Governance

Directors' governance report
Introduction from the Chairman

"The Board remains focussed on maintaining a strong corporate governance environment with clear and transparent leadership. The addition of new non-executive directors during the year further strengthens the Board and brings a wealth of expertise and experience to complement our existing Board."

Dear Shareholder,

In 2015, the Board initiated further improvements in Cape's performance and governance controls while responding to new regulatory requirements. The principal theme that runs through a number of the new statutory requirements is the need for greater corporate transparency. Accordingly, under the leadership of the executive team, we continue to review our business and improve its ability to ensure such transparency. The Board will continue to monitor the implementation of these actions over the coming year.

Brendan Connolly and Leslie Van de Walle have both stepped down from the Board this year and their non-executive roles have been filled by Samantha Tough, Steve Good and Brian Larcombe. Samantha has added experience of Australia's and Asia's energy, infrastructure and natural resources sectors; Steve has brought knowledge of the speciality chemicals and plastics markets, while Brian has brought perspectives from private equity and other plc boards.

Following on from its externally moderated Board review in 2014, the Board has conducted an internal Board and Committee review in 2015. We will monitor the implementation of the actions arising from this review.

This section includes the Nomination Committee report, the Audit Committee report and the directors' remuneration report. In these reports we set out for our stakeholders the governance structures that we have embedded at Cape. We aim to maintain the high standards of corporate governance and corporate integrity, which we believe will provide a secure future for our customers and employees, and the best prospects for long-term financial performance for our shareholders.

I am confident that Cape is led by a highly-motivated and effective team who will drive the business to deliver consistent financial performance for the long term. With the support of you, the shareholders, the non-executive directors look forward to working with the senior management team in the year ahead.

Tim Eggar
Chairman
15 March 2016

Corporate governance compliance

Introduction
Cape plc (the 'Company') is a holding company. During the year, its subsidiary undertakings' (together with the Company, the 'Group') main activities included the traditional services of access, insulation, coatings and mechanical, and a range of specialist services including oil and gas storage tanks, heat exchanger replacement and refurbishment, and environmental services, principally to the energy and natural resources sectors. Further details on the Group's development and performance during the year are provided in the overview and strategic report sections.

Cape aims to deliver all its services safely, ethically and professionally across all its operations and is committed to high standards of corporate governance, details of which are given in this directors' governance report. The Company's Board endeavours to deliver long-term shareholder value and believes that good governance, combined with the effective identification, analysis and management of risk within defined parameters, is an integral element for success in this respect.

Applicable law and regulations
In this report, citations of the Company's current articles of association (the 'Articles') and the Companies (Jersey) Law 1991 (the 'Law') are references only and the relevant provisions of the Articles or the Law should be consulted if further information is required.

As a Jersey-incorporated company with premium-listed shares on the Official List of the London Stock Exchange, certain UK statutory and regulatory requirements do not apply to Cape. However, in the interests of transparency, the Company has chosen to comply voluntarily with such disclosure requirements set out in applicable UK statutes and regulations. The Company is, however, required by the United Kingdom Listing Authority to adopt the September 2014 version of the UK Corporate Governance Code (the 'Code') issued by the Financial Reporting Council (FRC).

Code compliance statement
As set out above, the Company is required to comply with the Code, which is available at www.frc.org.uk. The Company's policy is to achieve best practice in our standards of business integrity in all our operations around the world. This includes conducting our business in accordance with the Code and applying the principles set out in the Code. This directors' governance report describes how the Board has complied with the provisions of the Code and applied its main principles during the year.

The Board considers that it has complied with the provisions of the Code throughout the financial year ending 31 December 2015. In forming this opinion the Board has, in particular, considered whether Brendan Connolly met the test of independence of character and judgement as a non-executive director during his tenure in office:

- Code provision B.1.1 indicates that the Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director has been an employee of the Company or Group within the last five years.
- On 29 March 2012, Martin May, who was then the Company's Chief Executive, stepped down from the Board. Brendan Connolly, who was then serving as an independent non-executive director agreed to fulfil the role of acting Chief Executive until a suitable replacement could be found. In order to do so, Brendan stepped down as a member of the Audit, Remuneration and Nomination Committees.
- Brendan was re-appointed to such Committees on 29 June 2012, following the appointment on the same date of Joe Oatley as Chief Executive.
- Despite the fact that Brendan Connolly has served as an employee of the Company during the last five years (for a period of just 92 days in 2012), the Board considers that: (a) the highly unusual and particular circumstances of his service as an employee; (b) the short duration of the relevant period; and (c) the passage of time since the short period of employment; means that the fact of such employment has not impinged upon his independence of character and judgement.
- Accordingly, the Board regarded Brendan Connolly as truly independent in character and judgement and as having satisfied the test of independence as set out in Code provision B.1.1.

Leadership: the Board and its Committees

Composition of the Cape plc Board as at the date of signing the financial statements.

1. Tim Eggar
Chairman; Chairman of the Nomination Committee and a member of the Remuneration Committee; age 64. Tim joined Cape on 1 May 2011. Tim's parliamentary career between 1979 and 1997 included the key government appointment of Minister for Energy from 1992 to 1996. His extensive international experience includes being Global Head of Integrated Energy Corporate Finance at ABN AMRO, Chief Executive of Monument Oil and Gas, Chairman of Harrison Lovegrove and Chairman of Indago Petroleum. Tim Eggar is currently Chairman of MyCelx Technologies Corporation and Haulfryn Group Limited.

2. Steve Good
Independent non-executive director; Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees; age 55. Steve joined Cape on 6 July 2015. Steve has a BA in Economics and Finance and is a Chartered Accountant with extensive international experience leading specialty chemicals and plastics businesses. He was formerly Chief Executive at FTSE Low & Bonar plc, the industrial textile manufacturing business, from 2009 to 2014, when he retired from full time executive roles. Steve also serves as a non-executive director on the boards of three other companies: Elementis plc; Zotefoams plc; and Anglian Water Services Ltd. Steve has recently been appointed Chairman Designate at Zotefoams plc.

3. Brian Larcombe
Independent non-executive director; age 62. Brian joined Cape as a non-executive director on 21 January 2016. Brian spent most of his career in private equity with 3i Group. After leading the UK investment business for a number of years, he became Finance Director ahead of its flotation on the London Stock Exchange and then Chief Executive from 1997 to 2004. Since his retirement from 3i, Brian has served on the boards of several private and public companies, including Gallaher Group Limited, F&C Asset Management PLC and gategroup Holding AG. He is currently the Senior Independent Director of Smith & Nephew plc and a director of Kodak Alaris Holdings Limited.

4. Michael Merton
Independent non-executive director; Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees; Senior Independent Director; age 64. Michael is a Chartered Accountant with extensive experience in the international resources industry, having spent most of his executive career at Rio Tinto in senior operational roles around the world. Michael is also a non-executive director of BlackRock Commodities Income Investment Trust plc and Chairman of the J Sainsbury Pension Scheme and its Investment Committee, in addition to being a director of various subsidiaries for the aforementioned companies. He is a trustee of the Universities Superannuation Scheme and the HALO Trust.

5. Joe Oatley
Chief Executive; age 47. Joe joined Cape as Chief Executive on 29 June 2012. Previously he was Chief Executive of Hamworthy plc, a global oil and gas engineering business, which he joined in 2007 and led until its takeover by Wartsila in 2012. Prior to this, Joe spent most of his career in the engineering sector in a broad range of roles including Managing Director, strategy development and acquisitions. Joe Oatley has no external appointments.

6. Michael Speakman
Chief Financial Officer; age 51. Michael has over 30 years of experience with public and private companies across a range of industries, holding senior operational, divisional and corporate roles, within TI Group plc and Smiths Group plc between 1982 and 2004, before his appointment as Chief Financial Officer for the oilfield services company Expro International Group plc (Expro). At Expro, Michael played a key role in its development from a FTSE small cap company to one on the verge of breaking into the FTSE 100 when it was successfully auctioned and taken private in 2008. Michael holds a BSc in engineering and he is a Fellow of the Chartered Institute of Management Accountants. Michael is also a non-executive director of FrontRow Energy Partners Limited, WellCentric Limited and Interventek Subsea Engineering Limited.

7. Samantha Tough
Independent non-executive director; member of the Audit Committee from 29 June 2015; age 50. Samantha joined Cape as a non-executive director on 1 January 2015. Samantha has extensive experience in a diverse mix of private and publicly listed oil and gas, energy, engineering services and infrastructure sector businesses. She is currently Chairman of Aerison Pty Ltd and Molopo Energy Ltd and a director of Electricity Generation and Retail Corporation (Synergy), Saracen Mineral Holdings Ltd, Strike Resources Ltd and the Western Australian Academy of Performing Arts. Her executive experience spans roles in general management at North West Shelf Woodside Energy Ltd, as a Strategy Director at Strategy Hardman Resources Ltd, as a Project Director at Pilbara Power Project and as a Resources Advisor at the Commonwealth Bank. Samantha has a law degree from the University of Western Australia. Samantha is also a former director of Enerji Ltd, Murchison Metals Ltd and Southern Cross Goldfields Ltd.

Cape's governance structure

Chairman
Tim Eggar

Board of directors of Cape plc
Chairman, two executive directors, four non-executive directors (including the Senior Independent Director)

Nomination Committee	Audit Committee	Remuneration Committee	Executive directors
Chairman Tim Eggar + two independent non-executive directors	**Chairman** Michael Merton + two independent non-executive directors	**Chairman** Steve Good + one independent non-executive director, and Tim Eggar	Joe Oatley (CEO) Michael Speakman (CFO)

Key director and senior management role and responsibilities

Board Chairman
Tim Eggar
The Chairman's role (and division of responsibility with the CEO) is formally set out and includes:

- Leadership and effectiveness of the Board
- Board agenda setting, adequacy of information flow to the Board, and adequacy of consideration of strategic issues
- Promoting culture of openness of debate at Board level and between non-executive and executive directors/members of the Executive Committee.

Chief Executive
Joe Oatley
The Chief Executive's role (and division of responsibility with the Chairman) is formally set out and includes:

- Management of the Group's business and implementation of the Company's strategy and policies
- Maintaining a close working relationship with the Chairman
- Leading the Executive Committee.

Chief Financial Officer
Michael Speakman

- Responsible for the financial stewardship, navigation and control activities of the Group
- Supporting the Chief Executive in the execution of the Group's strategy.

Committee Chairmen
Tim Eggar, Michael Merton, Steve Good

- Leadership and effectiveness of the relevant Committee
- Committee agenda setting, adequacy of information flow to the Committee and adequacy of consideration of issues before the Committee
- Discharge of the duties of the Committee as set out in the relevant Committee terms of reference.

The Senior Independent Director
Michael Merton

- Acting as a sounding board for the Chairman and as an intermediary with the other Board directors
- Available to shareholders to air concerns which have not been addressed through other formal channels
- Conducting review of performance of the Chairman.

Non-executive directors

- Scrutiny of management performance in meeting agreed objectives
- Monitoring of performance reporting
- Monitoring the integrity of financial information, financial and non-financial controls, and systems of risk management.

Role of the Board

The Board is responsible for the overall conduct and performance of the Group's business. Its powers and duties are set out in the Company's Articles and in the relevant laws of its place of incorporation, Jersey. The Board is responsible for the setting of, and overseeing the execution of, Group strategy and for the overall management, control and performance of the Cape business. It is accountable to shareholders for the proper and successful conduct of the business, taking into account the interests of all relevant stakeholders. The Board is also responsible for the effectiveness and reporting of the Group's system of internal controls and its system of corporate governance.

The Board has a formal schedule of matters specifically reserved for its own decision. A copy of this schedule can be found on the Group's website at: www.capeplc.com/corporate-responsibility/corporate-governance. The formal schedule of reserved matters is replicated in internal delegation of authorities within the Group that enable the operating businesses to operate with flexibility whilst ensuring that strategic matters are always considered and decided upon by the Board. The schedule is reviewed annually. Matters delegated by the Board to its standing Committees are set out below.

The Board has also appointed a standing sub-committee comprising any two directors to attend to routine administrative issues. The sub-committee may only be convened in exceptional circumstances and with prior notification to the Chairman, Chief Executive and Senior Independent Director.

The Board receives regular reports on performance against budget, the general economic climate, market conditions and competitor activity. Directors receive briefing papers distributed in advance of Board and Committee meetings and also receive periodic business reports from senior managers regarding their area of the business. The briefing papers comprise a detailed health, safety and environment report, Chief Executive report which addresses key issues facing the Group, and a Chief Financial Officer report which records performance in the period since the last meeting, all measured against defined performance indicators and budget. Open and frank dialogue is encouraged and all directors have the opportunity to challenge and seek further information or clarification as appropriate. In addition to routine Board meetings, the Board meets at least annually to consider the Group's strategy. Members of the Executive Committee attend strategy and Board meetings by invitation.

The Board has adopted a policy whereby directors may, in the furtherance of their duties, seek independent professional advice at the Company's expense. An agreed procedure exists for the taking of such advice. During 2015, no director sought independent legal advice pursuant to the policy.

Composition of the Board

The directors of the Company who were in office at the date of signing the financial statements (with the exception of Brendan Connolly and Leslie Van de Walle) were:

	Role	Comments	Non-executive director tenure
Brendan Connolly	Non-executive director	Appointed 16/11/2011 Acting CEO 29/3/2012 to 29/6/2012	42 months
Tim Eggar	Chairman	Appointed 4/5/2011	58 months
Steve Good	Non-executive director	Appointed 6/7/2015	8 months
Brian Larcombe	Non-executive director	Appointed 21/1/2016	2 months
Michael Merton	Non-executive director and Senior Independent Director	Appointed 4/5/2011. Senior Independent Director since 29/6/2012	58 months
Joe Oatley	Executive director (CEO)	Appointed 29/6/2012	NA
Michael Speakman	Executive director (CFO)	Appointed 6/12/2012	NA
Samantha Tough	Non-executive director	Appointed 1/1/2015	15 months
Leslie Van de Walle	Non-executive director	Appointed 22/8/2012	36 months

As at 31 December 2015, the Board comprised of the non-executive Chairman, four independent non-executive directors and two executive directors. The directors' biographical details appear on page 54. The Board regards each of the four non-executive directors as being fully independent in character and judgement (see page 53). The non-executive directors draw from a broad range of business and commercial experience to scrutinise and challenge independently and constructively the executive management team's performance.

Board Committees

The Board has established a number of formal Committees to assist in the discharge of its duties. The Board Committees' compositions are summarised below:

	Nomination Committee	Audit Committee	Remuneration Committee
Brendan Connolly[1]	Member	Member	Chairman
Tim Eggar	Chairman	Invited to attend	Member
Steve Good[2]	Member	Member	Chairman
Michael Merton	Member	Chairman	Member
Joe Oatley	Invited to attend on certain items	Invited to attend on certain items	Invited to attend on certain items
Michael Speakman	Invited to attend on certain items	Invited to attend on certain items	Invited to attend on certain items
Samantha Tough[3]	Invited to attend on certain items	Member	Invited to attend on certain items
Leslie Van de Walle[4]	Member	Member	Member

1 Brendan did not stand for re-election at the 2015 AGM on 12/5/2015.
2 Steve was appointed as a non-executive director of the Company as of 6/7/2015.
3 Samantha became a member of the Audit Committee as of 29/6/2015.
4 Leslie resigned as a non-executive director of the Company as of 26/8/2015.

The Board's three formal Committees, the Audit, Remuneration and Nomination Committees, have formally delegated duties and responsibilities and their terms of reference can be found at www.capeplc.com/corporate-responsibility/corporate-governance/board-committees. Each Committee's terms of reference is reviewed annually to ensure that it complies with current legal and regulatory requirements and reflects best corporate practice and improvements in the way the Committees are managed. Each Committee's Chairman reports formally to the Board after each Committee meeting. Additionally, from time to time, the Committees submit reports and recommendations to the Board on any matter which they consider significant to the Group. An informal Executive Committee was formed in 2012 to act as an advisory Committee managed by the Chief Executive and to improve the effectiveness of strategic, operational and financial performance. The Executive Committee is not a formally-constituted Committee of the Board.

Each Committee's structure and terms of reference are summarised below. Further details of each Committee's work are given in the respective reports on pages 60, 62 and 65.

	Nomination Committee	Audit Committee	Remuneration Committee
Summary of responsibilities (see terms of reference, as above, for full details)	– Review of Board balance and composition of the Board and Committees – Advice to Board on appointment and removal of executive and non-executive directors and Committee membership – Succession planning.	– Review of the effectiveness of the external auditor including the consideration and recommendations for appointment and removal and re-appointment of the external auditor – Review of the Company's critical accounting policies and associated judgements including reviewing the integrity of reported financial information and reviewing reporting issues and judgements – Monitoring the effectiveness of the Group's internal financial controls, to include compliance, whistleblowing and fraud.	– Determine and agree with Board framework/policy for remuneration of the Chairman, Chief Executive, executive directors and first layer of senior management below the Board – Determine total package and structure for the Chairman and executive directors – Selection and recruitment of remuneration consultants – Design and structure of performance-related Group remuneration schemes and share plans – Determine vesting for performance related and share schemes.
Membership	All of the independent non-executive directors, with the exception of Samantha Tough and Brian Larcombe.	All of the independent non-executive directors, with the exception of Brian Larcombe.	All of the independent non-executive directors and Board Chairman, with the exception of Samantha Tough and Brian Larcombe.
Chairman	Tim Eggar	Michael Merton	Steve Good
Attending by invitation	The Company Secretary, the Chief Executive and the Chief Financial Officer (when appropriate).	The Board Chairman, Company Secretary, the Chief Executive, Chief Financial Officer, Director of Group Internal Audit, Head of Group Tax and Treasury, Group Financial Controller and external auditor (when appropriate).	The Company Secretary, the Chief Executive, the Chief Financial Officer and the external remuneration adviser (when appropriate).
Quorum	Two independent non-executive directors.	Two independent non-executive directors.	Two independent non-executive directors.
Number of meetings per year	At least twice per year.	At least three times per year.	At least three times per year.
Committee report	Page 60	Page 62	Page 65
Other	Committee Chairman to be available to shareholders at the AGM.	N/A	Remuneration of the non-executive directors is a matter for the Chairman and the Board's executive members. Remuneration of the Chairman is determined by the Remuneration Committee within the terms of the agreed policy and in consultation with the Chief Executive.

Board and Board Committee attendance

The Board met formally six times during the period and informally on other occasions. Non-executive directors are also available throughout the year and are available to attend additional Board meetings as necessary. The table below shows attendance by directors at meetings of the Board and the Board Committees during the year ended 31 December 2015:

	Board		Audit Committee		Nomination Committee		Remuneration Committee	
	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings
Tim Eggar	6	6	N/A	N/A	3	3	3	3
Brendan Connolly[1]	2	2	1	1	1	1	1	1
Steve Good[2]	3	3	2	2	1	1	2	2
Michael Merton	6	6	4	4	3	3	3	3
Joe Oatley	6	6	N/A	N/A	N/A	N/A	N/A	N/A
Michael Speakman	6	6	N/A	N/A	N/A	N/A	N/A	N/A
Samantha Tough[3]	5	6	3	3	N/A	N/A	N/A	N/A
Leslie Van de Walle[4]	4	4	3	3	2	2	2	2

1 Brendan did not stand for re-election at the 2015 AGM on 12/5/2015.
2 Steve was appointed as a non-executive director of the Company as of 6/7/2015.
3 Samantha became a member of the Audit Committee as of 29/6/2015.
4 Leslie resigned as a non-executive director of the Company as of 26/8/2015.

Directors' interests, indemnity arrangements and other significant agreements

Each director has the benefit of a deed of indemnity from the Company in respect of claims made and liabilities incurred whilst in the proper performance of his or her duties. The Company also maintains appropriate insurance cover in respect of legal action against directors of the Company and its subsidiaries.

Other than the deed of indemnity referenced above, or as noted in the Remuneration Committee report, no director had a material interest at any time during the year in any contract of significance with the Company or any of its subsidiary undertakings.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Board has reviewed the interests of each non-executive director and the potential impact of any such interests on director independence. None of the non-executive directors have had any material business interests with the Group with the exception of Brendan Connolly who, as set out on page 53 stepped in as an interim Chief Executive for a period of 92 days in 2012. As set out on page 53, the Board and the Committee have satisfied themselves that Brendan Connolly remained independent in character and judgement for the duration of his term as a non-executive director of the Company. Accordingly, the Board considers that there are no agreements in place between the Group and any non-executive director that impacts the non-executive directors' independence.

The Board recognises the benefits to the individual, and to the Group, of executive directors taking on external appointments. Accordingly, directors are permitted to accept external appointments subject to the approval of the Board and the Remuneration Committee and provided that the additional appointments do not interfere with the directors' ability to discharge their duties effectively. The executive directors' commitments outside the Group are detailed in the Remuneration Committee's report on page 71.

Board evaluation/effectiveness review and review of directors
The effectiveness of the Board is vital to the success of the Group. Accordingly, the Nomination Committee undertakes an annual exercise to evaluate the performance of the Board, its Committees and individual directors. In 2015, the Committee met to plan the evaluation process in detail. It considered Code provision B.6.2 which requires that evaluation of Board effectiveness should be externally facilitated every three years.

As it is not a constituent of the FTSE 350 the Company is not required to conduct an externally facilitated Board review and external facilitation therefore is a matter of discretion for the Committee. However, the Committee appointed Lintstock (www.lintstock.com) to advise on and facilitate an externally managed Board review process in 2014. The review covered a diverse range of Board activities including the operations of the Board itself and of its Committees, the performance of the Chairman and specifically the strategic review conducted by the Board of the Group's activities.

The Committee considered that an internally managed Board review would be more appropriate for 2015, using the general methodology used in 2014. Subsequently, an internal Board review was conducted using a scoring system (where appropriate) to allow for quantitative trend analysis of performance.

Each Committee and the Board, in open sessions, considered the reports on the reviews and monitored the implementation of a list of actions arising from such reviews during the financial year.

During the course of the year, as required by provision A.4.2 of the Code, to appraise the Chairman's performance, the Chairman held a number of meetings with the non-executive directors in the absence of the executive directors and the Senior Independent Director held meetings with the non-executive directors in the absence of the Chairman.

Selection, appointment and support of directors
During the year, the Nomination Committee appointed specialist external recruitment consultants to search for new independent non-executive directors to replace Brendan Connolly and Leslie Van de Walle. The process identified a number of suitable candidates and after a formal and rigorous assessment and interview, the Nomination Committee made the following recommendations to the Board. Samantha Tough was recommended to be appointed as an additional non-executive director with effect from 1 January 2015, and as a member of the Audit Committee from 29 June 2015. Steve Good was recommended to be appointed as a non-executive director and chairman of the Remuneration Committee with effect from 6 July 2015. Brian Larcombe was recommended to be appointed as an additional non-executive director with effect from 21 January 2016. Samantha has added experience of Australia's and the Asia-Pacific's energy, infrastructure and natural resources sectors; Steve has brought knowledge of the speciality chemicals and plastics markets, while Brian has brought helpful perspectives from private equity. Samantha and Steve received a tailored and detailed induction. Brian will receive a tailored and detailed induction over the coming months.

As set out on page 56, directors are provided, in a timely manner, with the quality and depth of information appropriate to enable them to discharge their duties.

Rules on appointment and removal of directors
Subject to applicable law, a director may be appointed by an ordinary resolution of shareholders in general meeting following nomination by the Board or a member (or members) entitled to vote at such a meeting, or following retirement by rotation if the director chooses to seek re-election at a general meeting. Under Jersey law, a director may be removed by the Company, pursuant to the Company's Articles of association, or by a resolution of the Company.

Re-election of directors
All the directors submit themselves for re-election at the AGM to be held on 11 May 2016. The Nomination Committee has confirmed to the Board that the contributions made by the directors offering themselves for re-election at the AGM in May 2016 continue to be effective and that the Board should support their re-election. The election or re-election of each director is recommended by the Board. The Board is satisfied that all the directors will continue to be able to devote sufficient time to their duties as directors.

Directors' engagement terms
With effect from 1 January 2013, the Board adopted a policy that non-executive directors' terms of engagement should provide for a maximum initial term of three years terminable at any time by three months' notice from either party. It is the Board's current policy not to extend the aggregate period of service of non-executive director's beyond nine years. Any proposal to extend a non-executive director's aggregate period of office beyond six years will be the subject of rigorous review.

The Chief Executive Officer and the Chief Financial Officer are employed under service agreements which are terminable on twelve months' written notice by either party.

Copies of the non-executive directors' letters of appointment will be on display at the AGM, together with the executive directors' service agreements and are generally available for inspection at the Company's registered office. Further details of the service contracts for the executive directors and letters of appointment for the non-executive directors are set out on page 70.

Significant commitments of the Chairman
Tim Eggar is currently Chairman of MyCelx Technologies Corporation and Haulfryn Limited, neither of which cause any conflict, potential conflict, nor impact upon the time commitment Tim requires to act as Chairman for the Group.

Nomination Committee report

"The Committee considers that the Company has strengthened the effectiveness of Cape's governance structures and refreshed the senior management team."

Tim Eggar
Chairman, Nomination Committee

The Nomination Committee's role and objectives

The Committee's terms of reference are summarised on page 57 and can be found in full in the corporate responsibility section of the Company's website (www.capeplc.com). The Committee remains focussed on overseeing the Board's effectiveness and composition and in ensuring robust succession planning at Board and senior management levels.

The Nomination Committee's composition and meetings

The Committee is comprised of the Board Chairman and two independent non-executive directors. It is chaired by Tim Eggar, whose biographical details and other directorships are summarised on page 54. All three members meet the Group's criteria for independence. The Committee's membership is set out on page 57. The Committee met formally on three occasions in 2015. An attendance summary is provided on page 58.

The Nomination Committee's main activities during the year

The Committee performed three main activities during the year being: the annual evaluation of Board effectiveness, where the Committee met to plan and to review the outcome of the Board effectiveness review; succession planning and renewal of director appointments; and the recruitment review process for new non-executive directors.

Matters considered at the Committee's meetings during 2015 are summarised below:

Board performance	Review and consideration of Board diversity. 2015 Board evaluation process including planning of evaluation process and review of evaluation findings – the key areas of focus included Board composition and diversity and non-executive directors' time commitment.
Committee performance	Annual review of effectiveness of the Committee's performance and review of the Committee's terms of reference.
Director performance	Annual review of director performance and recommendation for re-election at AGM.
NED recruitment process	Review of the search criteria and arrangements for new non-executive directors and management of the search and recruitment process.

Board diversity

The Board recognises the very considerable advantages that can flow from diversity in challenging embedded practices, refreshing Board and organisational culture and improving Board effectiveness in the broadest sense. In this context, the Board views diversity as encompassing diversity of experience, background, perspective, psychological type and personal attributes and believes that this can be provided, though not exclusively, through ethnic and gender diversity. The Committee's terms of reference expresses the desirability of expanding the diversity of the Board.

Re-election of directors and appointments

Following the completion of the 2015 Board evaluation process, the Committee met on 20 January 2016 and determined that all of the directors who are the subject of annual re-election will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

The evaluation of the Board described on page 59 concluded that the directors offering themselves for re-election continue to demonstrate commitment to their particular role and perform effectively. Whilst no non-executive director has served for more than six years, the Nomination Committee would conduct a particularly rigorous review of any such relevant non-executive director's performance in such circumstances before recommending his or her reappointment to the Board.

The Nomination Committee led the process for the recruitment of three non-executive directors and received advice from external recruitment consultants, Russell Reynolds and the Zygos Partnership (advisors with no other connection to the Company).

Samantha Tough was appointed to the Board as an additional non-executive director with effect from 1 January 2015, and as a member of the Audit Committee as of 29 June 2015. Steve Good was appointed to the Board as a new non-executive director with effect from 6 July 2015. Steve is Chairman of the Remuneration Committee and a member of the Nomination Committee and the Audit Committee. Brian Larcombe was appointed to the Board as a new non-executive director with effect from 21 January 2016. In accordance with our Articles, Samantha, Steve and Brian shall stand for election at the AGM to be held on 11 May 2016.

Service contracts and letters of appointment

The executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at the Company's registered office during normal business hours, by prior arrangement. They will also be available for inspection at the venue of the AGM, prior to the AGM, details of which are contained in the AGM meeting notice.

The Committee considers that the Company has strengthened the effectiveness of Cape's governance structures and refreshed the senior management team and is committed to overseeing further progress during 2016.

Tim Eggar
Chairman, Nomination Committee
15 March 2016

Internal control
Each director's responsibilities in connection with the Annual Report are set out on page 81.

The Board's overall responsibility for the Group's internal control systems is demonstrated through the directors' attention to their effective implementation and operation. Such controls are designed to identify, evaluate and manage the business's principal risks rather than eliminate them. Therefore, they are not designed to guarantee the achievement of business objectives but are aimed at providing reasonable assurance against material misstatement or loss.

Throughout the reporting period, and up to the date of approval of the Annual Report, the Company has operated a process for the identification, evaluation and management of the principal risks faced by the Group. The Board regularly reviews and amends this process.

Further details on risk management, principal risks and viability are set out on pages 18 to 25.

In addition, during the period, the directors undertook a review of the Group's systems of internal control utilising the Financial Reporting Council's Guidance on risk management, internal control and related financial and business reporting. The assessment included a joint report from the Chief Financial Officer and the Director of Group Internal Audit to the Audit Committee, a discussion on the key elements of the Group's overall internal control system and an analysis of the appropriateness and effectiveness of the control measures. In reviewing the effectiveness of the control systems, the directors have taken into account the nature and quality of regular and annual reporting undertaken during 2015.

Based on their review, the directors concluded that overall systems of internal control have been enhanced over the year and still remain appropriate. Nonetheless, the Group should derive further benefit from the standardisation of processes across all geographic territories and from ensuring that existing controls continue to operate effectively.

Key features of the Group's systems of internal control include:

- **strategic and financial planning** – the Group produces a five-year plan, together with detailed annual budgets and objectives which are closely monitored and against which regular reports are prepared for consideration by the Board;
- **investment appraisal** – material contracts and capital expenditure are reviewed in advance by senior management and, when appropriate, approved by the Board;
- **financial monitoring** – profitability, margin return, cash flow, capital expenditure and return on capital are all closely monitored and key financial information reported to the Board on a regular basis, along with explanations of variances between actual and budgeted performance and action plans to rectify any such variances;
- **delegated authority matrix** – there is a clearly defined system of approval limits for key business decisions, including contract approvals, material transactions, acquisitions, disposals, capital purchases and operating expenditures; and
- **structure** – the Executive Committee, the Audit Committee and the Board also review the integrity of the financial and consolidation processes and the completeness and accuracy of financial information.

Principal internal control and risk management mechanisms
The Board has overall responsibility for managing risk within the business and delegates responsibility for review of the risk management systems' adequacy to the Audit Committee. The principal internal control mechanisms used to identify, assess, manage and control risk are:

- **risk registers** – every six months, the internal audit function assists all business units, including the Group functions, in the assessment of each business area's risk and updates the risk registers accordingly; material changes to the risk registers are reported to the Audit Committee and the Board on a regular basis; in 2015, the Audit Committee tested the integrity of the register by performing a high-level review of the key risks to the business, which tested the reliability of the detailed review;
- **risk appraisal** – before any decisions are taken which could have a significant impact upon the Group's business the related risks are assessed in advance and kept under review prior to finalisation of any decision;
- **six-monthly certification process** – senior managers within each of the Group's business units certify detailed questionnaires that cover (amongst other things) their unit's conduct of business and regulatory compliance;
- **internal audit** – this function operates a risk based audit approach; the Director of Group Internal Audit reports to the Chairman of the Audit Committee; the internal audit team reports its proposed scope of work for the following year to the Audit Committee, which reviews the plan and assesses the effectiveness of the internal audit function against those agreed objectives; the internal audit team also provides objective assurance on risk and controls to senior management, the Audit Committee and the Board;
- **whistleblowing** – the Group operates a confidential whistleblowing procedure that has been outsourced to an external service provider which encourages employees, workers or any other persons to disclose concerns relating to any forms of malpractice such as dangerous working practice, fraud or other illegal or improper conduct; the policies and procedures were reviewed and updated during the course of the year; any whistleblowing allegations are routed directly to the General Counsel, who independently investigates the matter with the assistance of the Group Compliance and Investigations Manager, and report findings and actions taken directly to the Audit Committee;
- **anti-bribery and anti-corruption** – the Group's anti-bribery and anti-corruption policy, which is underpinned by the Group's Business integrity and ethics code, applies to all Group employees and to any agents or other third party acting for, or on behalf of, the Group. This policy includes a clear statement on the Group's commitment to anti-bribery and anti-corruption practices;
- **conflict register** – a register of interests, including business interests and other appointments, is maintained as part of the Company's procedure for identifying conflicts of interest between key personnel and the Group. Any conflicts detected are dealt with accordingly. This register is reviewed and updated regularly.

The Audit Committee and the Board have oversight function of all internal control and risk management issues.

Risk framework
The Board is committed to enhancing the Group's risk management capability. The effective management of risk and opportunity is essential to the delivery of the Group's strategy, achievement of sustainable shareholder value and the protection and enhancement of its reputation. The Board acknowledges its responsibility for the oversight of the Group's system of internal control and for reviewing its effectiveness. The Board aims to ensure that the Group's systems in place for the identification and management of risks are appropriate while ensuring that, within an agreed risk tolerance, the business is able to optimise enterprise value.

The executive directors lead the focus on the identification of risk and its remediation. This aids the strengthening of internal controls, internal financial reporting and the direction of the internal audit function.

The senior management team promotes a culture where, as a matter of good business practice, both risks and opportunities are identified and managed, thereby ensuring more informed and effective business decisions are made to help the Group achieve its objectives and targets. The Board reviews risk tolerance to ensure that it is calibrated to the Group's strategic objectives. Risk is assessed formally at business segment level through risk workshops and via the maintenance of risk registers. The updating of the risk registers is a continuous process, formalised every six months, involving the effective identification, evaluation and management of risks by individual managers. A comprehensive and rigorous bid authorisation model is used to manage the Group's risks when bidding for work.

To support the Board and the Audit Committee in discharging their responsibilities, the internal audit function delivers a comprehensive risk based assurance plan and regularly advises the Audit Committee of the effectiveness of the design and operation of the control environment. During the reporting year management, the internal audit function and the external auditors have all made control improvement recommendations. This process of controls improvement is ongoing and will continue to be closely monitored by the Audit Committee.

"The Committee considers that the Company has made considerable progress during 2015 in strengthening its internal commercial and financial controls, and is committed to overseeing further progress during 2016."

Michael Merton
Chairman, Audit Committee

The Audit Committee's role and objectives

The Committee's terms of reference are summarised on page 57 and can be found in full in the corporate responsibility section of our website (www.capeplc.com). The Committee remains focussed on overseeing the integrity of the Group's financial statements, the effectiveness of its internal financial controls and risk management systems, and the effectiveness of the external auditor.

The Audit Committee's composition and meetings

The Committee is comprised of the three independent non-executive directors and is chaired by Michael Merton. The appointments of Samantha Tough on 29 June 2015 and Steve Good on 6 July 2015 have brought fresh business and financial experience to the Committee. All three members meet the Group's criteria for independence. The Chairman of the Committee is deemed by the Board to have recent and relevant financial experience, as required under the UK Corporate Governance Code. The membership of the Committee is set out on page 56.

The Committee met formally on four occasions in 2015. An attendance summary is provided on page 58. The Chairman of the Committee has met during the year separately with both the Director of Group Internal Audit and with the external auditor without management being present. The Committee invites the Chief Financial Officer to attend meetings and also invites the Group Head of Tax and Treasury, the Director of Group Internal Audit and the Group Financial Controller to attend meetings covering the financial results of the Group. The Chairman and Chief Executive are frequently invited to attend the Committee meetings. At least part of some meetings are held alone with the external auditor, without the presence of management.

Review of the Company's critical accounting policies and associated judgements

The Committee considered the integrity of the Group's 2015 financial statements and reviewed the appropriateness of its critical accounting policies, and the judgements made in applying them. The year-end and interim financial statements were reviewed and discussed with Ernst & Young (EY) and relevant individuals from Group finance.

In discharging its responsibility for overseeing the integrity of the Group's financial statements, the Committee considered, among others, the following specific matters:

Matter	Issue and nature of judgement	Factors considered and conclusion reached
Carrying value of goodwill	The Group balance sheet holds an amount of £118.0 million of goodwill as at 31 December 2015. The Directors are required to determine annually whether those assets have suffered any impairment.	Detailed value-in-use calculations are prepared and reviewed annually. Management explained the processes for preparing the annual goodwill impairment test, the controls over the data and assumptions used and considered this against the Group's strategic plan. The Committee concluded that the approach taken was sensible and the judgements made were appropriate.
Industrial disease claims	At 31 December 2015, the Group holds a provision of £95.5 million in relation to the industrial disease claims liability. The Committee determined the appropriateness of the provision held.	The Committee discussed the latest actuarial valuation and management documentation; it reviewed key macro assumptions including the appropriateness of the discount rate and inflation assumptions. It also considered the appropriateness of scheme-specific assumptions, including the likely quantum, incidence and composition of projected future awards, and the protections afforded by insurance. Additionally, the Committee considered the assumptions made with regard to the likely future scope of eligible claims by individuals and insurance companies. The Committee satisfied itself as to management's processes for ensuring the accuracy of claims source data and the appropriateness of sensitivities to the likely outcome. The Committee concluded that the provision held was adequate and that management's processes for determining it were robust.
Carrying value of property, plant and equipment	Due to the nature of Cape's business, the Group holds a significant amount of fixed assets, primarily scaffold assets. The Group must ensure that the carrying value of the scaffold assets is represented by physical scaffold. The Committee assesses the appropriateness of controls and procedures to verify the existence and carrying value of scaffold assets.	During 2015, the Director of Group Internal Audit presented his findings regarding physical scaffold counts, the locations and extent of the counts, the quality of procedures and quality of the reconciliations to accounting records. Management presented during the year on initiatives to strengthen the internal controls surrounding scaffold assets and progress updates including the implementation of asset management software. The Committee noted the new appointment of a Group Asset Manager. The Committee concluded that the existence and valuation of assets in the financial statements was appropriate.
Long-term contracts and revenue recognition	A material proportion of the Group's earnings are derived from long-term contracts whereby revenue is recognised over time in accordance with the Group's revenue recognition policy.	The Committee reviewed the appropriateness of the policy and the controls that are in place to ensure compliance with it. Procedures for bid approvals and contract controls were discussed with internal audit. Accounting for key contracts, such as the Wheatstone project, was reviewed and discussed with management, as were uncertainties regarding the appropriateness of the assumptions made. Commercial and credit risks around specific contracts were reviewed by the Committee on a regular basis. The Committee concluded that the contract control environment had been strengthened and that the Group's processes and controls around revenue recognition were consistent and effective during the year.
Taxation	The Group's financial statements include provisions and accruals for tax and assessment of these at year-end.	The Committee considered the adequacy of the Group's processes to ensure that all probable tax liabilities were recorded in the balance sheet and that any tax returns which were disputed by a tax authority in any jurisdiction, including HMRC, had been given particular consideration. The Committee agreed that the assumptions and estimations made in relation to taxation were appropriate. The Committee considered the adequacy of the assumptions regarding the recoverability of the deferred tax asset in Australia and concluded that the assumptions were appropriate.

Monitoring the effectiveness of the Group's internal financial controls and risk management systems
There are a number of policies, processes and functions that the Committee considered in 2015 in relation to internal financial controls and risk management which are detailed below.

- **Internal audit.** The internal audit function is responsible for the review of the Group's risk and control processes according to an annual internal audit plan that is agreed with the Audit Committee in advance. As part of this review process the Committee considered the adequacy of internal audit resources and the scope of the audit plan. The Committee monitored the scope, effectiveness and findings of the activities of internal audit through formal reporting by the Director of Group Internal Audit, and reviewed remediation plans where appropriate and ensured timely remediation.
- **Internal control environment.** The six-monthly internal controls' questionnaire (which requires regional management to confirm compliance or non-compliance with a prescribed list of regulatory and internal policies) has proven to be a highly effective tool in monitoring compliance with the Group's internal controls and rectification of non-compliance with such controls. The Committee obtained assurance that the necessary rigour and diligence were applied by management in completing this Group-wide process. The Director of Group Internal Audit provided regular updates on key financial and commercial internal controls to the Committee, including any control or process changes and a summary of the current internal control environment. The Committee encouraged and monitored management's progress in standardising processes for asset management and contract accounting, and received regular updates from the Chief Financial Officer on this matter.
- **Risk analysis.** The Committee monitored and, with assistance from the Director of Group Internal Audit, reviewed changes to the risk register (which itemises the relative significance of perceived risks). Each principal risk and any re-rating during the year are discussed by the Committee, with actions set out to mitigate the impact of the identified risk. The Committee particularly considered whether the risk register properly reflected the Group's actual experience in the preceding years, as well as the adequacy of mitigating controls.
- **Business integrity and ethics.** The Group General Counsel regularly reports to Committee meetings on the findings and progress of any investigations into fraudulent or potentially fraudulent activities. Periodic reports are also provided on changes to material identified risks. Whistleblowing reports are provided frequently to the Committee by the Group General Counsel with details of any cases raised, investigations and recommended action.
- **Conflict of interest register.** The register of interests is reviewed and updated regularly.
- **Commercial assurance.** During 2015, the Committee further strengthened its commercial assurance by implementing a commercial assurance review and update at each Committee meeting. The Chief Executive and Group Commercial Director report to the Committee on a regular basis on specific commercial contract risks. The Committee discussed challenges and actions being taken on key contracts. Any significant loss making contracts, concerns over build-up of work in progress, debt or significant other commercial issues were discussed.

The Committee considers that the Company has made considerable progress during 2015 in strengthening its internal financial controls, business integrity and ethics, and commercial assurance. The Committee is committed to overseeing further progress during 2016.

Effectiveness of external auditors
The Committee considered the objectivity, effectiveness and independence of the external auditors.

At the AGM on 12 May 2015, a resolution of the Company was passed to re-appoint EY as the Company's external auditors. EY were first appointed as the Company's external auditors in 2013. The partner responsible for the audit first worked on the appointment in 2013.

During the year, the Committee reviewed the policies relating to external auditors including: appointment and termination; audit fees; non-audit work; reporting of control weaknesses; and hire of staff.

The Committee discussed EY's audit process at its meetings in March, August and November 2015. The findings from the 2014 financial year audit cycle were reviewed and feedback received from the business and the Chief Financial Officer on the effectiveness of the external audit process. The Committee reviewed the quality and cost-effectiveness of the external audit, and the independence and objectivity of the external auditors. The findings of EY's interim review and the accounting treatment of significant items raised were discussed in August 2015 and the 2016 external audit plan was reviewed in November 2015. The Committee and the Board are committed to maintaining the highest standards of external audit quality.

In assessing auditor independence the Committee had regard to the Smith Guidance for Audit Committees and required the auditors to confirm that their independence and ethics policies complied with the requirements of the ICAEW.

The Audit Committee has been careful to ensure EY's independence. It discharges this duty through: obtaining confirmation from the auditors that they are, in their professional judgement, independent of the Group; periodic assessment of relevant developments within the audit firm; and its formal policy regarding the provision by the external auditor of non-audit services. EY have confirmed to the Committee that they remain independent and maintain internal safeguards to ensure their objectivity. No contractual obligations exist that restrict the Group's choice of external auditor and the Audit Committee is satisfied that the external auditor remains independent. Additionally, the Committee reviewed the most recent report from the Financial Reporting Council on the quality of EY's audit practices. During the year EY have charged the Group £1.1 million for audit and audit-related work. Further details of the fees paid to EY for both audit and non-audit work can be found in note 10 'Auditor's remuneration' to the consolidated financial statements.

The Audit Committee has established policies determining the non-audit services that the external auditors can provide and the procedures required for pre-approval of any such engagement. Such policies provide for the auditors to be engaged only for work that is not prohibited by professional or other regulatory requirements. The policies state that in most cases general non-audit services should not be provided by the external auditor and does not allow the external auditor to provide internal audit, accounting services, valuation services or assignments that present a potential self-review conflict. Even where the Group's policies allow for the external auditor to be engaged to provide non-audit services, prior approval is required from the Audit Committee for all assignments over £25,000. In any one year the sum of all permitted non-audit fees must not exceed £500,000 or 50% of the total annual external audit fee of the Group, whichever is the lesser. These approvals operate in addition to the Group's general procurement policies which require material contracts to be subject to a formal tender process. Annually, the Chief Financial Officer submits a report of fees charged and services provided by the auditors and this is reviewed by the Audit Committee to ensure policies have been complied with. The Chairman of the Audit Committee reports to the Board identifying any matters where procedures could be improved.

The Audit Committee received a report from EY describing the arrangements that had been made to identify, report upon and manage any conflict of interests that might arise and to ensure the maintenance of external auditor independence. On the basis of the matters outlined above, and notwithstanding that EY provided non-audit services of £0.2 million during the reporting year, the Committee considers that EY's objectivity was not impaired.

Michael Merton
On behalf of the Audit Committee
15 March 2016

"The remuneration policy, approved at the Company's 2014 AGM, whilst demanding in terms of the controls on remuneration policy, has proven sufficiently flexible to achieve the balance needed between performance and appropriate levels of reward. Accordingly, the Committee will not be seeking any changes at the 2016 AGM."

Steve Good
Chairman, Remuneration Committee

Chairman's statement
The Committee's three-year remuneration policy was introduced in 2014 and the Committee believes that it continues to provide the conditions necessary to promote the long-term success of the Company and the delivery of long-term value for shareholders. Accordingly, the Committee will not be seeking any changes to the policy at the 2016 AGM.

We recognise that the remuneration of senior executives is the subject of much scrutiny and we are mindful of the principles of remuneration published by stakeholder representatives such as the Investment Association (IA), Institutional Shareholder Services (ISS) and others, and of the revisions to governance by the Department of Business, Innovation and Skills. We believe that this report seeks to be open and transparent in reporting on the Company's and the Group's remuneration structures.

Previously, the Committee invested considerable time and effort in structuring executive director remuneration – ensuring that it was transparent, stretching and rigorously applied to attract, motivate and retain executive talent to deliver the business strategy – and accordingly, there have been no material changes in directors' remuneration during the year.

The Committee considered the following items of business during 2015:
- Executive directors' and senior executives' salary levels;
- Annual bonus performance measures and targets;
- Out-turn of bonus for 2014;
- 2015 long-term incentive award levels;
- Structure of 2016 long-term incentive award; and
- Reviewing and updating the Terms of Reference.

Performance and reward for 2015
Market conditions were challenging in 2015 as lower oil prices impacted activity levels and competitive intensity in the Group's oil and gas activities. Nevertheless and as described in the strategic report, 2015 was a year of further progress in; delivering robust underlying profit, improved operating cash conversion, and substantial progress against a number of strategic milestones.

In considering how our business performance translated into reward, achieving an adjusted EPS of 29.9 pence, operating cash conversion of 84%, working capital/revenue ratio of 15.3% and meeting strategic objectives, 2015 annual bonuses were earned at 62% and 59% of the maximum for the executive directors.

With regard to the long-term incentives granted in 2013 under the Company's Performance Share Plan (PSP), these are due to vest in March 2016 (subject to continued services) with performance assessed against EPS growth targets in the three years ended 31 December 2015. The threshold EPS target was 29.0 pence, whilst the maximum EPS target was 36.0 pence. Both the threshold and maximum EPS targets were determined separately from the standard annual growth rates of RPI + 3% for threshold target and RPI + 10% for maximum target. As a result of delivering EPS of 29.9 pence, the award is expected to vest at 39%.

The Committee is comfortable that the above incentive pay is appropriate in light of the level of performance achieved in delivering a successful turnaround and growth of the Company over the past three years.

Application of Remuneration Policy for 2016

The Board has concluded that after a robust performance in 2015, delivered against a back-drop of challenging market conditions, that the Group should reduce operating costs in affected geographies whilst continuing to invest to support growth through the five principle initiatives outlined in the strategic report. The five key elements remain: operational excellence; customer intimacy; a balanced business; a broader portfolio; and geographical expansion (see page 12).

For 2016, the Committee will continue to incorporate many of these elements into the setting of bonus and PSP performance target whilst also taking into account the worsening market conditions impacting the Group's activities particularly in the oil and gas sectors. The 'stability of earnings' goal focusses on cash generation, operational excellence and health and safety improvements amongst other specific targets in the bonus plan. This alignment of goals is also reflected at the next level of management in the Group. The Board also reviewed the proposed Budget for 2016 in detail. The Committee, acting on the outcome, has set financial parameters in the bonus and long-term incentive plans which are no less challenging taking into consideration current events in the oil and gas sector. Salary increases for executive directors in 2016 will be 2.5%. As a result, and noting that our overall remuneration arrangements are biased towards long-term performance through the operation of our PSP and share ownership guidelines, we remain comfortable that our overall remuneration structure continues to support our Company's long-term growth strategy.

We also looked at our own Committee performance this year, and an internal review of the Committee's performance has given us a useful insight into areas to focus on in 2016.

In summary, the discussions in the Committee continue to be rigorous and challenging and I am satisfied that we continue to ensure that the executive directors are focussed on the strategy and motivated to deliver it in the interests of our shareholders.

Steve Good
Chairman, Remuneration Committee
15 March 2016

Remuneration Committee report

Voluntary adoption of UK reporting regulations

The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013 (the 'Regulations') came into force in the UK on 1 October 2013 in relation to companies incorporated in the UK. With effect from 13 December 2013, the UK Listing Authority's Listing Rules were also amended in the case of premium-listed companies incorporated in the UK to reflect the Regulations. The effect of the changes is that all premium-listed companies incorporated in the UK are required to offer shareholders (i) a binding vote on the Company's forward-looking remuneration policy (i.e. the remuneration policy) which must take place at least every three years and (ii) a separate advisory vote on the implementation of the Company's existing remuneration policy in terms of the payments and share awards made to directors during the year (i.e. the annual remuneration report). As a Jersey-incorporated company, the Company is not subject to such regulations or amended requirements of the Listing Rules in this regard. However, in line with best practice for overseas listed companies, the Company complied with the new regulations last year as if it were a premium listed Company incorporated in the UK (to the extent that such requirements were different from the provisions of the Listing Rules which it is required to comply with in any event).

Since we are not seeking to amend the remuneration policy for which we received overwhelming support from our shareholders in 2014, we are not seeking shareholder approval for a revised remuneration policy this year. However, at the AGM on 11 May 2016, in line with the Regulations, we shall seek shareholder approval by way of an advisory vote on the application of our remuneration policy and payments made to directors during the year under review. For completeness and transparency, however, this part of the report includes a summary of the remuneration policy approved by shareholders at the 2014 AGM and intended to operate until the 2017 AGM.

Where references were made in the remuneration policy report to specific levels of pay in a particular year these have been removed with the relevant information relating to 2016 included in the Annual Report on remuneration which follows. The full policy report approved by the Company's shareholders at the 2014 AGM can be found in the 2013 Annual Report, which is available on our website (www.capeplc.com).

In the sections and tables in the report that follows, data labelled as 'audited' has been audited by the Group's external independent auditors, EY. The remuneration report has been approved by the Board and the Company's Remuneration Committee (the 'Committee').

The directors' remuneration policy

This part of the directors' remuneration report sets out the remuneration policy for the Company.

Policy overview

The directors' remuneration policy (the 'Remuneration Policy') is based on the following broad principles set by the Committee to: provide a transparent, stretching and competitive remuneration package to attract, motivate and retain high quality individuals to promote the Company's long-term success; align remuneration to drive the overall objectives of the business; align the interests of management with the interests of shareholders; and set the remuneration of the executive directors and Chairman with due account taken of: (1) pay and employment conditions throughout the Group; and (2) corporate governance best practice.

The Remuneration Policy was approved by a binding vote of the shareholders at the Company's 2014 AGM for a binding vote and accordingly the policy applied from 14 May 2014 and will continue to apply until the 2017 AGM. Thereafter the policy will be re-presented to shareholders for approval every three years or sooner where there is a material change to the policy.

The objective of the Remuneration Policy is aligned with the recommendations of the UK Corporate Governance Code as they relate to directors' remuneration. That is to provide a level of remuneration to attract, retain and motivate directors of the quality required to run the Company successfully, but avoid paying more than is necessary for this purpose. As explained below, a significant proportion of executive directors' remuneration is structured to link rewards to corporate and individual performance.

The Committee ensures that account is taken of environmental, social and governance (ESG) risks when setting remuneration and is comfortable that remuneration packages do not raise any ESG risks. The Committee review performance measures and targets on an annual basis to ensure they do not encourage or motivate irresponsible behaviour. Furthermore, the performance review will take into account any ESG events when determining variable out-turn.

The Committee is cognisant of its overall responsibility to ensure the Remuneration Policy operates within a sound risk framework. The Committee will review incentive arrangements regularly to ensure they comply with the risk management systems and that controls are operating effectively. The Committee also ensures that inappropriate operational/financial risk-taking is neither encouraged nor rewarded through the Company's remuneration policies and, that instead, a sensible balance is struck between fixed and variable pay, short and long-term incentives and cash and equity. The Committee has access to the Audit Committee and its members to discuss any matters of risk assessment as and when required.

The Committee uses aspects of the Remuneration Policy to align executives with long-term shareholder interests and to ensure they are consistent with our focus on structuring remuneration so that it does not encourage undue risk taking. The table below summarises our policy for the three-year period, effective as of 14 May 2014.

Executive director policy table

Purpose and link to strategy	Operation	Maximum	Performance targets
Salary			
To provide a competitive base salary which recognises the skills and experience of the individual and the scope and responsibilities of the role they perform.	Reviewed annually. Positioned at a market competitive level for similar roles within comparable companies. Takes periodic account against companies with similar characteristics and sector comparators. The review also considers pay and employment conditions in the wider Group, other inflationary pressures and internal relativities.	Salary levels will be eligible for increases during the three-year period that the Remuneration Policy operates from the effective date. – During this time, salaries may be increased each year (in percentage of salary terms) in line with those of the wider workforce (after taking into account of the annual salary budget and performance-related increases within the overall salary budget). – Increases beyond those linked to the workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.	The Committee considers both individual and Company performance in a broad context when determining base salary increases.
Other benefits			
To provide competitive cost-effective benefits in line with market practice.	Executive directors receive a car allowance, private medical insurance, critical illness protection and life assurance. – Other employment benefits may be offered to executive directors, generally on the same terms as other employees, from time to time.	In 2015, the maximum cost of providing benefits (based on taxable value of the benefits) was £44,099 for all executive directors. – The cost of providing employment benefits will vary from year to year as they are dependent on third-party supplier charges. We do not expect the maximum amount to exceed £50,000.	N/A

Executive director policy table (continued)

Purpose and link to strategy	Operation	Maximum	Performance targets
Pension			
To provide a competitive contribution towards making provisions for retirement.	Defined contribution. Cash alternative may be offered.	Monthly employer contribution of 15% of base salary.	N/A
Annual bonus			
Incentivise delivery of performance linked to the Company's business objectives.	– Measured over a one-year performance period – Paid as cash – Not pensionable – Clawback provisions apply and are operable for three years following the payment of a bonus in any year	Chief Executive maximum: 120% of salary. CFO maximum: 100% of salary.	The bonus is determined against a range of key performance indicators with the majority of the annual bonus measured against financial targets and a minority against strategic objectives. – Financial targets are set around the budgeted level of performance for the year and may include adjusted EPS, cash flow and/or other key financial metrics as deemed appropriate by the Committee – Strategic objectives are based around the Committee's and executive's view of the key objectives that need to be met in the current year to achieve the overall Group strategy – The Committee determines the extent to which the executive directors have met their strategic targets by assessing the overall achievement in the relevant year. Achieving the threshold performance level against the financial metrics would generally result in 0% of the relevant bonus amount being earned. Bonus against financial metrics is generally earned on a straight line basis from threshold to target (50%) and then target to the maximum (100%) level – The Committee reserves the right to modify the financial payment.
Long-term incentive plan (PSP)			
To drive long-term performance linked to the Company's strategic objectives. Aid retention. Align the interests of executive directors with shareholders.	– Annual grant of performance shares with vesting conditional on the Group's performance against challenging long-term performance conditions. – The Committee may clawback awards up to three years after vesting if the Group's accounts have been materially misstated or there has been an error in the calculation of any performance condition.	Chief Executive: 140% of salary performance shares. Chief Financial Officer: 140% of salary performance shares. In exceptional circumstances awards may be granted up to 175% of salary.	– Performance targets are set that relate to the Company's long-term key performance indicators – Financial targets will determine vesting in relation to a majority of an award (e.g. EPS growth) – At threshold performance 30% of the award vests – The Committee reserves the right to modify the financial targets within the plan.
Share ownership guidelines			
To provide alignment between executives and shareholders.	Executives are required to retain half of the shares vesting (net of tax) under the long-term incentive plan until the guideline is met. Vested nil cost options count towards the shareholding guideline on a notional post-tax basis.	150% of salary holding for Chief Executive. 100% of salary holding for Chief Financial Officer.	N/A

Non-executive directors' policy table

Purpose and link to strategy	Operation	Maximum	Performance targets
Fees			
To provide a compensation which reflects the skills and experience of the individual and the time commitments and responsibilities expected of the role they perform.	Reviewed on a periodic basis. Takes periodic account against companies with similar characteristics and sector comparators. If actual time spent is materially greater, then additional fees may be paid on a pro-rata basis.	Fees may be increased during the three-year period that the remuneration policy operates from the effective date (in percentage terms) to ensure that the fee level set captures the time commitment required of the role and/or the responsibilities associated with fulfilling the non-executive duties.	N/A

Operation of variable pay incentives
The Remuneration Committee has the responsibility for overseeing the operation of the above annual bonus plan and long-term incentive plan according to the relevant plan rules and in accordance with the Listing Rules and HMRC rules where relevant. However, the quantum and performance targets set will be in accordance with the policy stated above. As part of this process, the Committee may be required to use judgement in a number of regards. These actions will typically include the following:

- participants of the plans
- timing of grant of award and/or payment
- size of an award and/or a payment
- setting performance measures for the annual bonus plan and long-term incentive plan from year to year, the weightings to be applied and the targets to be set
- determination of vesting, including assessment of performance conditions
- how to deal with a change of control or restructuring of the Group
- how to determine a good/bad leaver status in accordance with the relevant scheme rules and ABI guidelines
- if any adjustments are required in certain circumstances (e.g. a capital structure change such as with a rights issue or other corporate restructuring).

The Committee also retains the right, in exceptional circumstances, to make necessary adjustments to annual bonus and long-term incentive plan performance measures, including the targets, weightings and/or setting different measures if a material event occurs (e.g. major acquisition or divestment of a Group business) whereby the original performance condition is no longer considered appropriate. Any changes would be made so that the conditions achieve their original purpose and are not materially less difficult to satisfy. All historic awards that were granted but remain outstanding (as detailed on page 74 of the remuneration report), remain eligible to vest based on their original award terms.

Choice of performance metrics
As detailed in the Chief Executive's review on page 26, the Group remains fully aligned with delivering profitable growth both through organic growth and acquisition. For the annual bonus plan, the policy is to have a strong focus on financial measures, with further reward for achieving strategic or personal targets which are each aligned with the Company's longer-term strategic objectives. The Remuneration Committee and the Board believe that the most appropriate performance metric for the Company to be measured against on a long-term basis remains growth of adjusted EPS. In order to ensure that the long-term incentive plan is delivering significant shareholder value, the Committee believes it is appropriate to measure growth in EPS.

Employees' views and global pay and employment policies across the Group
The Committee does not actively consult employees for their views on executive remuneration policy. This is in line with standard market practice and reflects the Committee's view that it will not provide cost-effective engagement at this stage in the Company's development. However, when setting executive directors' base salaries, annual bonus awards and long-term incentive plan allocations, the Remuneration Committee is made aware of and takes into account comparative data relating to the pay and benefits of other Group employees. The Remuneration Policy of the Group remains consistent in all countries and at all levels of the Company with the overriding consideration being to pay competitive salaries in line with the appropriate country and sector and to provide opportunities to increase earnings to higher levels through superior performance. Lower aggregate incentive quantum operates at below executive level with levels driven by market comparatives and the impact of the role and for certain senior roles that are compliance focussed. Long-term incentives are reserved for those anticipated as having the greatest potential to influence Group performance levels and the creation of shareholder value. Accordingly, approximately 60 of our c. 16,400 employees globally are invited to participate in the long-term incentive plan, but this number will change from year to year according to the particular policy utilised by the Committee.

How shareholders' views are taken into account
The Remuneration Committee considers shareholder feedback received in relation to the AGM each year at a meeting following the AGM. This feedback, plus any additional feedback received during any meetings from time to time, is then considered as part of the Company's annual review of remuneration policy.

Recruitment and promotion policy

The Committee will follow the guidelines outlined below when considering a new executive appointment:

Remuneration element	Policy
Base salary	– Set to reflect the skills and experience of the individual – Takes account of market data against companies with similar characteristics and sector comparators – Salary levels may be set below the perceived market competitive range (e.g. to reflect an individual's limited plc Board experience), with the aim to offer phased above inflationary increase to re-position salary at the desired level over a two to three-year period, subject to individual performance and development in the role.
Benefits	– Benefits as provided to current executive directors – Where necessary the Committee may approve the payment of relocation expenses, legal fees and other allowances that the Committee considered appropriate.
Pension	– Defined contribution or cash supplement alternative – Maximum of 15% of salary, as offered to the current executives.
Annual bonus	– Operate as outlined for current executives – Maximum opportunity of up to 120% of salary – Different performance measures and targets may be set initially, dependent on the timing of appointment.
Long-term incentives	– Operate as outlined for current executives – Performance share awards will be granted in line with the policy outlined for the current executive directors – An award may be made shortly after an appointment (subject to the Company not being in a prohibited period) – Maximum opportunity of up to 140% of salary (175% of salary in exceptional circumstances) – For an internal hire, existing awards would continue over their original vesting period, subject to their original terms and conditions.
Buy-out award	– To facilitate an external recruitment, it may be necessary to buy-out remuneration which would be forfeited on leaving their previous employer. When determining the quantum and structure of any buy-out awards the Committee will consider, but not be limited to, the following factors: – the form of remuneration (cash or shares); – timing of expected payment/ vesting; and – expected value (i.e. taking into account the likelihood of achieving the existing performance criteria) – Buy-out awards, if used, will be granted using the Company's existing share plans to the extent possible (i.e. up to 175% of salary under the long-term incentive plan), although awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules.

Directors' service contracts and non-executive directors' terms of appointment

The Committee's policy on service contracts for executive directors is that they should provide for twelve months' notice of termination by the Company and the executive. The Chief Executive's and the Chief Financial Officer's contracts operate on a rolling basis with a twelve month notice period. There are no enhanced provisions on a change of control. The current executive directors' service contracts contain the key terms shown below, and the policy for a new hire would be based on terms that are consistent with these provisions:

Provision	Terms
Notice period	– Rolling twelve months by either Company or director
Termination payment	– Twelve months' salary plus employer pension contributions in lieu of notice (excluding bonus and all other contractual benefits) – No special change of control provisions
Remuneration entitlements	– Salary, pension and benefits – Company car cash allowance – Eligible to participate in the executive annual bonus scheme and long-term incentive plan (PSP) – Life, private health and income protection insurance
Non-competition	– During employment and for six months after leaving
Change of control	– None

Under the terms of the annual bonus plan, executive directors must be in employment and not 'under notice' at the time the bonus is paid in order to be eligible to receive a bonus award. However, should they leave service as a result of certain 'good leaver' circumstances such as death, ill health, disability, redundancy, retirement, transfer or sale of the Group, or other circumstances at the discretion of the Committee, they may be eligible to receive a pro-rata bonus for the period of employment.

The treatment for share-based incentives previously granted to an executive director will be determined based on the relevant plan rules. For awards granted under the long-term incentive plan, which was introduced when Cape moved to the Official List in 2011, 'good leaver' status may be determined in certain prescribed circumstances, such as death, illness, injury or disability, redundancy, an executive's employment being sold out of the Group or any other reason determined by the Committee. If defined as a good leaver, awards will remain subject to performance conditions, which will be measured over the performance period from grant to date of cessation unless the Committee decides to test performance as at the original vesting date in which case the performance period shall be the original performance period of three years. A pro-rata reduction to the number of shares initially granted will also apply. The Committee retains the discretion to disapply time pro-rating in exceptional circumstances.

Non-executive directors

The Chairman and the non-executive directors are not employed under service contracts and do not receive compensation for loss of office, but are appointed pursuant to a letter of appointment. In January 2012, all non-executive terms of appointment were amended to fixed terms of three years (normally renewable for an additional three-year term if both parties agree) and subject to annual re-election by shareholders. The terms of appointment are terminable either by the non-executive director or the Company on three months' written notice.

The Company may invite non-executive directors to serve for a further period after the expiry of two three-year terms subject to a particularly rigorous review of performance and taking into account the need for progressive refreshing of the Board. Under the Company's Articles, all directors are required to stand for re-election by shareholders at least once every three years. However, in line with accepted best practice, the Board has agreed that all directors should be subject to annual re-election.

The following table shows details of the terms of appointment for the non-executive directors who served during the year and up until the reporting date:

	Engagement date	Appointment date	Date of expiry of current three-year term
Brendan Connolly	16/11/2011	16/11/2011	N/A – stepped down on 12/5/2015
Tim Eggar (Chairman)	1/5/2011	4/5/2011	4/5/2017
Steve Good	6/7/2015	6/7/2015	6/7/2018
Brian Larcombe	21/1/2016	21/1/2016	21/1/2019
Michael Merton	10/1/2011	4/5/2011	4/5/2017
Samantha Tough	1/1/2015	1/1/2015	1/1/2018
Leslie Van de Walle	22/8/2012	22/8/2012	N/A – stepped down on 26/8/2015

Annual Report on remuneration

The Remuneration Committee's role and objective

The Committee's terms of reference are summarised in the corporate governance report on page 57 and can be found in full in the corporate responsibility section of our website. The Committee remains focussed on ensuring that remuneration structures for executive directors and senior managers both enable the Group to attract, motivate and retain the executive talent required to deliver the business strategy and align the interests of the executive team with delivering long-term value to shareholders.

The Remuneration Committee's composition and meetings

The membership of the Committee is set out on page 56 and it is chaired by Steve Good who was appointed on 6 July 2015. Prior to this date the Committee was chaired by Brendan Connolly.

The Committee met formally on three occasions in 2015 and an attendance summary is given on page 58. The Committee liaises closely with the Audit Committee to ensure that remuneration targets are appropriate and sufficiently challenging.

External advisers to the Committee

The Committee has appointed independent remuneration consultants, New Bridge Street (NBS), to advise on all aspects of senior executive remuneration. During the year under review, NBS has reported to the Committee on macro-changes in the remuneration climate, relevant guidance on shareholder voting, as well as the structure of the 2016 long-term incentive award and post-cessation share retention for executive directors. NBS has no other connection with the Group other than in the provision of advice on executive and employee remuneration. NBS is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. NBS's terms of engagement are available from the Company Secretary on request. The total cost for advice received from New Bridge Street during the 2015 financial year was £14,971, charged on a time and materials basis.

The executive directors and other senior management may attend Committee meetings at the invitation of the Committee Chairman. However, no director takes part in any discussion directly concerning their own remuneration. The Company Secretary acts as the Secretary to the Committee.

Responsibilities of the Committee

The key responsibilities of the Committee remain to: determine the remuneration policy and elements for the remuneration of the executive directors and the key Group managers; determine all individual elements of the remuneration of the executive directors; select and appoint any remuneration consultants who advise the Committee; and approve the design of, and determine the targets for, the performance-related remuneration schemes operated by the Company. Non-executive director remuneration is a matter for the Chairman and the executive members of the Board. The Chairman's remuneration is determined by the Committee in consultation with the Chief Executive. No director or manager is involved in any decisions as to their own remuneration. The non-executive directors' fees were last revised in 2014 and details are set out on page 74.

External appointments

The Company recognises the benefits to the individual, and to the Group, of executive directors taking on external appointments as non-executive directors. Subject to the approval of the Committee and to such conditions as the Committee may apply, in its discretion, an executive director may accept such appointments at other companies or similar advisory or consultative roles. Whether the executive director is permitted to retain any fees paid for such services or whether such fees are remitted to the Company will be determined on a 'case by case' basis. Joe Oatley currently has no such external appointments. Michael Speakman has external appointments and is currently a non-executive director of Wellcentric Limited, FrontRow Energy Partners Limited and Interventek Subsea Engineering Limited.

Shareholder voting at the 2015 AGM

At the AGM on 12 May 2015, 99.39% of votes cast were in favour of approving the directors' remuneration report for 2014, which the Committee believes illustrates the strong level of shareholder support for the Company's executive remuneration framework.

	Total number of votes	% of votes cast
For	100,802,812	99.39
Against	614,325	0.61
Total votes cast (for and against)	101,417,137	100
Votes withheld*	1,138	0.0
Total votes cast (including withheld votes)	101,418,275	100

* A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

Single total figure of remuneration (executive directors)

This section provides the details of the actual payments and awards made to directors who served during the year. Information which required the Company's external independent auditors to report on can be found on pages 72 to 76 unless otherwise stated.

	Base salary		Taxable benefits[1]		Short-term incentives		Long-term incentives		Pension		Other[2]		Total remuneration	
Audited £'000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Executive directors														
Joe Oatley	**452.0**	441.0	**15.8**	15.9	**336.2**	483.0	**233.0**	–	**–**	27.6	**76.2**	47.5	**1,113.2**	1,015.0
Michael Speakman	**336.2**	328.0	**11.5**	11.6	**200.1**	308.5	**177.6**	–	**–**	–	**58.8**	57.3	**784.2**	705.4

1 Taxable benefits include a company car and private health insurance.
2 Other includes income protection insurance and life assurance, as well as a payment in lieu of pension for the Chief Executive and the Chief Financial Officer.

The maximum level of bonus award for the Chief Executive of 120% of salary remains unchanged. For the Chief Financial Officer the maximum bonus payable of 100% also remains unchanged.

Single total figure of remuneration (non-executive directors)

	Fees		Taxable benefits		Short-term incentives		Long-term incentives		Pension		Other		Total remuneration	
Audited £'000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Non-executive directors														
Brendan Connolly[1]	**21.0**	56.7	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**21.0**	56.7
Tim Eggar[2]	**160.0**	150.0	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**160.0**	150.0
Steve Good[3]	**28.1**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**28.1**	–
Michael Merton[4]	**57.5**	56.7	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**57.5**	56.7
Samantha Tough[5]	**50.0**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**50.0**	–
Leslie Van de Walle[6]	**32.7**	48.3	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**32.7**	48.3

1 Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. Left the Company on 12 May 2015.
2 Chairman of the Board, Chairman of the Nomination Committee and a member of the Remuneration Committee.
3 Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. Joined the Company on 6 July 2015.
4 Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.
5 Member of the Audit Committee from 29 June 2015.
6 Member of the Audit and Remuneration Committees. Left the Company on 26 August 2015.

Details of fixed remuneration for executive directors

Salary

As detailed in last year's annual report on remuneration the increases to the base salary levels of the executive directors was limited to 2.5% with effect from 1 January 2015.

The base salaries as at 31 December 2014 and 31 December 2015 for the executive directors are shown in the table below.

Audited £'000	Position	**2015**	2014
Joe Oatley	Chief Executive	**452.0**	441.0
Michael Speakman	Chief Financial Officer	**336.2**	328.0

Benefits

Benefits in kind provided for executive directors are principally a car allowance, private medical and income protection insurance and life assurance. Benefits in kind are not pensionable and are not taken into account when determining base salary for performance-related remuneration. Further details are provided in the tables on page 70.

Pension

Executive directors are entitled to become members of one of the Group's pension schemes or to receive a payment of a fixed percentage of salary. The current Chief Executive receives a payment of 15% of salary each month in lieu of pension. The current Chief Financial Officer receives a payment of 15% of salary each month in lieu of pension. The total cost to the Company this year amounted to £118,230 (CEO: £67,800 and CFO: £50,430). Further information about this pension scheme is provided in note 19 'Retirement benefit obligation'.

Details of variable remuneration for executive directors

Annual bonus

The Committee believes that it is important to incentivise executive directors, by ensuring that a significant portion of their total remuneration is conditional on achievement of business objectives across both annual and longer-term time periods. An annual cash bonus may be earned for the attainment of stretching performance targets. These targets are set by the Committee at the start of the financial year or upon appointment. The maximum annual bonus opportunity is determined by the Committee from time to time, taking account of the internal and external business and market context.

The annual bonuses awarded to executive directors are shown in the table below:

			2015		2014	
Audited		Maximum bonus potential	**£'000**	**% salary**	£'000	% salary
Joe Oatley	Chief Executive	120%	**336.2**	**74**	483.0	110
Michael Speakman	Chief Financial Officer	100%	**200.1**	**59**	308.5	94

For each executive director, achievement against the bonus targets set is detailed below:

Details of bonus calculation (Chief Executive):

	Proportion of total bonus available			Resulting bonus out-turn	
	% of maximum bonus opportunity	% of salary	Actual performance achieved	% of maximum	% of salary
EPS of between 27.65p (0% pay-out), 29.10p (50% pay-out) and 32.01p (full pay-out)	40%	48%	Actual EPS result was 29.9p	25%	31%
Cash flow of between £37.31m (0% pay-out), £39.27m (50% pay-out) and £43.2m (full pay-out)	12.5%	15.0%	Actual cash flow result was £40.23m	8%	9%
Working capital/revenue ratio between 15.1% (0% pay-out), 14.40% (50% pay-out) and 13% (full pay-out)	12.5%	15.0%	Actual working capital/revenue ratio was 15.3%	0%	0%
Strategic objectives (scored from zero (zero pay-out) to 100% (full pay-out))	35%	42%	Strategic objectives were 82% met	29%	34%
Total	100%	120%		62%	74%

The strategic targets set for the Chief Executive in 2015 remain commercially sensitive, because they would potentially provide a commercial advantage to our direct competitors, if highlighted specifically. However, his targets included the delivery of specific organic and acquisitive growth projects, embedding Operational Excellence in the business and the development of the HR strategy. The strategic objectives also included a year-on-year health and safety target performance that included the implementation of standardised supervisor training throughout the Group. Achievement of strategic targets was measured at 82%.

Details of bonus calculation (Chief Financial Officer):

	Proportion of total bonus available			Resulting bonus out-turn	
	% of maximum bonus opportunity	% of salary	Actual performance achieved	% of maximum	% of salary
EPS of between 27.65p (0% pay-out) and 32.01p (full pay-out)	40%	40%	Actual EPS result was 29.9p	25%	25%
Cash flow of between £37.31m (0% pay-out) and £43.20m (full pay-out)	12.5%	12.5%	Actual cash flow result was £40.23m	8%	8%
Working capital/revenue ratio between 15.1% (0% pay-out) and 13% (full pay-out)	12.5%	12.5%	Actual working capital/revenue ratio was 15.3%	0%	0%
Strategic objectives (scored from zero pay-out) to 100% (full pay-out)	35%	35%	Strategic objectives were 75% met	26%	26%
Total	100%	100%		59%	59%

The Chief Financial Officer's strategic targets are commercially sensitive because they potentially provide a commercial advantage to our direct competitors, if specifically highlighted. Broadly, the targets included implementing improved management accounting reports, year-on-year improvement in working capital, delivering key internal audit projects, defining a new Group-wide ERP solution and meeting Group health and safety targets. Achievement of strategic targets was measured at 75%.

Long-term incentive plan awards granted in the year

Under the Company's PSP, the Company is permitted to make annual awards of up to 175% of salary over shares. In 2015, the Company made awards of 140% of salary to executive directors, the value of shares awarded determined according to the average of the mid-market price of the Company's shares at the close of business for the six months immediately preceding the award date. The details of awards made to executive directors in the year ended 31 December 2015 are set out below:

	Scheme	Date of grant	Number of shares awarded	Basis of award	Face value of shares awarded (£)	Vesting period	Performance conditions
Executive directors							
Joe Oatley	PSP	19/3/2015	260,412	Award of nil-cost options over 260,412 ordinary shares. The actual award being equivalent to 140% of annual salary using the award price calculated from 19/3/2015, with awards being made on 19/3/2015.	632,801	Awards were made in the form of performance shares that, subject to the fulfilment of performance conditions, will vest on the third anniversary of the grant.	RPI +3% for 30% vesting and RPI +10% for 100% vesting, based on 2014's EPS of 29.9p.
Michael Speakman	PSP	19/3/2015	193,695	Award of nil-cost options over 193,695 ordinary shares. The actual award being equivalent to 140% of annual salary using the award price calculated from 19/3/2015, with awards being made on 19/3/2015.	470,679	Awards were made in the form of performance shares that, subject to the fulfilment of performance conditions, will vest on the third anniversary of the grant.	RPI +3% for 30% vesting and RPI +10% for 100% vesting, based on 2014's EPS of 29.9p.

Performance share awards

Details of the awards made under the PSP are set out below. Details of the performance conditions that have applied to PSP awards are shown below.

Audited	Grant date opportunity	Market price at date of grant (pence)	At 31 December 2014 performance achieved	During 2015 Granted	During 2015 Exercised	During 2015 Lapsed	At 31 December 2015	Market price at date of exercise	Date from which exercisable/ awards vest	Expiry date
Executive directors										
Joe Oatley	19/3/2015	243.0	–	260,412	–	–	260,412	–	19/3/2018	19/3/2020
	31/3/2014	312.5	224,828	–	–	–	224,828	–	31/3/2017	31/3/2019
	31/3/2013	313.5	248,942	–	–	–	248,942	–	31/3/2016	31/3/2018
	29/6/2012	263.3	96,522	–	–	(96,522)	–	–	19/4/2015	18/4/2017
Michael Speakman	19/3/2015	243.0	–	193,695	–	–	193,695	–	19/3/2018	19/3/2020
	31/3/2014	312.5	167,219	–	–	–	167,219	–	31/3/2017	31/3/2019
	31/3/2013	313.5	189,670	–	–	–	189,670	–	31/3/2016	31/3/2018

Notes:
Awards under the PSP, other than 2013, are subject to a three-year EPS performance target, with 30% of awards vesting for annual EPS growth of RPI +3%, rising on a pro-rata basis to full vesting for annual EPS growth of RPI +10%. The share price at 31 December 2015 was 235p, with the minimum and maximum share price during the financial year being 186.75p and 269.0p respectively. Details for 2013 awards are shown below.

For the awards due to vest on 31 March 2016, the performance period ended on 31 December 2015. EPS growth was required to achieve threshold vesting at 29.0p rising to 36.0p for full vesting. Based on an adjusted diluted EPS of 29.9 pence for the year ending 31 December 2015, 39% of the award will vest (subject to the remaining service condition being met). The estimated value attributable to each Executive Director shown in the table below is based on the average three-month share price to 31 December 2015 of 240.04 pence.

Audited	Number of awards originally granted	Estimated vesting	Estimated value on vesting £'000
Executive directors			
Joe Oatley	248,942	39%	233.0
Michael Speakman	189,670	39%	177.6

Non-executive directors

The annual rates of non-executive director fees for the year ended 31 December 2015 are shown in the table below:

Audited position	Audited fees £'000
Chairman	160.0
Non-executive director	50.0
Additional fee for Committee Chairman	7.5
Additional fee for Committee member	–

The Board reviewed the remuneration structure for the non-executive directors during the year and determined that no changes were necessary.

The Chairman and the non-executive directors are appointed pursuant to a letter of appointment and do not receive compensation for loss of office. Effective from 23 January 2012, fixed terms are for three years, non-executive directors are normally appointed for two three-year terms if both parties agree and subject to annual re-election by shareholders, and terminable either by the non-executive director or the Company on three months' written notice.

The Company may invite non-executive directors to serve for a further period after the expiry of two three-year terms subject to a particularly rigorous review of performance and taking into account the need for progressive refreshing of the Board. Under the Company's Articles of association, all directors are required to stand for re-election by shareholders at least once every three years. However, in line with accepted best practice, the Board has agreed that all directors should be subject to annual re-election.

Directors' interests and transactions in the ordinary shares of the Company

The beneficial and non-beneficial interests of the directors in office as at 31 December 2015 and at 16 March 2016 are shown below:

Number of ordinary shares	As at 16 March 2016	As at 31 December 2015	Market price per share (pence) 31 December 2015	£k Total	% of salary held in shares	Shareholding guideline met?	Target shares to be retained to meet threshold
Executive directors							
Joe Oatley	72,000	72,000	235.0	169.2	37.4	No	288,511
Michael Speakman	44,060	44,060	235.0	103.5	30.8	No	143,064
Non-executive directors							
Tim Eggar	66,807	66,807	–	–	–	N/A	N/A
Steve Good	–	–	–	–	–	N/A	N/A
Michael Merton	10,000	10,000	–	–	–	N/A	N/A
Samantha Tough	–	–	–	–	–	N/A	N/A
Brian Larcombe	–	–	–	–	–	N/A	N/A

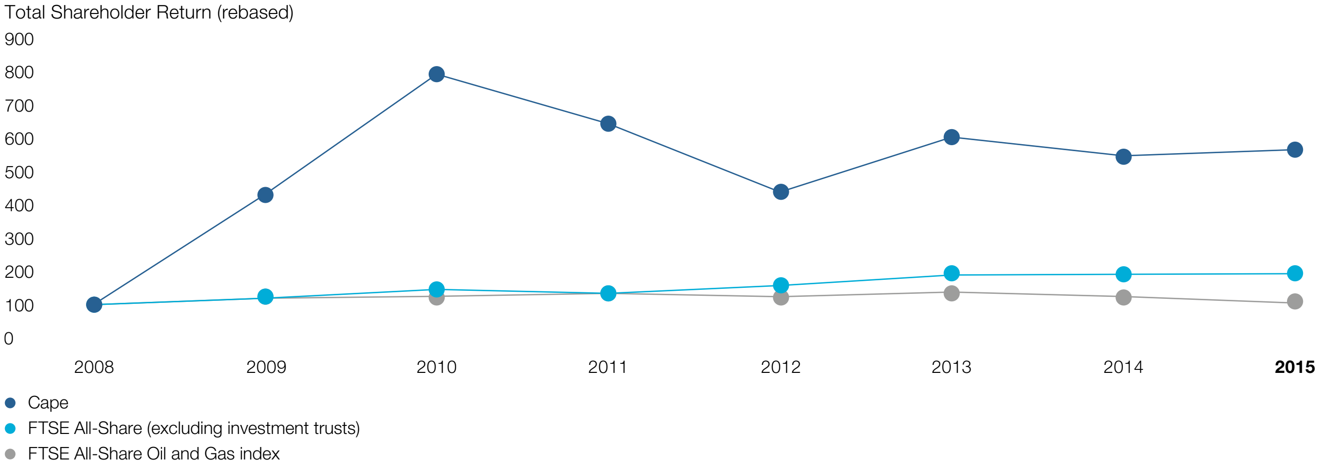
To reinforce the linkage between directors and shareholders, the Remuneration Committee has adopted a shareholding policy that applies to executive directors eligible to receive awards conditional on performance under its long-term incentive arrangements. Such directors are required to build up and retain a personal shareholding worth an equivalent of a minimum of 150% of their prevailing base salary, in the case of the Chief Executive and 100% in the case of the Chief Financial Officer. It is expected that the required shareholding will be built up over a number of years by the relevant director retaining a specified percentage of shares vesting under a long-term incentive arrangement (net of tax liability arising upon vesting) until the required shareholding level is met. The Committee has discretion to waive the requirement in exceptional circumstances. Once attained, a subsequent fall below the required level may be taken into account by the Committee when determining the grant of future awards.

Total shareholder return performance (TSR)

The graph below shows the TSR for holders of Cape plc £0.25 ordinary shares over the last seven financial years, measured against the FTSE All-Share Index (excluding investment trusts) and the FTSE All-Share Oil and Gas Index. These indices are seen as the most appropriate to represent the Company's relative performance over the last seven financial years given the Company's move to the Official List of the London Stock Exchange from AIM in 2011. The calculation of TSR follows the provisions of the Regulations and is broadly the change in market price together with reinvestment of dividend income.

Total Shareholder Return

Source: Datastream



This graph shows the spot value of £100 invested in Cape plc on 31 December 2008 compared with the value of £100 invested in the FTSE All-Share Index (excluding investment trusts) and the FTSE All-Share Oil and Gas Index. The intermediate points are the spot values on the Company's financial year ends.

Table of historic performance

Year	Chief Executive	Chief Executive single figure of total remuneration £'000	Annual bonus payout against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
2015	Joe Oatley	1,113.2	62	39
2014	Joe Oatley	1,015.0	91	N/A
2013	Joe Oatley	804.6	59	N/A
2012	Joe Oatley	461.2	81	N/A
	Brendan Connolly	137.3	N/A	N/A
	Martin May	831.7	Nil	100
2011	Martin May	930.2	57	100
2010	Martin May	1,151.4	100	100
2009	Martin May	1,066.0	100	100

Note: Martin May stood down on 29 March 2012. Brendan Connolly served as Acting Chief Executive for the period from 29 March 2012 to 29 June 2012. Joe Oatley was appointed on 29 June 2012.

Percentage change in remuneration of director undertaking the role of Chief Executive

	% change year on year	
	Chief Executive	All employees[1]
Base salary	2.5%	1.2%
Taxable benefits	(0.5%)	20.2%
Short-term incentives	(30.4%)	(66.7%)

1 UK employees were selected as the appropriate comparator. Note that the 'All employees' figures reflect a broad range of pay grades, manual and non-manual employees, and include various office and site locations throughout the UK.

Relative importance of spend on pay

The following table sets out the change in dividends and total employee remuneration costs in 2015 compared to 2014.

	2015 £m	Restated 2014 £m	Year on year change %
Dividend[1]	**17.0**	16.9	0.6
Employee remuneration costs[2]	**442.3**	406.6	8.8

1 Dividend are the interim and final dividends paid to Group shareholders in respect of the financial year ended 31 December 2014 and the interim dividend paid and the final dividend recommended to Group shareholders in respect of the financial year ended 31 December 2015.
2 Employment benefit expense by continuing operations.

Statement of implementation of remuneration policy for 2016 (unaudited)
The table below provides details of the remuneration for executive directors for the current financial year and highlights any changes to the implementation of the remuneration policy (where relevant).

Element	Expected maximum in current financial year	Performance targets	Changes for 2016
Salary (see page 72)	Chief Executive: £463,300	N/A	2.5% salary increase
	CFO: £344,605		2.5% salary increase
Short-term Incentive (see page 72)	Chief Executive: maximum 120% of salary CFO: maximum 100% of salary	Adjusted EPS targets, working capital/revenue ratio and strategic objectives Financial targets are set around the budgeted level of performance for the year Strategic objectives vest based on the Committee's assessment of the extent to which executive directors have met the range of targets set for them at the start of the year Performance targets are considered to be commercially sensitive at this stage but the Committee will endeavour to disclose on a retrospective basis in next year's report where these concerns have fallen away	No change to % award Removal of cash flow target in favour of expanded working capital/revenue ratio target.
Long-term Incentive Plan (see page 73)	Chief Executive: 140% of salary performance shares CFO: 140% of salary performance shares	Performance measured over three years Based on EPS growth against RPI At threshold (30% vests): EPS growth at least RPI + 3% p.a. over specified EPS. At maximum: EPS growth at least RPI + 10% p.a. over specified EPS Pro-rata on a straight line basis between these points	No change to % award. For the 2016 plan the range of adjusted EPS targets has been set taking into account internal growth plans, analyst expectations, the overall trading environment of the Group and global inflationary expectations.
Pension (see page 72)	Monthly employer contribution of 15% of base salary	N/A	No change
Other benefits (see page 72)	N/A	N/A	No change
Share ownership guidelines (see page 75)	150% of salary holding for Chief Executive 100% of salary holding for CFO	N/A	No change

With regards to the operation of clawback provisions in the Company's incentive plans (as detailed on pages 67 and 68), they enable the recovery of excess payments made in the event of a material misstatement or an error in the calculation procedure for up to a three year period. The process through which the Committee may seek to recover excess payments is (i) through the withholding of future incentive pay or (ii) through requesting a repayment (on a net of tax basis) from the individual.

This report was approved by the Board and signed on its behalf by:

Steve Good
Chairman, Remuneration Committee
15 March 2016

Shareholder engagement
The Board is committed to maintaining an open dialogue with the Company's shareholders. Whilst the Chairman assumes overall responsibility for the effective communication of shareholder views and concerns to the Board, shareholder communications are primarily maintained by the Chief Executive and Chief Financial Officer. The Chief Executive reports to the Board on a regular basis regarding feedback from institutional investors (including key market issues raised by shareholders) and on investor relations objectives and activities, share price performance and the share register profile. The Chairman is available to meet with institutional investors generally. The Senior Independent Director and the remaining non-executive directors are available to meet with shareholders on request.

The Company's investor relations programme includes: formal presentations of full-year and half-year results (available to all shareholders to download from the Group's website at www.capeplc.com/investors/financial-results-and-presentations); briefing meetings with major institutional shareholders in relation to those results; dialogue between the Chairman of the Remuneration Committee and shareholders; publication of the Company's Annual Report and other regulatory reports as appropriate; and a section dedicated to investors on our website at www.capeplc.com/investors which includes all formal reports and announcements by the Company and any analyst or investor presentations that have been held.

This Annual Report, together with other public announcements, is designed to present a fair, balanced and understandable view of the Group's activities and prospects. The performance review, on pages 26 to 49, provides an assessment of the Group's business. This Annual Report is despatched to eligible shareholders at least 20 working days before the AGM and the accompanying proxy form provides for a shareholder to vote in favour or against, or to indicate abstention as an alternative on each separate resolution. The Annual Report, together with trading updates, significant contract wins and health and safety achievements are published via a Regulatory Information Service, where applicable, and on the Company's website at www.capeplc.com/investors.

Dividends
Details of the final dividend proposed by the Board are given in the Chief Financial Officer's review on page 38.

Substantial holdings
As at 31 December 2015, the Company had been notified pursuant to DTR5 of the following interests of 3% or more in the issued ordinary share capital of the Company:

Institution	No. of shares	% holding
Prudential plc group of companies	16,944,402	13.99
Schroders plc	16,666,711	13.76
JO Hambro Capital Management Group Ltd	11,407,528	9.42
Ruffer LLP	8,718,766	7.20
Artemis Investment Management LLP	6,043,304	4.99
Invesco Perpetual	4,360,560	3.60

As at 15 March 2016, no other notifications were received under DTR5 between 31 December 2015 and 15 March 2016.

The Company has not received notification of any other interests held by persons acting together which at 15 March 2016 represented 3% or more of the issued ordinary share capital.

Share capital
Ordinary shares of 25 pence. The Company's ordinary shares, together with the £1 Scheme Share referenced below, represent 100% of the Company's issued share capital. At a meeting of the Company every member present in person or by proxy shall have one vote for every ordinary share of which they are the holder. Holders of ordinary shares are entitled to receive dividends. On a winding-up or other return of capital, holders are entitled to a share in any surplus assets pro-rata to the amount paid up on their ordinary shares. The ordinary shares are not redeemable at the option of either the Company or the holder. There are no restrictions on the transfer of ordinary shares. Further details of the issued share capital of the Company are given in financial statement note 30 'Share capital and reserves'.

Scheme Share of £1. The Company has one 'Scheme Share' in issue (the Scheme Share), issued to the trustees of a Scheme of Arrangement entered into by the Company in 2006 (the Scheme). The Scheme Share carries two votes for every vote which the holders of the other classes of shares in issue are entitled to exercise on any resolution proposed during the life of the Scheme to engage in certain activities specified in the Articles. The Scheme Share is held by the scheme trustees on behalf of the Scheme creditors. The Company will not be permitted to engage in certain activities specified in the Company's Articles without the prior consent of the holder of the Scheme Share. The rights attaching to the Scheme Share are designed to ensure that Scheme assets are only used to settle Scheme claims and ancillary costs. The Scheme Share does not confer any right to receive a distribution or any right to receive a return of surplus capital. The Scheme Shareholder has the right to require the Company to redeem the Scheme Share at par value on or at any time after the termination of the Scheme. Further details are provided in the financial statements' note 30 'Share capital and reserves'.

Treasury shares
The Company currently holds no ordinary shares in treasury. However, the Group has an employee benefit trust holding shares to satisfy the exercise of share options.

Issue of shares
Subject generally to Jersey law relating to authority and pre-emption rights, and specifically to any requirements for a resolution of the Company in a general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, and at such times, and on such terms as they consider appropriate. Shareholders approved a resolution to authorise the Company's directors to allot or sell shares in the Company up to a maximum aggregate nominal amount of £10,091,994.75 in connection with a pre-emptive issue (which represented approximately 33% of the Company's ordinary share capital in issue as at 27 March 2015), and otherwise up to a maximum aggregate nominal value of £1,513,799 (which represented approximately 5% of the total ordinary share capital of the Company in issue as at 27 March 2015). Notwithstanding the passing of these resolutions, the Company did not issue or allot shares in 2015.

Authority to purchase own shares
At the Company's AGM held on 12 May 2015, shareholders approved a resolution to authorise the Company to make one or more market purchases of the issued ordinary shares of the Company up to a maximum aggregate number of 12,110,394 ordinary shares (representing 10% of the Company's issued share capital as at 27 March 2015). No shares were purchased under this authority during the year. No purchases have been made pursuant to this authority and a resolution will be put to shareholders to renew this authority for a further year at the 2016 AGM.

Annual General Meetings (AGM)
The Board considers that the AGM is an important opportunity for effective communications between the Board and shareholders. The Company's 2016 AGM will be held at the Cape offices, Drayton Hall, Church Road, West Drayton, Middlesex UB7 7PS, United Kingdom at 10.00 on Wednesday 11 May 2016 for eligible shareholders. Further details of the AGM venue and the resolutions to be proposed, together with explanatory notes, will be set out in a notice of meeting which will be issued to eligible shareholders at least 20 working days prior to the AGM and are also published on the Company's website at www.capeplc.com/investors. All resolutions at the AGM are each on separate substantive issues and are decided on a poll in accordance with best practice and will be voted upon separately. The proxy votes cast (including details of votes withheld) are disclosed to those in attendance at the meeting. In accordance with Code provision E.2.2, the voting results (including the number of shares in respect of which proxy appointments have been validly made, all votes cast for or against each resolution and those withheld) will be announced to the London Stock Exchange and made available on the Company's website as soon as practicable after the meeting. As in previous years, the form of proxy will make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.

Rights and obligations attaching to shares
- The rights and obligations attaching to the ordinary shares are set out in the Articles
- The Articles may only be changed by the shareholders by special resolution
- Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares
- At every such separate general meeting the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares)
- The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them
- Subject to the Articles generally and to any special rights or restrictions as to voting attached by, or in accordance with, the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder
- Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee
- Members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meetings as a corporate representative
- No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Law.

The Articles require that any shares issued wholly for cash must be offered to existing shareholders in proportion to their existing shareholding unless authorised to the contrary by a resolution of the shareholders.

This directors' report is comprised, as required under UK Company law, of the information below together with the directors' governance report. As a Jersey incorporated company with premium-listed shares on the Official List of the London Stock Exchange, certain UK statutory and regulatory requirements do not apply to Cape. However, in the interests of transparency, the Company has chosen to comply voluntarily with such disclosure requirements set out in applicable UK statutes and regulations.

Employees
Cape recognises that the quality of our people is fundamental to our success. The Board firmly believes in the equality of opportunity and inclusivity regardless of an individual's age, gender, ethnicity, sexual orientation, religious belief, disability or family status and this is reflected in the breadth and diversity of cultures and environments that we operate in, and also in our Group diversity and inclusivity policies. Fairness and mutual respect are integral to the decision making process at Cape and judgements about employees are based on aptitudes, skills, competencies, qualifications, attitude and fitness to work in the relevant environment. Accordingly, applications from disabled persons would always be fully considered on this basis. It is the Group's policy that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the Group) should, as far as is reasonably possible, be identical to those of other employees. The Board remains committed to fostering and developing a culture of employee involvement in the Group's business through pro-active communication with employees and appropriate consultation with employees embedded within general good management practice. The Group operates various incentive schemes to encourage employee participation in the performance of the Group and ensures that employee communications contain relevant information about the ongoing performance of the Group.

Political donations
There were no political donations in 2015 (2014: £nil).

Post balance sheet events
There are no significant post balance sheet events to report.

Principal subsidiaries and branches
Details of the Company's subsidiaries are listed in the financial statements' note 38 'Subsidiary undertakings and joint ventures'.

Research and development
Given the nature of the Group's activities it does not carry out any material research and development work.

Significant agreements – change of control
There are a number of agreements with provisions that may take effect, alter or terminate upon a change of control of the Company such as bank facility agreements and employee share scheme rules. None of these are considered to be significant in terms of their likely impact on the normal course of business for the Group.

Treasury policy and risk
The Group's policy on treasury and financial risk (see note 25 'Financial instruments') is set by the Board and is subject to regular reporting and review. The main risks faced by the Group relate to foreign currency risk and liquidity risk. A significant proportion of the Group's business is conducted overseas. The Group is therefore subject to exchange rate risk when translating the results and assets of its overseas subsidiaries into Sterling. Where significant transactional exchange rate risks are identified, then appropriate currency contracts are used to hedge these transactions. The Group's committed facilities all carry interest rates based on LIBOR and therefore the Group is exposed to interest rate movements. As at 31 December 2015, 36.8% of the Group borrowings were hedged (2014: 43.1%).

Greenhouse gas (GHG) emissions
CO_2e, kg rounded to the nearest 10,000

	2015 CO_2	2014 CO_2*
Scope 1 (direct GHG emissions)	**26,613,086**	33,930,350
Scope 2 (electricity indirect emissions)	**3,978,839**	5,580,408
Scope 3 (other indirect GHG emissions)	**25,869,992**	28,464,881
Total gross emissions	**56,461,917**	67,975,639
Intensity Ratio	**1.040**	1.23

* 2014 CO_2e restated to ensure consistency of calculation methodology with 2015.

Notes:
The Intensity Ratio is defined as: total CO_2e kg/million man hours worked, as this measure is deemed the most relevant to the Group's operations.

Scope 1 includes fuel vehicles (litres), fuel other (litres), units of electricity (kWh) and units of gas (kWh). All major geographies within the Group's international operations are included in the reported data. The data was converted into the CO_2 equivalent using calculations provided within the '2014 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting'.

Please see page 48 within the Corporate and social responsibility section for further details of the Group's GHG emissions.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the performance review on pages 26 to 49. The Group's financial position, cash flows, liquidity position and borrowing facilities are described on pages 36 to 39. The performance review includes a description of the Group's objectives, policies and processes for managing its: capital; financial risk management objectives; financial instruments and hedging activities; and exposures to credit risk and liquidity risk.

The Group has adequate financial resources together with long-term relationships with a number of customers and suppliers in different countries and industries. As a result, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and for a period of not less than twelve months from signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

Auditors
The Company, as at 15 March 2016, confirms that:

– so far as each director is aware (taking account of their individual capacity), there is no relevant audit information of which the Company's auditor is unaware; and
– each director has taken all steps that he/she ought to have taken as a director (taking account of their individual capacity) in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

For and on behalf of the Board

Richard Allan
Group Company Secretary
Cape plc
47 Esplanade, St Helier
Jersey JE1 0BD
Channel Islands

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. The directors are also responsible for the preparation of the directors' remuneration report, which they have chosen to prepare, being under no obligation to do so under Jersey law. The directors are also responsible for the preparation of the directors' governance report under the Listing Rules.

Jersey company law requires the directors to prepare financial statements for each financial period in accordance with generally accepted accounting principles prescribed for the purposes of the law. Pursuant to that law, the directors have prepared the Group consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company at the period's end and also the profit or loss of the Company for the period then ended. In preparing those financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- state that the financial statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 'going concern' basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the Company's transactions and as such to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the law. 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 Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement under the Disclosure and Transparency Rules

Each of the current directors, whose names and functions are listed on page 54, confirms that, to the best of his/her knowledge:

- the consolidated financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and
- the directors' governance report (including the corporate governance report and the Audit Committee report) on pages 52 to 81 and the regional and Chief Financial Officer's reviews on pages 30 to 39 include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face as set out in the risks and uncertainties review on pages 18 to 25.

Directors' statement under the Corporate Governance Code

The strategic report and this directors' governance report (including the remuneration report) were reviewed and approved by the Board on 15 March 2016. The Board confirms that, taken as a whole, these reports represent a fair, balanced and understandable report on the Group's performance, business model and strategy.

By order of the Board

Michael Speakman
Chief Financial Officer
15 March 2016