the choice of performance measures for the annual bonus and LTIP represent an appropriate balance between the short and long term focus of the Group's business strategy, as well as an appropriate balance between external and internal assessments of performance.

Differences in Policy
Remuneration arrangements throughout the Group are based on the principle that reward should support the business strategy and should be sufficient to attract and retain individuals of the calibre capable of executing that strategy, without paying more than is necessary.

The Group is an international organisation with employees at different levels of seniority in a number of different countries. Accordingly, the manner in which the above principle is implemented varies by level of employee and geography in which the employee is located.

The practice with regard to the remuneration of senior executives immediately below the level of executive director is consistent with the remuneration policy for executive directors. These executives all have a significant portion of their remuneration package linked to performance. Their financial and non-financial performance targets for annual bonus are cascaded from the targets for the executive directors. They are also eligible to participate either in the LTIP or other similar long term incentive plans.

Other senior managers are entitled to participate in appropriate multi-year incentive arrangements and also participate in local bonus plans with performance targets aligned with those of executive directors and senior executives. For employees in general, the Group aims to provide remuneration packages that are market-competitive in the employee's country of employment. Where practical, the structure of employees' remuneration cascades from that of executives and senior management.

Discretion
The Committee has retained the discretionary ability to adjust the value of an award under the annual bonus and LTIP schemes, if the award, in the Committee's opinion taking all circumstances into consideration, produces an unfair result. In exercising this discretion, the Committee may take into consideration the individual's or the Group's performance against non-financial measures.

Considerations of Conditions Elsewhere in the Group
The Committee does not directly consult with employees when formulating executive director pay policy. However, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the pay of executive directors.

Shareholder Considerations
The Company has met with a number of its largest shareholders during 2017 (and offered to meet with others), is committed to ongoing dialogue with shareholders and welcomes feedback on directors' remuneration. We continue to incorporate market developments and shareholder expectations within our remuneration frameworks.

Directors' Remuneration Report (continued)

Remuneration Policy for Non-executive Directors

Non-executive directors are not eligible to participate in the annual bonus plan or LTIP and do not receive any benefits other than fees in respect of their services to the Company. The Company reimburses the non-executives for reasonable expenses in performing their duties and may settle any tax incurred in relation to these.

Non-executive directors receive a basic fee which covers their Board role and membership of one or more Board Committees. Additional fees are paid for chairing the Board and for chairing a Committee, but only one such fee can be received by any one individual. A separate fee is paid for acting as Senior Independent Director. An additional modest travel allowance is paid to directors travelling to and from Europe, and to and from the US, for each meeting attended in person.

Policy on Payment for Loss of Office

The Company operates the following policy in respect of payments concerning loss of office:

- notice periods do not exceed 12 months;
- termination payments are negotiable but restricted to a maximum of 12 months' salary and other contractual benefits;
- the Committee has discretion to determine appropriate bonus amounts and LTIP vesting. Bonus amounts will be determined based on time spent and the performance of the individual whilst fulfilling the duties of the role. Typically, for LTIP awards, pro-rating for time served will apply and performance will be tested at the end of the performance period as part of the normal process; and
- in any exit payment scenario, the Committee will give due consideration to the circumstances under which the director's employment terminated.

Approach to Recruitment Remuneration

In the event of appointing a new executive director, the Committee will align the remuneration package of the new director with the policy set out in this Report. However, the Committee retains the discretion to propose remuneration arrangements on hiring a new executive director which are outside the policy set out in the future policy table in order to facilitate the hiring of an individual of the calibre required to deliver the Group's business strategy. The intention is to stay within limits on variable pay as set out within the future policy table. However, in any event, the maximum level of variable remuneration (i.e. bonus and long term incentive) which may be granted in these circumstances shall not exceed 300% of salary.

When determining the appropriate remuneration arrangements for a new executive director, the Committee will take account of the impact on existing remuneration arrangements for other executive directors when setting the type and quantum of remuneration being offered. The Committee may make awards on hiring an external candidate to compensate the individual for variable remuneration arrangements that will be forfeited on leaving their previous employer. In doing so, the Committee will take into consideration such factors as performance conditions, vesting schedules and the form of the awards being forfeited. To the extent possible, buy-out awards will be made on a basis that closely approximates the benefit that the new director could reasonably have expected to receive had they remained with their previous employer.

Service Contracts

Brendan McAtamney and Alan Ralph's service contracts can be terminated by either party giving 12 months' notice. The Company has retained the right to make payment to the director in respect of salary and other contractual entitlements in lieu of the notice period.

As previously announced, Chris Corbin has informed the Board of his intentions to retire from the Group on 1 April 2019, and the parties have therefore agreed that formal notice is not required and that they may, by mutual agreement, bring forward the date of retirement.

Non-Executive Directors' Letters of Appointment

The terms of engagement of non-executive directors are set out in Letters of Appointment. Non-executive directors are currently appointed for an initial three-year term subject to satisfactory performance and annual re-election by shareholders at Annual General Meetings. The appointment can be terminated by either party on giving one month's notice.

Remuneration Scenarios

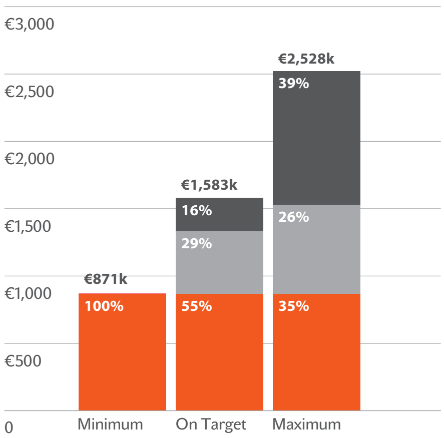
Please note the scenario charts have been updated from the version included in the Policy approved by shareholders at the 2017 AGM to reflect new salaries and the intended application of remuneration policy for FY2017.

The chart below shows hypothetical values of the remuneration package for executive directors under three assumed performance scenarios and has been constructed based on the Remuneration Policy as set out in this Report and uses the same level of salary, benefits and pensions entitlement of each of the executive directors as at 1 October 2017 under all three of the scenarios.

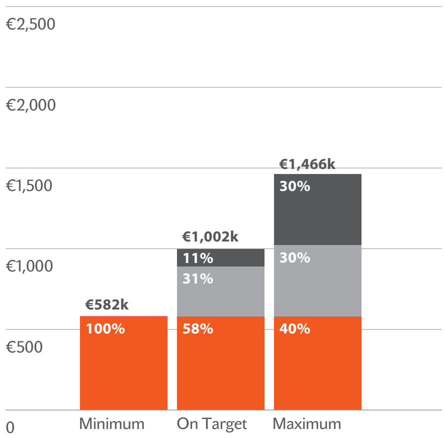
- Minimum remuneration receivable – There is no annual bonus payment and no vesting under the LTIP.
- Remuneration for expected performance – There is a target bonus pay-out of 70% for Brendan McAtamney and Alan Ralph and 22.5% for Chris Corbin. There is target vesting under the LTIP of 25% of the maximum award for Brendan McAtamney and Alan Ralph. As Chris Corbin is no longer receiving any grants under the LTIP, this element of remuneration is zero.
- Maximum remuneration receivable – There is a maximum bonus pay-out of 100% of base salary for each of Brendan McAtamney and Alan Ralph and 37.5% of base salary for Chris Corbin. There Is maximum vesting of 150% of base salary for Brendan McAtamney and 100% for Alan Ralph. As Chris Corbin is no longer receiving any grants under the LTIP, this element of remuneration is zero.

The actual amounts earned by executive directors under the above scenarios will depend on share price performance over the vesting period. For the purpose of these illustrations, any share price appreciation has been ignored. Chris Corbin's remuneration has been converted to Euros at the average rate for 2017.

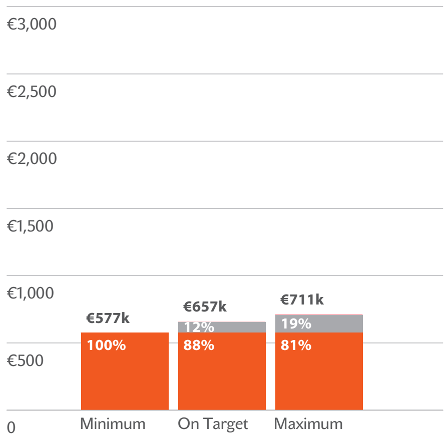
Brendan McAtamney



Alan Ralph



Chris Corbin



- LTIP
- Annual bonus
- Fixed remunerations

Nominations & Governance Committee Report

Succession planning has been at the forefront of the Nominations & Governance Committee's agenda in 2017, reflecting its desire to ensure the right blend of skills, experience, diversity and stability for the Board and its Committees.

Peter Gray
Chair of the Nominations & Governance Committee

Composition at 30 September 2017

Peter Gray (Chair)
Chris Brinsmead
Philip Toomey

Attendance Record and Tenure

Member	Number of meetings held when director was a member	Number of meetings attended	Committee tenure
Peter Gray (Chair)	2		11 years
Chris Brinsmead	2		5 years
Philip Toomey	2		8 years

Key Objective

To ensure the Board is comprised of individuals with the skills, knowledge, experience and expertise that are appropriate for the Group's requirements.

Key Responsibilities

- 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 twice during the year ended 30 September 2017. Individual attendance at these meetings is set out above. The Committee is chaired by the Chairman of the Board and 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.

Main Activities During the Year

In recognition of Philip Toomey reaching his nine-year tenure in February 2017 the Committee had engaged an independent consultant in Ireland to facilitate a recruitment process to ensure orderly succession, focusing on candidates based in Ireland with a financial background, experience of public companies, governance and international M&A. A list of potential candidates was reviewed by the Committee, and a short-list of candidates were interviewed. Following this process, noting his extensive experience in finance and international M&A, the Committee recommended Myles Lee to the Board as a non-executive director. With the Board's unanimous approval, he joined the Board on 1 April 2017 and was also appointed a member of the Audit Committee. On 18 May, he succeeded Philip Toomey as Chair of the Audit Committee following a period of transition.

Again, with succession in mind, the Committee oversaw the process of considering, then recommending to the Board, a successor to Philip Toomey as Senior Independent Director (SID). Following the Committee's recommendation, the appointment of Chris Brinsmead as SID was unanimously approved by the Board and he assumed the role from 1 July 2017.

In reviewing the composition of each of the Committees to ensure that each of the Committees (like the Board) continues to have the appropriate balance of skills and experience, and considering her extensive industry and M&A experience, the Committee recommended, and the Board unanimously approved, the appointment of Nancy Miller-Rich to the Risk, Investment & Financing Committee, effective from 1 July 2017.

The Committee has recently begun the search for additional non-executive directors with relevant experience to ensure that the Board has a panel of candidates as it seeks to plan for succession and add to its diversity of experience and expertise. With the imminent departure of Gerard van Odjik from the Board this process has been given heightened priority and two independent external recruitment specialists have been engaged. Taking into consideration the changes occurring or anticipated on the Board, the Committee, in the absence of Philip Toomey, considered the question of his continuing independence and determining this to be clear, made a recommendation to the Board to consider his reappointment for a further year.

The Committee also continues to review all external and internal governance procedures to ensure ongoing compliance and to ensure the Board and its Committees are best structured to meet the future needs of our diverse and ever-evolving Group. The Committee engaged Independent Audit to conduct a first-ever external independent audit of its Committees, starting with the Remuneration Committee. The Committee also conducted a review of the terms of reference of the Committees and, where considered appropriate, recommended changes to the remit of each Committee. The key changes are noted below:

- The Audit Committee now formally reviews the Group's ongoing compliance with relevant obligations under section 225 of the Irish Companies Act, 2014, before recommending adoption of a compliance policy statement and inclusion of the Directors' Compliance Statement in the Directors' Report, as set out at page 94; and
- The Risk, Investment & Financing Committee, following the introduction of the Quality & Compliance sub-Committee and the Risk & Viability sub-Committee last year, now reviews the findings of each sub-Committee meeting at regular intervals, ensuring appropriate oversight of the functions, particularly against the backdrop of the acquisitions made in 2017.

Peter Gray
Chair of the Nominations & Governance Committee

Risk, Investment & Financing Committee Report

Following implementation of enhancements to UDG Healthcare's Risk Management Process in 2016, it was another busy year for the Committee, with international M&A and investment in facilities at the forefront of its activities.

Chris Brinsmead
Chair of the Risk, Investment & Financing Committee

Composition as at 30 September 2017

Chris Brinsmead (Chair)
Gerard van Odijk
Lisa Ricciardi
Nancy Miller-Rich

Attendance Record and Tenure

The Committee met four times during the year ended 30 September 2017. Individual attendance at these meetings along with the tenure of each member is set out below.

Member	Number of meetings held when director was a member	Number of meetings attended	Committee tenure
Chris Brinsmead (Chair)	4		6 years
Gerard van Odijk	4		4 years
Lisa Ricciardi	4		4 years
Nancy Miller-Rich	0	0	3 months

Key Objective

To review the risk evaluation and risk management procedures adopted by the Group to ensure relevant risks are identified and managed appropriately.

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 oversee the review of the long-term viability of the Group and the development of the Viability Statement for recommendation to the Audit Committee;
- 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;
- to evaluate, and recommend to the Board for approval, any proposed capital expenditure requests exceeding €3 million and any debt and equity financing proposals; and
- conduct one-year and three-year post-acquisition reviews.

Meetings
The Committee met four times during the year ended 30 September 2017. Individual attendance at these meetings is set out above. The Committee is currently comprised of four independent non-executive directors. The Chief Executive, Chief Financial Officer and the Group Head of Quality & Compliance are not members of the Committee but attend meetings at the invitation of the Committee.

Main Activities During the Year
With the level of M&A activity this year, the Committee was heavily involved in reviewing requests to proceed to due diligence for a number of potential acquisitions, including a number of those which ultimately completed. Pursuant to the Committee's terms of reference, it also has authority to approve the entry into transactions involving consideration up to €50 million. Accordingly the Committee approved a number of transactions this year including the acquisition by Sharp of the Daiichi-Sankyo facility in Bethlehem, Pennsylvania.

The effective understanding and management of risk is critical to the short-term success and long-term 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 tackled 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 21 to 23.

Two executive sub-Committees were established in 2016, 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 long-term Viability Statement was to review the internal elements of the Group and, as against 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. The Committee reviewed the process and the long-term Viability Statement and recommended it to the Audit Committee for their review and approval.

During the year, the Committee also created a standing agenda setting out when its main activities would be addressed during the year. It was determined that a review of financing arrangements in November 2018, would be conducted in May and November each year, with post-acquisition reviews to occur during November. Accordingly, the Committee will carry out one-year post-acquisition reviews of businesses acquired during 2016 and three-year post-acquisition reviews of businesses acquired during 2014/2015.

Chris Brinsmead
Chair of the Risk, Investment & Financing Committee

Report of the Directors

The directors present their report and audited Financial Statements for the year ended 30 September 2017.

Dividends
An interim dividend of $3.58 cent (2016: $3.41 cent) per share was paid on 27 June 2017. Subject to shareholder approval at the Company's AGM, it is proposed to pay a final dividend of $9.72 cent (2016: $9.04 cent) per share on 5 February 2018, to ordinary shareholders on the Company's register at 5.00 p.m. on 12 January 2017, thereby giving a total dividend for the year of $13.30 cent (2016: $12.45 cent) per share.

Board of Directors
Myles Lee was appointed to the Board on 1 April 2017. Details of the Board are set out on pages 56 and 57.

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 2017, the Company's shares were listed solely on the London Stock Exchange. The price of the Company's shares ranged between £6.15 and £8.67, with an average price of £7.38, during the year ended 30 September 2017. The share price at the end of the 2017 financial year was £8.50 and the market capitalisation of the Group was £2.11 billion.

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

	At 24 November 2017*		At 29 September 2017	
	Ordinary shares number	% of issued share capital (excluding treasury shares)	Ordinary shares number	% of issued share capital (excluding treasury shares)
Fidelity Management & Research	20,091,222	8.09%	20,091,222	8.09%
Kabouter Management	13,677,058	5.51%	13,462,928	5.42%
Blackrock	11,382,220	4.58%	11,067,201	4.46%
Aberdeen Standard Investments	8,008,626	3.23%	8,142,655	3.28%
Vanguard Group	7,564,414	3.05%	7,002,748	2.82%

* 24 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 7 February 2017, 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 2018 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 2019 or the date 15 months after this forthcoming AGM, whichever is the earlier.

Purchase of Own Shares

At the AGM held on 7 February 2017, 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 2018 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 2019 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 share option schemes 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 EY as the Company's Auditor was approved by shareholders at the AGM held on 7 February 2017. The re-appointment of EY for the year ending 30 September 2018 will be subject to shareholder approval at the AGM to be held on 30 January 2018.

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 30 January 2018. Your attention is drawn to the letter to shareholders and the Notice of AGM available on the Company's website, www.udghealthcare.com, which set out details of the matters which will be considered.

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 40 to 51.

Report of the Directors (continued)

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 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 80 and 90 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 2017 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:

Information	Location in the Annual Report
Principal activities, business review and future developments	Chairman's Statement; Chief Executive's Review; Operations Reviews and Finance Review – pages 4 to 55.
Results	Financial Statements – pages 98 to 176.
Corporate Governance	Corporate Governance Report – pages 59 to 65.
Directors' remuneration, including the interests of the directors and secretary in the share capital of the Company	Directors' Remuneration Report – pages 70 to 87.
Principal Risks and Uncertainties	Principal Risks and Uncertainties – pages 19 to 23.
Principal Key Performance Indicators	Key Performance Indicators – pages 16 to 18.
Financial risk management objectives and policies of the Group and the Company	Financial Statements – Note 30.
Company's capital structure including a summary of the rights and obligations attaching to shares	Group Statement of Changes in Equity – page 105; and Financial Statements – Notes 17, 19 and 20.
Long Term Incentive Plan, share options and equity settled incentive schemes	Directors' Remuneration Report – pages 70 to 87.
Events after the balance sheet date	Financial Statements – Note 34.
Significant subsidiary undertakings	Financial Statements – Note 47.

The Directors' Report for the year ended 30 September 2017 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

4 December 2017