Remuneration Policy Report

Executive Remuneration Policy

The Policy report set out on pages 80 to 88 sets out the Remuneration Policy (the "Policy") that the Company intends to apply, subject to shareholder approval, with effect from 26 July 2017 (the date of the Annual General Meeting ("AGM")). This Policy will replace in full the Directors' Remuneration Policy set out in the 2013/14 Annual Report, which was approved by shareholders at the AGM on 29 July 2014. It is intended that this Policy will apply until the 2020 AGM, unless the Company seeks shareholder approval for a revised policy which comes into force before this date.

The Committee seeks to support the delivery of the Group's strategy through establishing appropriate remuneration arrangements. Our goal is to build a strong long-term sustainable business by delivering ongoing sales growth and sustainable shareholder returns through the delivery of authoritative ranges of products, colleague and service excellence, digital participation and helpful store and Autocentre environments.

Consequently, the overall Remuneration Policy of the Committee, and of the Board, is to provide remuneration packages for Executive Directors and other senior managers in the Group which:

- **Attract and retain** – Enable the Group to attract and retain management of a high calibre with the necessary retail, customer service, financial, digital and service-industry skills and credentials required to deliver a sustainable business model and drive shareholder returns. Remuneration arrangements are set at levels appropriate to achieving this goal without paying more than is considered necessary. The Committee considers market data at appropriate intervals to inform the positioning of executives' pay relative to the companies of a similar size and in similar sectors, without seeking to 'match the median', to identify and mitigate the risk of losing strong performers.
- **Link variable pay to performance and the delivery of the agreed strategy** – Provide management with the opportunity to earn competitive remuneration through annual and long-term variable pay arrangements that are designed to support delivery against key strategic objectives. Performance measures are aligned with strategic goals so that remuneration arrangements are transparent to executives, shareholders and other stakeholders. Different elements of executive pay are delivered over the short and longer term and are designed to ensure that a substantial proportion of the executives' remuneration is variable and performance-related.
- **Align executives with shareholders** – Ensure management's interests are aligned with those of shareholders by incentivising management to deliver the Group's long-term strategy of a sustainable, growing business and thus enhance shareholder value. A significant portion of reward is delivered in shares to create alignment of interests.
- **Drive sustainable performance** – Remuneration arrangements are designed to support the sustainable delivery of performance and to prevent excessive risk-taking.

Key changes under the updated Policy

To ensure that the Remuneration Policy continues to support the Company's strategy for the next three-year cycle and reflects market best practice, the following key changes have been made:

- **Simplify the long-term incentive (PSP) and reduce overall maximum opportunity** – Under the Policy approved in 2014, the PSP was structured so that a 'core' award is granted and participants have the opportunity to earn above this level (the 'multiplier') for exceptional performance. The overall maximum award under the PSP is 225% of salary. The operation of the PSP under the new Policy has been simplified by removing the multiplier and the overall maximum limit has been reduced to 200% of salary.
- **Extension of the retention period for the PSP** – Under the 2014 Policy, the two-year retention period only applied to any portion of the award earned above the core award i.e. that part related to the multiplier. To reflect the simplified PSP structure and to make our approach more consistent with market practice going forward, a two-year retention period will apply to all amounts earned under the PSP. Transitional arrangements are in place to move to this position from FY19.
- **Reduce the cap on pension contributions** – Under the new Policy the pension cap of 20% of salary has been reduced to 15% of salary to reflect current operating levels.
- **Increase shareholding guidelines** – The shareholding guideline under the 2014 Policy for the Executive Directors was 100% of base salary. To further align executives' interests with those of shareholders, the shareholding guideline has been increased to 200% of salary. Executives will be required to retain 75% of any post-tax shares that vest under share incentive plans until this shareholding is reached. The requirement to meet the guideline over a period of time has been removed.

In addition to the above, other minor changes have been made, intended to align the new Policy to evolving market and best practice and to simplify its operation.

Key elements of Executive Remuneration Policy

Base Salary

Purpose and link to strategy
Base salary, which is payable in cash, is set at an appropriate level to attract and retain management of a high calibre with the necessary retail, customer service, financial, digital and service-industry skills and credentials required to deliver a sustainable business model and drive shareholder returns.

Operation	Maximum Opportunity
Generally, salaries are reviewed annually with increases effective from 1 October but may be reviewed at other times if the Committee considers this appropriate. In determining base salary levels consideration is given to: • the individual's experience and the performance of the Group and the individual; • salary levels at other companies of a similar size and complexity and at other UK listed retailers (without seeking to 'match the median'); and • the pay increases for other employees in the Group.	While there is no maximum salary level, salary increases will generally be in line with increases awarded to other employees in the Group. However, larger increases may be made at the discretion of the Committee to take into account circumstances such as: • changes in an individual's role or responsibility; • to reflect an individual's progression and increase in experience in the role; and • where a salary is significantly behind market practice. **Performance Measures** The payment of salary is not subject to performance conditions. However, when determining salary levels the performance of Executive Directors is taken into account, in advance of any increases being awarded.

Benefits

Purpose and link to strategy
To provide Executive Directors with market competitive benefits consistent with the role.

Operation	Maximum Opportunity
The Committee's policy is to set benefits at an appropriate level taking into account the individual's circumstances and market practice. Executive Directors currently receive a car plus fuel or a cash allowance, private health insurance and life assurance as standard benefits. However, the Committee may determine that additional benefits may be provided based on individual circumstances (e.g. the use of a chauffeur) when it is considered appropriate. In the event that an executive is required to relocate to perform their role then additional one-off or ongoing benefits may be provided such as relocation expenses, a housing allowance and school fees. The Company reimburses reasonable business expenses and may pay any tax incurred in relation to these. Executives are also eligible to participate in any all-employee share plans operated by the Company on the same basis as other employees.	The overall level of benefits will depend on the cost of providing individual items and the individual's circumstances and therefore there is no maximum level of benefit. The maximum participation levels for all employee share plans is the same as any maximum applicable to other employees (and consistent with any relevant HMRC limits). **Performance Measures** None

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Pensions

Purpose and link to strategy
To enable the Company to offer market competitive remuneration through the provision of additional retirement benefits.

Operation	Maximum Opportunity
Executives are eligible for a defined employer contribution funding to the Halfords Pension Plan, payments into a personal fund and/or a cash allowance in lieu of pension. The Committee may determine that alternative arrangements should apply (including for new hires). When determining such arrangements the Committee will consider cost and market practice (subject to the overall limit set out in the maximum column).	The aggregate value of any annual pension contributions and cash allowance for each individual will not exceed 15% of base salary. **Performance Measures** None

Annual Bonus

Purpose and link to strategy
To incentivise executives to achieve annual financial targets and performance against key strategic objectives. Deferral of bonus under the Deferred Bonus Plan ("DBP") further incentivises Executive Directors to manage risk and align their long-term interests with those of shareholders.

Operation	Maximum Opportunity
The annual bonus is normally based on performance over a financial year. After the year-end the Committee determines the extent to which targets have been met. In certain circumstances the Committee may review the annual bonus payout in the context of the performance of the business during the year and the delivery against strategy and may amend the level of bonus payout (upwards or downwards) to reflect overall business and individual performance. Normally up to two-thirds of the total bonus is paid in cash. The remaining one-third of the bonus is deferred as shares for three years. The Committee may determine that a different portion of the bonus will be paid in shares or that the bonus may be paid in cash. Deferred awards normally vest three years from award (or after such other period as the Committee determines) and have no additional performance conditions. Malus and clawback provisions apply to the cash bonus payments and deferred share awards for a period of three years from award. During this period, the Committee may determine that payments may be scaled back in the event of a material misstatement of the Company's results, or where the Company has suffered serious loss or reputational damage in respect of the period for which the Executive had responsibilities for the running of the business. Bonuses are non-pensionable.	The maximum annual bonus opportunity is 150% of base salary. **Performance Measures** The annual bonus measures are based on a mix of financial and strategic measures. Measures are selected each year by the Committee to ensure continued focus on the Company's strategy. At least 50% of the bonus will be based on financial measures. Performance measures are set annually to ensure they are appropriately stretching for the delivery of threshold, target and maximum performance. For 2017/18, the bonus will be based on performance against PBT and strategic objectives consistent with the *Moving Up A Gear* strategy. Further details are provided on page 96 of the Annual Remuneration Report. No bonus will be paid for below threshold performance, typically around 50% of the bonus will be paid for achieving 'target' levels of performance and 100% of bonus will be paid for achieving a stretching performance target. Performance targets are set by the Remuneration Committee with reference to prior year performance and the Group's business plan.

Performance Share Plan ("PSP")

Purpose and link to strategy

To attract and retain Executive Directors of a high calibre. To align Executive Directors' interests with those of our shareholders by incentivising them to deliver the Company strategy and to create a sustainable business and maximise returns to shareholders.

Operation	Maximum Opportunity
Annual awards of shares with vesting based on performance over a three-year period (or such other period as the Committee shall determine). The vesting of awards to Executive Directors is subject to the satisfaction of performance conditions. A post-vesting retention period will apply to awards granted under the PSP. Shares that vest will not normally be released to executives (and nil-cost options will not normally become exercisable) for a further two-year period (unless the Committee determines otherwise) from the point at which the Committee determined that the performance conditions have been met. In FY18, transitional arrangements are in place, see page 96. The Committee can apply malus provisions to an unvested award if there has been a material misstatement of the Company's results or misconduct by the Executive, or if the Committee considers there are other similar circumstances which mean that the malus provisions should apply. The Committee can also apply clawback provisions to an award for a period of two years following its vesting if there has been a material misstatement of the Company's results, a calculation error in respect of the number of shares over which the award was granted or vested, or misconduct, actions or omissions by the Executive which have caused or contributed to serious reputational damage to the Company.	Maximum award under the PSP is 200% of base salary. **Performance Measures** For 2017 awards will vest subject to the achievement of stretching Revenue and EPS growth targets. The vesting of 25% of the awards will be determined by the growth in the Group's revenue and the vesting of 75% of the award will be determined by the growth in the Group's underlying EPS over a three-year performance period. 25% of the award vests for entry level performance. Any vesting of the PSP will be subject to an underpin whereby the net debt to EBITDA ratio remains below 1.5 times on average for the 3 years of the plan. For future awards the Committee may determine that different financial, operational / strategic or share price related performance measures may apply to awards or that a different weighting between performance measures may apply to ensure continued alignment with our evolving strategy. The majority of the award will be subject to meeting a financial performance target.

Other information

Shareholding guidelines

The Committee believes that it is important that Executive Directors' interests are aligned with those of our shareholders to incentivise them to deliver the corporate strategy, thus creating value for all shareholders. Executive Directors are encouraged to acquire and retain shares with a value equal to 200% of their annual base salary. Executives are expected to retain 75% of any post-tax shares that vest under any share incentive plans until this shareholding is reached. Current Executive Director shareholdings are disclosed on page 94.

Legacy awards

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions 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 29 July 2014 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the policy set out in this 2016/17 Annual Report 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.

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Plan rules

Awards under any of the Company's DBP and PSP may:

a. be granted as conditional share awards or nil-cost options or in such other form that the Committee determines has the same economic effect;

b. have any performance conditions applicable to them amended by the Committee if an event occurs which causes the Committee to consider that the existing performance condition should be amended to ensure that the objective criteria against which performance will be measured will be a fairer measure of such performance and that the amended performance condition will afford a more effective incentive to the Executive;

c. when assessing the level of vesting under the PSP, the Committee will consider the underlying financial performance of the Company and the value generated for shareholders and may adjust the level of vesting if it considers that the outcome based on the assessment of performance against targets does not reflect this;

d. incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vests up to the time such shares are delivered). This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis;

e. in respect of the PSP, be settled in cash or with the grant of a vested option at the Committee's discretion; and

f. be adjusted in the event of any alteration of the Company's share capital by way of capitalisation or rights issue, sub-division, consolidation or reduction, the payment of a special dividend, a demerger or any other variation of the share capital of the Company.

Remuneration arrangements in different performance scenarios

As outlined above, the Remuneration Policy is designed to ensure that a substantial proportion of the Executive Directors' remuneration is variable and performance-related. By linking the remuneration of the individual Executive Director to the performance of the Company, the Committee seeks, as far as possible, to motivate that individual towards superior business performance and shareholder value creation, and to only pay rewards when these goals have been realised. Performance measures are aligned with strategic goals so that remuneration arrangements are transparent to Directors, shareholders and other stakeholders.

The charts below illustrate remuneration arrangements in different performance scenarios. The assumptions for each scenario are outlined below:

Fixed Pay	• Fixed pay (base salary, benefits and pension) only
Expected	• Fixed pay
	• On target PSP award
	• 50% of PSP award
Maximum	• Fixed pay
	• 100% of maximum annual bonus opportunity
	• 100% of maximum PSP award

Executive Director	Base Salary with effect from 1 October 2016	Benefits Single Figure Value for 2016/17	Pension Based on Salary with effect from 1 October 2016	Total Fixed Remuneration
Jill McDonald (CEO)	£520,200	£10,262	£76,500	£606,962
Jonny Mason (CFO)	£357,000	£17,699	£52,500	£427,199

Performance conditions

Annual bonus: The bonus is subject to a mix of financial and strategic measures. These measures are selected to provide an appropriate balance between profitability and strategic objectives and to incentivise individual Directors to meet corporate targets and drive individual performance. Targets are set on an annual basis taking into account internal and external expectations of performance.

Performance Share Plan ("PSP"): The performance measures for 2017 awards are Group Revenue and underlying EPS growth. Revenue growth is strongly aligned with our *Moving Up A Gear* strategy and is easily identified by both management and shareholders. However, in order to add value for shareholders, revenue improvements need to lead through to improved profitability. The majority of the PSP award is therefore subject to improved bottom line profit performance measuring the overall success of the implementation of our strategy. Targets are set taking into account internal and external expectations of performance.

The Committee may determine that different performance measures will apply to future PSP awards.

Recruitment remuneration policy

When hiring a new Executive Director, it would be expected that the structure and quantum of the variable pay elements would reflect those set out in the Policy table above. However, at recruitment, the Committee would retain the discretion to flex the balance between annual and long-term incentives and the measures used to assess performance for these elements, with the intention that a significant proportion would be delivered in shares and that variable pay would be subject to performance conditions. In all cases the value of any variable pay that will be granted in respect of an executive's recruitment (excluding any buyout compensation for the 'loss' of existing variable remuneration benefits) will be a maximum of 350% of annual salary.

The Committee may also make arrangements to compensate the new Executive Director for 'loss' of existing remuneration when leaving a previous employer. In doing so the Committee may take account of the form in which they were granted; any relevant performance conditions; the length of time that any relevant performance periods have to run; and the organisation which previously employed the Executive Director. The Committee will seek to deliver buy-out arrangements on a broadly like-for-like basis to those forfeited.

When determining salary levels for a new Executive Director, the Committee may set the initial salary level towards the lower end of market practice and may award higher salary increases in the first few years as the individual gains in experience to move them towards a more market normal level.

To facilitate buy-out awards outlined above, in the event of recruitment, the Committee may grant awards to a new Executive Director under the Listing Rule 9.4.2 which allows for the granting of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director without seeking prior shareholder approval or under other relevant Company incentive plans.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate. In addition, the Committee may agree to provide tax equalisation for any new appointment.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

In the event that an internal candidate was promoted to the Board legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

Remuneration arrangements elsewhere in the Group

Whilst our Remuneration Policy follows the same principles across the Group, remuneration packages for colleagues reflect their different roles and experiences, and market practice for similar roles.

The remuneration policy for senior executives in the Group is similar to the policy for Executive Directors as set out in this report – a substantial proportion of remuneration is performance-related in order to encourage and reward superior business performance and shareholder returns and remuneration is linked to both individual and Company performance. Basic salary is targeted at normal commercial rates for comparable roles and is benchmarked on a regular basis. Bonuses can be earned on the same basis as the Executive Directors. Senior executives immediately below Board level also benefit from participation in the PSP.

Increases to executive managers' base salaries are considered at the same time as all other colleagues across the Group and increases are generally in line with all colleagues.

All of the Group's circa 10,000 colleagues are eligible to join the Halfords Sharesave Plan ("SAYE") after they have served one complete month's service. Where appropriate, some groups of colleagues are eligible for a quarterly or full year bonus, although the type, limits and performance conditions vary according to job level. Senior managers and other key management individuals are invited to join the Company Share Option Scheme or the Restricted Share Plan.

In 2016/17 all newly appointed colleagues and other existing colleagues who had experienced a 'joining-trigger' event were eligible to join the Halfords Pension Plan 2009. All members of the Pension Plan are required to make a minimum contribution of 1% and the Company also contributes a minimum of 1%, dependent on length of service and seniority. During the year the Company has met its obligations under the pensions auto enrolment legislation, auto enrolling all other colleagues as appropriate.

Executive Directors' service agreements

Term and notice periods

The Company's policy in relation to contractual terms on termination, and any payments made, is that they should be fair to the individual, the Company and shareholders. Failure should not be rewarded and the departing Executive Director's duty to mitigate any loss he or she suffers should be recognised. The notice period for the current Executive Directors is six months on either side. The Committee policy is that notice period for new Executive Directors will be no more than 12 months. The Committee will continue to review this policy, to ensure that it remains in line with the Company's overall Remuneration Policy.

	Date of Service Agreement	Notice Period
Jill McDonald	11 May 2015	6 months
Jonny Mason	12 October 2015	6 months

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Termination of contract

No compensation would be payable if a service contract were to be terminated by notice from an Executive Director or for lawful termination by the Company (other than as set out below). The Company may terminate service agreements in accordance with the appropriate notice periods. In the event of termination for any reason (other than for a reason justifying summary termination in accordance with the terms of the service agreement) the Company may (but is not obliged to) pay to the Executive Director, in lieu of notice, a sum equal to the Executive Director's then salary, benefits and pension contributions, which he or she would have received during the contractual notice period (six months), the sum of which shall normally be payable in monthly instalments.

Executive Directors who are considered to be good leavers may, if the Committee determines, receive a bonus for the financial year in which they leave employment. Such bonus will normally be calculated on a pro rata basis by reference to their period of service in the financial period in which their employment is terminated and performance against targets.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

Mitigation on termination

Where a contract has been terminated early the Executive Director shall use their best endeavours to secure an alternative source of remuneration, thus mitigating any loss to the Company, and shall provide the Board with evidence of such endeavours upon their reasonable request. If the Executive Director fails to provide such evidence the Board may cease all further payments of compensation. To the extent that the Executive Director receives any sums as a result of alternative employment or provision of services while he or she is receiving such payments from the Company, the payments may be reduced by the amount of such sums. In good leaver circumstances the Executive Director might be offered a lump sum termination payment paid at the time they cease employment which would normally be less than he or she would receive if he or she were to be paid his or her annual salary and benefits over six months.

Change of control

The service agreements of Executive Directors do not provide for any enhanced payments in the event of a change of control of the Company.

The Executive Directors' services contracts are available for inspection by shareholders at the Company's registered office.

Share plans – leaver treatment

The treatment of outstanding share awards in the event that an Executive Director ceases to hold office or employment with the Group of the Company's associated companies is governed by the relevant share plan rules. The following table summarises leaver provisions under the executive share plans.

	'Good leavers' as determined by the Committee	Leavers in other circumstances (other than gross misconduct)
Halfords Performance Share Plan		
Under the PSP 'Good Leavers' include: death, injury, ill-health disability, redundancy, retirement, sale of the individual's employing business or company out of the Group or to a company which is not associated with the Company or in any other circumstances the Committee determines.	Awards will vest at the end of the performance period and be released at the end of the retention period. The Committee will determine the level of vesting having due regard to the extent to which the performance conditions have been met and unless the Committee determines otherwise the proportion of the performance period that had elapsed at leaving. The Executive has 12 months from the end of the retention period to exercise options if awards are structured as nil-cost options. Alternatively the Committee may determine that awards should vest and be released at the time of leaving on the basis set out above. In these circumstances the Executive has 12 months from his or her date of leaving to exercise options if awards are structured as nil-cost options.	Unvested awards lapse on leaving. Awards for which the performance condition has been met at the time of leaving but which were subject to a retention period will continue to be released at the end of the retention period. The Executive has 12 months from leaving, or if later, the end of the retention period to exercise vested but unexercised options (if applicable) unless the Committee determines otherwise.

	'Good leavers' as determined by the Committee	Leavers in other circumstances (other than gross misconduct)
Deferred Bonus Plan ("DBP")		
Under the Deferred Bonus Plan 'Good Leavers' include: death, injury, ill-health disability, redundancy, retirement, sale of the individual's employing business or company out of the Group or to a company which is not associated with the Company or in any other circumstances the Committee determines.	Outstanding awards vest on leaving. The Executive has six months from leaving to exercise options (12 months in the case of death).	Awards will lapse on leaving.

The leavers' treatment under the Halfords Sharesave Scheme is determined in accordance with HMRC provisions.

In the event of an individual's misconduct all outstanding share awards would generally be forfeited.

Change of control

In the event of a change of control of the Company, PSP awards may vest and be released (pro-rated for time elapsed in the performance period unless the Committee determines otherwise) to the extent that the Committee determines the performance condition should be deemed satisfied having regarding to the Company's progress towards that condition. The Committee may allow awards to vest on the same basis in the event of a voluntary winding up or reconstruction of the Company or a demerger except that in the event of a demerger the Committee may determine the extent to which awards shall be time pro-rated.

DBP awards may vest on a change of control, reconstruction, winding up or demerger of the Company.

Alternatively, awards may be rolled over into equivalent awards in a different company.

Key elements of Non-Executive Director Remuneration Policy

	Purpose and link to strategy	Operation	Maximum Opportunity	Performance Measures
Chairman and Non-Executive Directors	To attract and retain high-calibre individuals to serve as Non-Executive Directors.	Fee levels are set to reflect the time, commitment and experience of the Chairman and the Non-Executive Directors, taking into account fee levels at other companies of a similar size and complexity and to other UK listed retailers. The fees of Non-Executive Directors shall normally be reviewed every two years to ensure that they are in line with market conditions and any changes to said fees will be approved by the Board as a whole following a recommendation from the Chief Executive. Fees for the Company Chairman shall normally be reviewed every two years to ensure that they are in line with market conditions and any changes to said fees will be approved by the Board as a whole. The fees are normally paid in cash quarterly but may be paid in shares if this is considered appropriate. The Chairman is paid a single fee which includes his chairmanship of the Nomination Committee. The Non-Executive Directors are paid a base fee plus additional fees for their chairmanship of a Board Committee and for the role of the Senior Independent Director. Further additional fees may be paid to reflect additional time, Committee or Board responsibilities if this is considered appropriate. The Company reimburses reasonable business expenses and may settle any tax incurred in relation to these. The Chairman and Non-Executive Directors do not currently receive other benefits but reasonable benefits may be provided in the future if appropriate.	Overall fees paid to Directors will remain within the limit stated in the Company's Articles of Association, currently £600,000. Non-Executive Directors and the Chairman are not entitled to participate in any cash or share incentive schemes.	None

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Appointment

None of the Non-Executive Directors has an employment contract with the Company. However, each has entered into a letter of appointment with the Company confirming their appointment for a period of three years, unless terminated by either party giving the other not less than three months' notice or by the Company on payment of fees in lieu of notice.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors above.

The appointment period for each Non-Executive Director is set out below:

Director	Date of Appointment	Date of Current Appointment	Date of resignation	Expiry Date	Unexpired term at the date of this Report
Dennis Millard	28 May 2009	28 May 2015	—	27 May 2018	12 months
David Adams	1 March 2011	1 March 2017	—	29 February 2020	33 months
Claudia Arney	25 January 2011	25 January 2017	—	24 January 2020	32 months
Helen Jones	1 March 2014	1 March 2017	—	29 February 2020	33 months

Their appointments are subject to the provisions of the Companies Act 1985 and 2006 and the Company's Articles of Association, and in particular, the need for re-election. Continuation of an individual Non-Executive Director's appointment is also contingent on that Non-Executive Director's satisfactory performance, which is evaluated annually by the Chairman. The Chairman is evaluated by the Senior Independent Director.

The Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered offices.

Termination of Non-Executive Directors' letters of appointment

No compensation would be payable to a Non-Executive Director if his or her engagement were terminated as a result of him or her retiring by rotation at an Annual General Meeting, not being elected or re-elected at an Annual General Meeting or otherwise ceasing to hold office under the provisions of the Articles of Association of the Company. There are no provisions for compensation being payable upon early termination of the appointment of a Non-Executive Director.

Dialogue with shareholders

The views of our shareholders are very important to the Committee and it is our policy to consult with our largest shareholders in advance of making any material changes to the executive remuneration arrangements.

The Committee actively considers feedback received from shareholders prior to and following each annual general meeting. It also actively monitors guidance and directional themes emerging from institutional shareholder bodies on the subject of executive remuneration. This feedback, plus any emerging relevant guidance, is considered as part of the Company's annual review of remuneration policy.

Dialogue with employees

The Committee generally considers pay and employment conditions elsewhere in the Group when considering pay for Executive Directors and senior management. When considering base salary increases, the Committee reviews overall levels of base pay increases offered to other employees in the Group.

The Committee does not consult directly with employees regarding Executive Directors' remuneration. However, at regular intervals the Company conducts a survey of the views of employees in respect of their experience of working at Halfords including their own reward.