The Directors' remuneration policy

This policy was approved by the shareholders at the 2014 AGM which was held on 14 July 2014, and has been provided with the original wording. Therefore, all figures given relate to the period 2014/15. For 2015/16 salaries for the Executive and Non-Executive Directors, please refer to the 2015 Annual Report.

AVEVA's Executive Remuneration philosophy
The Remuneration Committee aims to ensure that members of the Executive management team are provided with appropriate incentives to align them with the Company's strategy and the future creation of shareholder value, encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.

It also aims for a combination of fixed and variable payments, benefits and share-based awards that will achieve a balance in incentives to deliver short and long-term goals. The Company's policy is that a substantial proportion of remuneration of Executive Directors should be performance related and should be delivered in shares to create alignment with shareholders' interests. Remuneration for Executive Directors is set in the context of the economic environment in which the Group operates, the outcome of the wider pay review for all Group employees as well as the financial performance of the Group. When determining remuneration arrangements, the Committee takes into consideration relevant external market data as well as the remuneration for employees of the Group generally.

Remuneration commitments made which were consistent with the approved Remuneration policy in force at that time shall be honoured, even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.

Base salary

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
– Helps recruit and retain employees. – Reflects experience and role.	– Base salary is normally reviewed annually with changes effective from 1 April, although salaries may be reviewed more frequently or at different times of the year if the Committee determines this is appropriate. – The Committee determines base salary taking into account factors including, but not limited to: – The individual's role, experience and performance in achieving financial and non-financial goals within his areas of responsibility. – Salaries at other companies of a similar size and complexity as well as global technology peers. – Remuneration of different groups of employees within the Company. – Total organisational salary budgets. – Paid in cash.	– In determining salary increases the Committee generally considers the factors outlined in the 'operation' column. – While there is no maximum salary level, salary increases will normally be in-line with the range of increases in the broader workforce salary. – The Committee retains the discretion to make increases above this level in certain circumstances, for example, but not limited to: – an increase in the individual's scope of responsibilities; – in the case of new executive directors who are positioned on a lower initial salary while they gain experience in the role; or – where the Committee considers that salary is behind appropriate market positioning for a company of AVEVA's size and complexity. – Salaries with effect from 1 April 2014 are: – CEO (Richard Longdon) £445,000 – CFO (James Kidd) £280,000	None

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Pensions			
– Provides a competitive retirement benefit in a way that is cost effective to the Company.	CEO – The CEO, Richard Longdon, participated in the CadCentre Pension Scheme, a defined benefit pension scheme, until 2010 when he accrued the maximum benefits that he is entitled to under the scheme. The plan is a contributory, funded, occupational scheme registered with HM Revenue and Customs (HMRC) and, since 1 October 2004, Career Average Revalued Earning benefits apply. – Mr Longdon is now a deferred member of the scheme and is no longer accruing any further benefits. **CFO** – The CFO is a member of the AVEVA Group Personal Pension Plan (a defined contribution scheme). **New appointment** – The intention is that new appointments to the Board would participate in the AVEVA Group Personal Pension Plan or receive an equivalent cash payment. However, if appropriate the Committee may determine that alternative arrangements for the provision of retirement benefit may apply. When determining pension arrangements for new appointments the Board will give regard to the cost of the arrangements, market practice and the pension arrangements received elsewhere in the Group.	**CEO** – The current CEO is entitled to a pension on normal retirement, or on retirement due to ill heath, equivalent to two-thirds of his pensionable salary provided he has completed (or would have completed in the case of ill health) 25 years' service. – A lower pension is payable on earlier retirement after the age of 55 by agreement with the Company and subject to HMRC guidelines. – Pensions are payable to dependants on the Director's death in retirement and a lump sum is payable if death occurs in service. **CFO** – The Company currently contributes 10% of base salary to the plan.	None

Benefits			
– Help recruit and retain employees – Provide a competitive range of valued benefits – Assist toward early return to work in the event of illness or injury	– The benefit policy is to provide an appropriate level of benefit taking into account market practice at similar sized companies and the level of benefits provided for other employees in the Group. – In line with benefits provided for other senior employees in the Group, Executive directors currently receive a mobility allowance or company car, a fuel allowance and a £500 annual allowance toward a range of benefits. – In the event that an Executive was required to re-locate to undertake their role, the Committee may provide additional benefits to reflect the relevant circumstances (on a one- off or ongoing basis). – Benefits are reviewed by the Committee in the context of market practice from time to time and the Committee may introduce or remove particular benefits if it is considered appropriate to do so. – If the Company were to operate an all-employee share plan in the future, Executive Directors would be entitled to participate in the plan on the same terms as other employees.	– The cost of benefit provision will depend on the cost to the Company of providing individual items and the individual's circumstances and therefore there is no maximum value.	None

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Incentive Scheme & Deferred Share Scheme			
– Incentivises and rewards the achievement of annual financial and strategic business targets and delivery of personal objectives. – Deferred element encourages long-term shareholding, helps retention and discourages excessive risk taking.	– The Committee determines an individual's maximum incentive opportunity taking into account the responsibilities of the role and market practice at comparable companies. – Performance targets are set by the Committee on an annual basis. – The Committee determines the level of bonus paid taking into account performance against targets, the underlying performance of the business and Executive Directors' performance during the year. – The annual bonus is generally paid in a mix of cash and deferred shares. – For the core award, at 100% achievement of bonus performance targets, 60% of the bonus amount is payable in cash and the balance, 40%, is used to calculate the number of deferred shares. If the bonus amount is less than or equal to 70% of the potential maximum bonus, then 75% of the total bonus is paid in cash and 25% is deferred into shares. If the bonus amount is between 70% and 100% of the potential maximum then the proportion paid in deferred shares is determined by linear interpolation between 25% and 40%. The Committee may determine that a different balance of cash and deferred shares should apply. – The whole outperformance award would normally be delivered in deferred shares. – Further details of how the deferred share element operates are included as a footnote to this table.	– The maximum bonus opportunity is 125% of base salary (core award of 100% of salary, outperformance award of 25% of base salary).	**Core Award** – The core bonus award is based on a mix of financial and individual objectives. For 2014/15, 90% of the bonus is based on financial measures with 10% based on individual measures agreed by the Committee at the start of the year. The Committee reserves the right to vary these proportions for future years. However, in any year, financial performance will always account for at least 70% of the bonus. – For the financial performance element, up to 10% of the bonus can be earned based on interim financial performance. Other than for this element performance is assessed over a financial year. – The core award starts being earned for entry level performance from 0% of salary and accrues linearly up to 100% for achievement of stretch target. Around 50% of the core award bonus is paid if target levels of performance are achieved. **Outperformance award** – The outperformance award is based on financial performance over the financial year and is only delivered for the over-achievement of stretch targets. For further details of metrics for the 2014/15 annual bonus please see page 57.

The AVEVA Group Long Term Incentive Plan 2014 (the 2014 LTIP)			
– Establishes a motivational and performance-orientated structure to incentivise Directors to focus on the creation of shareholder value aligned with the longer term strategy for the Group.	– Up to 2013, the Company's long term incentive arrangement was the AVEVA Group Long Term Incentive Plan adopted with shareholder approval in 2004 (the 2004 LTIP). – Subject to shareholder approval, from 2014 onwards the Committee intends to make awards under the 2014 LTIP, which will be put to shareholders for approval at the 2014 AGM. – Awards normally vest based on performance over a period of three years and are subject to a subsequent two-year holding period. Awards may be subject to a different vesting period as may be determined by the Committee. – Awards under the 2014 LTIP may be granted in the form of conditional awards or nominal cost options or phantom options which will be settled in cash. – The Committee determines targets each year to ensure that targets are stretching and represent value creation for shareholders while remaining motivational for management. – The Committee shall determine the extent to which the awards will vest based on performance against targets and taking into consideration the wider performance of the Group. – Awards are subject to malus and clawback provisions (details set out on page 52).	– The maximum limit under the plan rules is 250% of base salary. – The current intention is that awards will be limited to: – 150% of base salary for the CEO – 120% of base salary for the CFO – The intention is the maximum award will only be awarded in exceptional circumstances (e.g. recruitment). – The Committee retains the discretion to grant awards up to the maximum limit under the plan rules. The Committee's intention would be to consult with shareholders in the event that awards were to be increased.	– Awards vest based on earnings per share performance. – The Committee retains the discretion to introduce alternative or additional performance measures if it considers that these would be better aligned with strategy and incentivise Executive Directors to deliver long-term shareholder value. However, in any, year financial performance will always account for at least 75% of an award. – For threshold levels of performance 25% of the award vests, increasing to 100% of the award for maximum performance. There is straight-line vesting of awards between these points. –

Policy table footnotes

- The deferred share element for both the core and outperformance annual incentive will be structured as a nil-cost option.
- Deferred awards will normally deliver the shares to participants in three equal tranches, one in each of the three years following the year in which an award is granted. The Committee has discretion to determine an alternative vesting profile.
- Awards granted from 2012 onwards under the LTIP and the deferred share scheme are subject to malus and clawback provisions. Those provisions may apply at the discretion of the Committee if accounts are corrected or published that indicate the relevant performance was materially worse than in the accounts used to assess vesting.
- Other elements of remuneration are not subject to clawback or malus.
- The Committee may operate the 2014 LTIP and the deferred share scheme in accordance with its terms. This includes amending the scheme and the terms of awards (including adjustments to take account of any variation of capital, demerger or special dividend).

Legacy plans

Up to 2013, the Company's long term incentive arrangement was the AVEVA Group Long Term Incentive Plan adopted with shareholder approval in 2004 (2004 LTIP). Awards under the plan were granted in the form of nominal priced options and vest based on the achievement of EPS performance over a three-year period. No holding period applies. At the 2007 AGM, shareholders approved the Executive Share Option Scheme 2007 (2007 ESOS). No grants have been made under the scheme. The Committee may operate the 2004 LTIP and 2007 ESOS in accordance with its terms. This includes amending the scheme and the terms of awards or performance conditions (including adjustments to take account of any variation of capital, demerger or special dividend).

Committee discretion

The Committee reserves the right to make any remuneration payments and payments for loss of office (including the exercise of any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes 'payments' include the Committee satisfying awards of variable remuneration and an award over shares is 'agreed' at the time the award is granted.

The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Information supporting the policy table

Remuneration arrangements throughout the Group

Throughout the Group remuneration is determined based on the same principles that remuneration arrangements should be appropriate for the role without paying more than is necessary and that pay should be structured to incentivise individuals to deliver the objectives of their role. AVEVA employs over 1,500 employees in over 40 locations with roles ranging from administrators to technical specialists and sales staff. The structure and level of reward therefore differs from role to role depending on skills, experience, level of seniority and market practice for the role. AVEVA's sales employees participate in commission plans that are designed to encourage the growth objectives of the Group. Around 200 employees have annual bonus plans with 19 receiving a portion of bonus in shares which is deferred for up to three years; all other employees are eligible for a Company Discretionary Award subject primarily to the Group's financial performance and secondarily subject to individual performance. Around 40 members of senior management also participate in the LTIP based on the same performance targets as Executive Directors. All staff participate in a similar benefit structure to the Executive Directors.

Selection of performance measures

The Committee's guiding principle is that remuneration arrangements that operate throughout the Group should support the delivery of our long-term business strategy and therefore the creation of shareholder value. Our key long-term strategic priority is to deliver strong but sustainable EPS growth to support the delivery of this strategic priority.

Our annual bonus arrangements incentivise the delivery of financial performance and the achievement of key individual objectives that are aligned with the delivery of our strategy. EPS growth is the primary measure used for long-term incentive arrangements (although the Committee retains discretion to use different performance measures for future awards). The payment of bonuses and the vesting of long-term incentives are subject to stretching targets established by the Committee at the beginning of each performance period. These targets are set taking account of internal forecasts of performance over the performance period, the markets in which the Group operates, our long-term growth ambitions and the expectations of the investment community on the Group's future potential performance.

Remuneration policy for new hires

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of an individual of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent.
- The structure of the on-going remuneration package would normally include the components set out in the policy table for Executive Directors.
- Where an individual forfeits outstanding variable pay opportunities or contractual rights as a result of their appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account relevant factors, which may include the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining such 'buy-outs' the guiding principle would be that awards would generally be on a 'like for like' basis to those forfeited unless not considered appropriate.
- The maximum level of variable remuneration which may be awarded (excluding any "buy-out" awards) is 375% of salary.
- Where an Executive Director is required to relocate to take-up their role the Committee may provide reasonable assistance with relocation (either via one-off or on-going payments or benefits) taking into account the individual's circumstances and prevailing market practice.
- In the event that an internal candidate was promoted to the Board legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

To facilitate awards outlined above, in the event of recruitment, the Committee may grant awards to a new executive director in accordance with Listing Rule 9.4.2. This provision permits the granting of long term incentive plan awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval, or under any other appropriate Company incentive plan. Awards under Listing Rule 9.4.2 would normally be limited to 'buy-out' awards.
The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the policy table for Non-Executive Directors.

Remuneration outcomes in different performance scenarios
The remuneration package at AVEVA is structured so that the majority of the package is related to the delivery of performance over the short and long-term to ensure that reward is aligned with shareholder value creation.

The charts below show hypothetical values of the remuneration package for Executive Directors under three assumed performance scenarios:

		CEO	CFO
Maximum award opportunities % of salary	Annual Bonus	125%	125%
	LTIP	150%	120%

Minimum	– No annual incentive pay-out – No vesting under the LTIP
Mid performance	– 50% of salary pays out under the Annual Bonus (40% of maximum i.e. half of the core award and none of the outperformance award) – 050% of maximum vesting under the LTIP
Maximum performance	– 100% of maximum annual incentive pay-out – 100% of maximum LTIP vesting

No share price growth has been assumed. Potential benefits under all employee share schemes and dividend equivalents have not been included.

Fixed pay is comprised of the following:

	Salary (Salary with effect from 1 April 2014)	**Benefits** (Paid in 2013/14)	**Pension** (Based on salary with effect from 1 April 2014)	**Total fixed pay**
CEO (Richard Longdon)	£445,000	£27,000	£0	£472,000
CFO (James Kidd)	£280,000	£17,000	£28,000	£325,000

Executive Director Service contracts and policy on payment for loss of office
When determining leaving arrangements for an Executive Director the Committee takes into account any contractual agreements including the provisions of any incentive arrangements, typical market practice and the performance and conduct of the individual.

The service contracts for Executive Directors include the following terms:

Name	Date of contract	Date of appointment	Expiry/review date of current contract	Continuous service date
Richard Longdon	28 November 1996	28 November 1996	Rolling	29 May 1984
James Kidd	1 January 2011	1 January 2011	Rolling	5 January 2004

The service agreements are available to shareholders to view on request from the Company Secretary.

Notice period	The CEO's service contract can be terminated by the Company or the Executive Director on 12 months' notice. The CFO's service contract can be terminated by the Company or the Executive Director on 9 months' notice. The service agreements provide for a period of garden leave not exceeding six months. The Committee will determine the appropriate notice period for any new director taking into account the circumstances of the individual and market practice. Any notice period will normally be no longer than 12 months. The Committee reserves the right to provide a longer initial notice period of up to 24 months reducing to 12 months over the first 12 months of employment if it considers this to be appropriate.
Payment in lieu of notice	In the event of termination of contract without notice, the Executive shall be entitled to a payment in respect of salary and benefits for the period of notice. Such payment will normally be made in instalments and subject to mitigation but the Committee shall have discretion to make a single payment if this is considered appropriate.
Annual Bonus	The Executive Director may, at the discretion of the Committee, remain eligible to receive an annual bonus for the financial year in which they ceased employment. Such Annual Bonus

	award will be determined by the Committee taking into account the circumstances for leaving, time in employment and performance.
Deferred Share Scheme	**Death** In the event of a participant's death unvested awards shall vest. Where awards are in the form of options they may be exercised for a period of up to 12 months from death. **'Good leaver'** At the discretion of the Committee, leaving by reason of injury, or disability, redundancy, the Company or business for which the participant works leaving the group & any other reasons determined by the Committee. Awards shall continue in full and vest on the originally anticipated vesting dates. Alternatively, the Committee may determine that awards should vest when the participant ceases employment. Awards in the form of options may be exercised in accordance with the rules of the scheme. **Leavers in other circumstances** Awards will normally lapse.
2014 Long Term Incentive Plan	**Good leavers** If a participant leaves as a 'good leaver', unvested awards shall continue in existence for the remainder of the performance period. At the end of the performance period, the awards may be permitted to vest to the extent determined in accordance with the applicable performance conditions and, unless the Committee determines otherwise, then reduced to reflect the period that elapsed from the start of the performance period to the date of cessation as a proportion of the performance period. 'Good leavers' are those that leave the employment of the company as a result of death, injury, disability, redundancy, retirement, the Company or business he works for being transferred from the Group or any other reason at the discretion of the Committee. **Leavers in other circumstances** Awards will normally lapse. Vested but unexercised options held by participants who leave employment other than due to gross misconduct may be exercised for a period following cessation of employment.
Other payments	An Executive Director who joined the Company before January 2008 and who is made redundant, may receive, in addition to a payment in lieu of notice, any statutory redundancy payment and any other payment to which he is entitled, a payment under the Company's enhanced redundancy policy. This policy applies to all employees who joined the Company before January 2008. Under the policy, an eligible person will receive a payment calculated by reference to their length of service and weekly pay (by reference to gross annual salary) as follows: – 7 weeks' pay for service of up to 6 years; plus – 1.5 weeks' pay for each completed year of service over 7 years up to 20 years; plus – 2 weeks' pay for each completed year of service over 20 years. Under the Company's enhanced redundancy policy, eligible participants, including Executive Directors, may also receive a payment in lieu of a 90 day redundancy consultation period. In the event of termination of an Executive Director's employment, a payment may be made in lieu of any accrued but untaken holiday. The Remuneration Committee would be responsible for considering the circumstances of the early termination of an Executive Director's contract and determining whether in exceptional circumstances there should be compensation payments in excess of the Company's contractual obligations.

Prior to 2014, long-term incentive awards were granted under the 2004 LTIP. Under this plan, if a participant leaves for any reason other than gross misconduct, unvested awards will vest to the extent performance conditions have been met at the date of cessation. To the extent performance conditions have not been met at the date of cessation, if the participant is a 'good leaver', unvested awards will vest at the date of cessation to the extent determined by the Committee at its absolute discretion taking into account the extent to which any performance condition has been satisfied on cessation and, unless the Committee determines otherwise, the period of time that has elapsed from grant to cessation. For these purposes, a person is a 'good leaver' if he leaves because of death, injury, disability, redundancy, retirement, the Company or business he works for being transferred from the Group or any other reason at the discretion of the Committee.

Change of control
In the event of a change of control or a voluntary winding-up of the Company and ultimately at the discretion of the Remuneration Committee:

1. Unvested awards under the Deferred Share Scheme will vest in full at the time of change of control.
2. Unvested awards granted under the 2004 LTIP will vest having regard to the extent to which performance conditions have been met and, in the case of awards granted after 16 May 2012, unless the Committee determines otherwise, the time elapsed between the date of award and the date of the change of control or winding-up.
3. Unvested awards granted under the 2014 LTIP will vest having regard to the extent to which performance conditions have been met and unless the Committee determines otherwise, the proportion of the performance period that has elapsed at the date of the change of control or winding-up.

Employee context
When setting Executive Directors' pay, the Committee considers the remuneration arrangement of other senior managers and employees in the Group more generally to ensure that Executive remuneration arrangements are appropriate in this context.

AVEVA undertakes an annual salary review in April each year and uses this opportunity to reward strong performance and ensure salaries are in line with market rates. It manages this in a competitive environment particularly in the fast-growing economic areas. When determining salary increases for Executive Directors the Committee considers the outcome of the wider pay review for the Group.

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

Dialogue with shareholders
The views of our shareholders on remuneration matters is important to the Committee and prior to making any material changes to remuneration arrangements the Committee consults with major shareholders and their representative bodies to obtain their views.

Over the past few years we have regularly consulted with shareholders regarding the operation of remuneration arrangements including the structure and stretch of the annual bonus plan, performance measures for the LTIP and the level of stretch in LTIP targets. In 2014 the Committee consulted with shareholders regarding the increases in basic salary for the Executive Directors and the implementation of a new LTIP in light of the expiry of the 2004 LTIP.

The Company remains committed to engaging with shareholders in relation to remuneration issues.

Remuneration Policy for Non-Executive Directors

Approach to setting fees	Basis of fees	Other items
– Fees for the Chairman and the Non-Executive Directors are determined taking account of the individual's responsibilities, the expected time commitment for the role and prevalent market rates. – The Board is responsible for setting fees for the Non-Executive Directors with the Committee being responsible for setting fees for the Chairman. – Fees are reviewed at appropriate intervals.	– Basic fees are subject to the aggregate limit in the Company's Articles of Association. Any changes in this limit would be subject to shareholder approval. – Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid to Non-Executive Directors who hold the position of Committee Chairman to take into account the additional responsibilities and workload. Additional fees may also be paid for other board responsibilities or roles if this is considered appropriate. – The Non-Executive Chairman receives an all-inclusive fee for the role. – Fees are paid in cash. – Current fees are follows: ▪ Chairman's fees – £165,880 ▪ Basic non-executive director fees – £47,150 ▪ Committee Chairman fee (Audit and Remuneration) – £10,700 ▪ Senior Independent Director fee – £10,700 – Fees may be increased in future years in line with the policy outlined above.	– Non-Executive Directors do not receive incentive pay or share awards. – Non-Executive Directors do not currently receive any benefits. Benefits may be provided in the future if, in the view of the Board (or, in the case of the Chairman, the Committee), this was considered appropriate. – Travel and other reasonable expenses (including fees incurred in obtaining professional advice in the furtherance of their duties) incurred in the course of performing their duties are reimbursed to Non-Executive Directors.

Non-Executive Director Letters of appointment
The Non-Executive Directors have appointment letters, the terms of which recognise that their appointments are subject to the Company's Articles of Association and their services is at the direction of the shareholders.

The letters of appointment for Non-Executive Directors include the following terms:

Name	Date of contract	Date of appointment	Expiry/review date of current contract	Notice period months
Philip Aiken	1 May 2012	1 May 2012	30 April 2015	3
Philip Dayer	2 January 2014	7 January 2008	2 January 2017	3
Jonathan Brooks	11 July 2013	12 July 2007	11 July 2016	3
Jennifer Allerton	6 March 2013	6 March 2014	1 July 2016	3

All Non-Executive Directors submit themselves for election at the Annual General Meeting following their appointment and subsequent intervals of no more than three years.

There are no pre-determined special provisions for Non-Executive Directors with regard to compensation in the event of loss of office. Non-Executive Directors are not entitled to any payments in lieu of notice.

The letters of appointment are available for shareholders to view from the Company Secretary upon request.