Chairman's introduction

KEN HANNA
CHAIRMAN

This year the Board has focused on supporting our strategy and ensuring we have the right governance framework in place to successfully execute that strategy

Compliance with the UK Corporate Governance Code

Aggreko is committed to maintaining high standards of corporate governance; it is the way we do business and it is at the core of everything we do. Summarised on the page opposite and explained in detail throughout this report, we have described the key elements which we believe are essential for good corporate governance. We follow the UK Corporate Governance Code (the "Code"), as published by the Financial Reporting Council in September 2014 and are pleased to report that Aggreko has complied in full with all relevant provisions of the Code throughout the year. We are also in compliance with the 2016 version of the Code, which will apply to Aggreko's financial year ending December 2017.

OVERVIEW

2016 has been another challenging year for Aggreko. We have had to deal with continuing low oil prices, commodity weaknesses and re-pricing of several legacy contracts. All of these factors have caused downward pressure on the Group's financial performance. It takes time to adjust to these pressures, but the Board and I are in agreement that our strategic priorities of customer, technology, efficiency and people will position Aggreko for a strong financial performance in the future.

HOW GOVERNANCE SUPPORTS OUR STRATEGIC PRIORITIES

Delivering on our strategic priorities is crucial to our success. The Board has focused on supporting our strategy by ensuring we have the right governance framework in place to monitor the execution of our strategic priorities. During the year, the Board received regular updates from the Programme Management Officer on each strategic priority and took time out from the usual Board calendar to spend a day focusing on strategy, identifying key actions to ensure we deliver on those priorities. We also agreed on a new set of strategic KPIs, designed to measure success against each of our priorities of customer, technology, efficiency and people. You can read more about our new KPIs on page 34.

THE BOARD IS PLEASED WITH THE INITIATIVES LAUNCHED IN 2016 THAT ARE DELIVERING AGAINST OUR STRATEGIC PRIORITIES.

READ MORE ABOUT THESE INITIATIVES
PAGES 27 TO 31

BOARD CHANGES

In March 2017, we were delighted to announce the appointments of Barbara Jeremiah and Miles Roberts as Non-executive Directors.

Barbara is currently a Non-executive Director of two North American based companies, Russel Metals and Allegheny Technologies, having recently retired as Chairwoman of Boart Longyear, a US based company in the minerals drilling sector. Barbara brings extensive international non-executive experience largely in the US and Australia together with an executive career in the mining, exploration and energy industries. Barbara will join the Ethics, Nomination and Remuneration Committees.

Miles brings substantial international business experience as a Chief Executive and Finance Director. Miles is currently Chief Executive Officer of DS Smith Plc, a FTSE international packaging group with operations in nearly 40 countries. Prior to this, Miles was Group Chief Executive of McBride plc, having served as the Group Finance Director before that. An engineer by background and also a chartered accountant, Miles will join the Audit and Nomination Committees.

In April 2016, after almost nine years of service, Robert MacLeod stepped down from the Board. During his time with Aggreko, Robert performed a vital role as Audit Committee Chairman, overseeing our external audit tender process and making a valuable contribution to the Board as Non-executive Director. I would like to thank Robert for his service and contribution to Aggreko and wish him well for the future.

FORMATION OF A GROUP RISK COMMITTEE

This year the Board agreed to establish a Group Risk Committee under the chairmanship of our Chief Financial Officer and made up of the Executive Committee members. Although the Board retains overall responsibility for our risk framework, the Group Risk Committee performs an important role, focusing on embedding the risk framework within the management teams and ensuring key controls are in place for each of our principal risks. I am pleased with the work of the Group Risk Committee to date; you can read more about their role and interaction with the Board and Audit Committee during 2016 on page 82.

THE GROUP RISK COMMITTEE PERFORMS AN IMPORTANT ROLE IN EMBEDDING OWNERSHIP OF THE RISKS WITH OUR MANAGERS.

BOARD EVALUATION

I personally conducted the Board evaluation this year, through individual meetings with each Board Member, the Rental Solutions President, Managing Director for Power Solutions and Company Secretary. We focused on the issues raised last year by the externally facilitated review in relation to competitors, market landscape, risk, succession and talent management. We also looked at Board meeting effectiveness. The review concluded that we have made good progress against the actions in relation to competitors, market landscape and risk, though further work was required around succession and talent management. We anticipate that the work to refresh our culture will make an impact following the launch of our refreshed culture in Q2 2017 and we agreed some further actions which we will report on next year. The review also found that Board meetings were effective and well run, with good relationships between members and open debate. We did identify some administrative areas for efficiency improvements and agreed actions for 2017. You can read more about the Board evaluation on page 81.

DIVIDEND

The Board is pleased to recommend a final dividend for the year ended 31 December 2016 of 17.74 pence (2015: 17.74 pence). When added to the interim dividend of 9.38 pence this results in a full year dividend of 27.12 pence (2015: 27.12 pence).

LOOKING AHEAD TO 2017

The Board will continue to closely monitor progress against our strategic priorities of customer, technology, efficiency and people, ensuring that they are supported by appropriate governance structures. These priorities are an investment in our future and will protect Aggreko's position as the leading global provider of power, heating and cooling that is efficient, modular and mobile.

Finally, I would like to thank our employees for the unwavering commitment and hard work during a challenging year.

LEADERSHIP

Your Board rigorously challenges strategy, performance, responsibility and accountability to ensure that every decision we make is of the highest quality.

READ MORE ABOUT OUR LEADERSHIP
PAGE 75

ACCOUNTABILITY

All of our decisions are discussed within the context of the risks involved. Effective risk management is central to achieving our strategic objectives.

READ MORE ABOUT OUR ACCOUNTABILITY
PAGE 82

EFFECTIVENESS

Your Board continuously evaluates the balance of skills, experience, knowledge and independence of the Directors. We ensure that all new Directors receive a tailored induction programme and we scrutinise our performance in an annual effectiveness review.

READ MORE ABOUT OUR EFFECTIVENESS
PAGE 80

RELATIONS WITH SHAREHOLDERS

Maintaining strong relationships with our Shareholders, both private and institutional, is crucial to achieving our aims. We hold events throughout the year to maintain an open dialogue with our investors.

READ MORE ABOUT SHAREHOLDERS' RELATIONS
PAGE 84

REMUNERATION

Having a formal and transparent procedure for developing policy on remuneration for Executive Directors is crucial. Our remuneration policy aims to attract, retain and motivate by linking reward to performance.

READ MORE ABOUT OUR REMUNERATION
PAGE 94

Our Board

KEN HANNA
Chairman

Appointed:
Non-executive Director in October 2010 and Chairman in April 2012.

Experience
Ken has international experience, bringing financial and leadership expertise to Aggreko. He possesses knowledge of many different business sectors and is an experienced senior executive and leader, promoting robust debate and a culture of openness in the Boardroom.

Ken is also currently Chairman of Inchcape Plc and Chairman of Shooting Star CHASE Charity. Until 2009, Ken spent five years as Chief Financial Officer of Cadbury Plc. He has also held positions as Operating Partner for Compass Partners, Group Chief Executive at Dalgety Plc, Group Finance Director of United Distillers Plc and Group Finance Director of Avis Europe Plc. He is also a fellow of the Institute of Chartered Accountants.

CHRIS WESTON
Chief Executive Officer

Appointed:
January 2015.

Experience
Chris has experience at a senior level in the energy industry, proven leadership skills in a large international business and has consistently succeeded in driving performance and growth in his career.

Prior to his appointment as Chief Executive Officer in January 2015, Chris was Managing Director, International Downstream at Centrica plc, where he was the Executive Director responsible for the Group's largest division. In this role Chris was operationally responsible for both British Gas in the UK and Direct Energy in the USA. He joined Centrica in 2001 after a successful career in the telecoms industry, working for both Cable & Wireless and One.Tel. Before that, Chris served in the Royal Artillery. He has a BSc in Applied Science, as well as an MBA and PhD from Imperial College London. Chris was also appointed as a Non-executive Director of the Royal Navy in January 2017.

CAROLE CRAN
Chief Financial Officer

Appointed:
June 2014.

Experience
Carole has corporate finance and accounting experience acquired over a number of years in senior financial roles with considerable exposure to emerging markets. Carole was appointed to the Board as Chief Financial Officer on 1 June 2014. Having joined Aggreko in 2004, her previous roles include Group Financial Controller and Director of Finance. A key member of the senior management team, Carole has worked to align financial strategies with the strategic direction of the business. Carole was also appointed as a Non-executive Director of Halma plc on 1 January 2016.

Prior to joining Aggreko, Carole spent seven years at BAE Systems, in a range of senior financial positions, including four years in Australia. Carole is also a chartered accountant, having trained at KPMG whilst working in their audit divisions in the UK and Australia.

RUSSELL KING
Senior Independent Director

Appointed:
Non-executive Director in February 2009 and Senior Independent Director in April 2014.

Experience
Russell brings international experience, acquired across a number of sectors including mining and chemicals, together with strong experience in strategy.

An experienced Non-executive Director, Russell currently sits on the boards of Spectris Plc as Senior Independent Director and Remuneration Committee Chairman and Interserve plc as Senior Independent Director. He is also Chairman of Hummingbird Resources plc. Prior to this, Russell spent eight years at Anglo American Plc, latterly as Chief Strategy Officer and spent 20 years in senior roles at ICI.

DAME NICOLA BREWER
Non-executive Director

Appointed:
February 2016.

Experience
Nicola Brewer brings extensive geo-political and diplomatic experience to Aggreko, having worked in many of the developing regions in which we operate.

Nicola is currently Vice Provost at University College London, responsible for international strategy. She is a trustee of Prince Harry's southern African charity, Sentebale. In her previous diplomatic career, she worked in Mexico, India and France, was a member of the Foreign and Commonwealth Office Board from 2004 to 2007, and was High Commissioner to South Africa, Lesotho and Swaziland from 2009 to 2013. As a member of the board of the Department for International Development, she supervised all UK bilateral aid programmes in Africa, Asia, Eastern Europe, the Middle East and Latin America.

UWE KRUEGER
Non-executive Director

Appointed:
February 2015.

Experience
Uwe brings expertise of the engineering, services and renewable energy sectors. He is a physicist with a PhD and an honorary professorship from the University of Frankfurt and an honorary PhD from Heriot-Watt University. Most of his career has been spent leading engineering and consulting organisations.

Uwe is currently Chief Executive Officer of WS Atkins plc. He also sits on the boards of SUSI Partners AG and Ontex S.A. and lectures at the University of Frankfurt on renewable energy. Before joining WS Atkins plc, Uwe was Chief Executive Officer of Oerlikon, Senior Advisor at Texas Pacific Group, President of Cleantech Switzerland, and held various senior leadership positions at Hochtief AG.

KEY TO COMMITTEE MEMBERSHIP

Audit | Remuneration | Nomination | Ethics

DIANA LAYFIELD

Non-executive Director

Appointed:
May 2012.

Experience

Diana brings extensive international experience and detailed understanding of how to operate successfully across emerging markets, particularly in Africa and Asia. She also brings experience in sales, technology and strategy.

Diana is Vice President, Next Billion Users at Google Inc, developing products and services for users in emerging markets, and in Fintech. Before joining Google, she was Chief Executive, Africa Region for Standard Chartered Plc and held a number of senior leadership roles over 11 years at Standard Chartered. Prior to Standard Chartered, Diana was Chief Executive Officer of Finexia Ltd, a technology firm, and a consultant with McKinsey & Co, an international strategy consulting firm. Diana has a BA from the University of Oxford and a Master's degree in International Economics and Public Administration from Harvard University.

IAN MARCHANT

Non-executive Director

Appointed:
November 2013.

Experience

Ian brings knowledge of the domestic and international energy markets, along with a substantial understanding of associated strategic, financial and regulatory issues. Until his retirement in June 2013, Ian spent 21 years at SSE Plc, most recently as Chief Executive, and prior to that as Finance Director.

Ian is an experienced Non-executive Director, currently serving as Chairman of John Wood Group Plc and former Chairman of Infinis Energy Plc. He is also Chairman of Maggies Cancer Charity, a Member of the Prince's Council of the Duchy of Cornwall, Honorary President of RZSS, Chairman of the advisory board of the Centre of Energy Policy at Strathclyde University and former Chairman of Scotland's 2020 Climate Group.

BARBARA JEREMIAH

Non-executive Director

Appointed:
March 2017.

Experience

Barbara brings extensive international Non-executive experience largely in the USA and Australia together with an executive career in the mining, exploration and energy industries.

An experienced Non-executive Director, Barbara currently sits on the Board of Russel Metals and Allegheny Technologies having recently retired as Chairwoman of Boart Longyear, a US based company in the minerals drilling sector. Until her retirement in 2009, Barbara spent over 30 years in a number of roles in Alcoa Inc. (now demerged into Alcoa and Arconic Inc.), the world leader in the production of aluminium and related products. Her roles in Alcoa included Assistant General Counsel, VP Corporate Development and Executive VP in charge of strategy and M&A. Barbara is an American citizen with a BA in political science and is a qualified lawyer.

MILES ROBERTS

Non-executive Director

Appointed:
March 2017.

Experience

Miles brings extensive international business experience both as a Chief Executive and Finance Director.

Miles is currently Chief Executive Officer of DS Smith Plc, a FTSE international packaging group with operations in nearly 40 countries. Prior to joining DS Smith Plc in 2010, Miles was Group Chief Executive of McBride plc having previously been Group Finance Director. Prior to this, Miles worked for Costain Group plc and Vivendi UK. He also has non-executive experience, having served on the boards of Poundland Group plc as Senior Independent Director and Care UK plc as a Non-executive Director. Miles has a degree in Engineering and is also a chartered accountant.

PETER KENNERLEY

Company Secretary

Appointed:
October 2008.

Peter is our Group Legal Director & Company Secretary.

Further details appear on page 74.

Other Directors who served during 2016:

ROBERT MACLEOD

Non-executive Director and Chairman of the Audit Committee until 28 April 2016.

BOARD ATTENDANCE IN 2016

Name of Director	Board meetings A	B	% attended
Ken Hanna	6	6	100%
Chris Weston	6	6	100%
Carole Cran	6	6	100%
Nicola Brewer	6	6	100%
Russell King	6	6	100%
Uwe Krueger	6	6	100%
Diana Layfield	6	6	100%
Robert MacLeod[1]	2	2	100%
Ian Marchant	6	6	100%

A – maximum number of meetings Director could have attended.
B – actual number of meetings Director attended.
1 Robert MacLeod retired from the Board on 28 April 2016.

Our Executive Committee

The Executive Committee operates under the direction and authority of the Chief Executive Officer; it is responsible for supporting him in all aspects of his role. Each member has been assigned individual responsibility for the principal risks and uncertainties outlined in the Strategic Report. They also sponsor and have overall accountability for delivering against the initiatives designed to underpin our strategic priorities of customer, technology, efficiency and people to enhance our existing competitive advantages.

1 CHRIS WESTON

Chief Executive Officer

Appointed: January 2015.
Tenure with Aggreko: 2 years.

Full biography appears on page 72.

2 CAROLE CRAN

Chief Financial Officer

Appointed: June 2014.
Tenure with Aggreko: 12 years.

Full biography appears on page 72.

3 NICOLAS FOURNIER

Managing Director, Power Solutions

Appointed: November 2015.
Tenure with Aggreko: 1 year.

Nicolas has responsibility for the leadership of the Power Solutions business and overseeing the delivery of our strategic priorities (Customer, Efficiency and Technology) within Power Solutions.

4 TOM ARMSTRONG

Group Chief Information Officer & Programme Director

Appointed: August 2015.
Tenure with Aggreko: 15 years.

Tom has responsibility for the implementation of our strategic priorities (Customer, Technology, Efficiency and People) programme designed to enhance our competitive advantage and deliver sustainable growth. Tom is also responsible for the Programme Management Office (PMO).

5 DAN IBBETSON

Group Business Development Director

Appointed: October 2016.
Tenure with Aggreko: 8 years.

Dan has responsibility for global business development, M&A coordination and Group strategy. This new position on the Executive Committee will provide a critical focus on securing growth and maximising opportunities into the future.

6 BRUCE POOL

President, Rental Solutions

Appointed: December 2015.
Tenure with Aggreko: 18 years.

Bruce has responsibility for the leadership of the Rental Solutions business and Group Sales & Marketing. He is also responsible for overseeing the delivery of our strategic priorities in relation to Customer and Efficiency within Rental Solutions.

7 ANNA FILIPOPOULOS

Group Human Resources Director

Appointed: April 2016.
Tenure with Aggreko: less than 1 year.

Anna has responsibility for human resources and internal communications, focusing on talent and leadership development, employee engagement and culture. She is responsible for overseeing the delivery of the strategic priority in relation to People.

8 VOLKER SCHULTE

Group Manufacturing and Technology Director

Appointed: August 2015.
Tenure with Aggreko: 2 years.

Volker is responsible for building on our current engineering capability in Dumbarton and focusing on enhancing our product strategy, product development and product management with the objective of delivering market leading products to our customers.

9 PETER KENNERLEY

Group Legal Director & Company Secretary

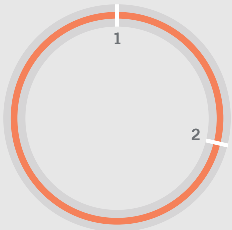
Appointed: October 2008.
Tenure with Aggreko: 8 years.

Peter has overall responsibility for the management of legal and ethical risk and for supporting the Board in setting and maintaining standards of corporate governance.

Leadership

DIVERSITY METRICS AT 31 DECEMBER 2016

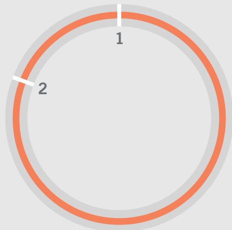
Executive/Independent Non-executive composition of Board



	No.	%
Executive	2	29%
Non-executive*	5	71%

* As required by Code provision B.1.2, this calculation excludes the Chairman when looking at the Independent Non-executive composition of the Board.

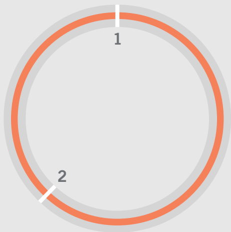
Gender of senior management*



	No.	%
Male	56	81%
Female	13	19%

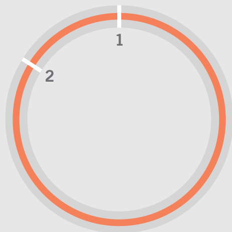
* We have selected the composition of our Senior Leadership Team as we believe this to be a better reflection of our senior management structure than the composition of our subsidiary companies, which is made up of 96 males and 11 females. The Senior Leadership Team is made up of direct reports of the Executive Committee and other key roles.

Gender of Board



	No.	%
Male	5	62%
Female	3	38%

Gender of permanent employees



	No.	%
Male	5,207	84%
Female	974	16%

Tenure of Non-executive Directors

	No.	%
0-3 years	2	40%
3-6 years	2	40%
6-9 years	1	20%

Nationality diversity of permanent employees*

	%
European (inc. Russia)	28%
North American	20%
Latin American	19%
Asian	17%
African	10%
Australian	5%
Middle Eastern	1%

* There are 106 nationalities across Aggreko's permanent employees.

Sector experience of Board

Sector	%
Customer	88%
Energy	75%
Operational	63%
Finance	50%
Geo-politics/diplomacy	25%
Technology	13%

How we divide up our responsibilities

Chairman	Responsible for leading the Board, its effectiveness and governance. Setting the agenda to take full account of the issues and concerns of the Directors and ensuring the links between the Shareholders, Board and management are strong.
Chief Executive Officer	Responsible for the day-to-day leadership, management and control of the Group, for recommending the Group strategy to the Board and ensuring that the strategy and decisions of the Board are implemented via the Executive Committee.
Chief Financial Officer	Responsible for the day-to-day management of the financial risk of the Group and providing general support to the Chief Executive Officer including the operational performance of the business and chairing the Group Risk Committee.
Senior Independent Director	Provides a sounding board for the Chairman, acts as an intermediary for the other Directors when necessary and is available to meet with Shareholders.
Independent Non-executive Directors	Constructively challenge the Executive Directors and monitor the delivery of the Group strategy within the risk and control environment set by the Board.
Company Secretary	Supports the Chairman and Chief Executive Officer and is available to all Directors for advice and support. Informs the Board and Committees on governance matters and responsible for development of corporate governance policies.

Leadership continued

ROLE OF THE BOARD AND COMMITTEES

The Board is responsible for the long-term success of the Group. It sets our strategy and oversees its implementation, ensuring decisions made reflect our risk appetite. It provides leadership and direction and has responsibility for corporate governance and the overall financial performance of the Group. The Board is supported in this role by its principal committees, outlined in the table below.

To retain control of key decisions, the Board has a schedule of matters reserved for the Board that only it can approve, with other matters, responsibilities and authorities delegated to its Committees.

READ OUR SCHEDULE OF MATTERS RESERVED FOR THE BOARD:
IR.AGGREKO.COM/INVESTORS

BOARD MEETINGS IN 2016

Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16
		●	●		●		●		●		●

BOARD MEETINGS

In 2016, the Board held six scheduled meetings and one ad hoc meeting. The ad hoc meeting was held by telephone in September to ensure the Board was kept up to speed on material developments. At each scheduled meeting the Board received reports from:

- The CEO on strategic, operational and business developments and health and safety;
- The CFO on the performance of the business, capital structure, fleet, budget, treasury and investor relations; and
- Each of the Board Committees on matters discussed at their meetings.

The Board also received reports on our ethics compliance framework and new technology and product updates.

In addition to the regular items, the key areas of focus were:

Topic	Activity/Discussion	Actions arising	Progress
Strategy	Monitor progress against our strategic priorities.	One day strategy review session.	Identified and agreed areas of focus within Rental Solutions, Power Solutions, distributed energy and technology to assist in delivering against our priorities. Added people to our strategic priorities.
		Received regular updates from the Programme Management Office on progress against the strategic priorities and initiatives underpinning them.	Customer: approved and launched a new CRM system and online web presence. Technology: approved customer field trials of next generation gas and HFO products. Developing prospects for our solar-diesel hybrid product. Efficiency: approved and rolled out new site performance management tool, allowing us to move towards condition based maintenance in 2017. Generated procurement based savings of c£20 million.
		Review KPIs.	New set of strategic KPIs approved to monitor progress against our strategic priorities.
	Monitor opportunities for acquisitions.	Refreshed and agreed our M&A strategy.	Bolt-on acquisition of DRYCO, a specialist in moisture control, drying, heating and cooling applications within the shipping, manufacturing, food processing, construction and industrial painting industries.
		Reviewed a number of opportunities in 2016.	

READ MORE ABOUT OUR BUSINESS PRIORITIES **PAGE 27** AND OUR KPIs **PAGE 34**

Topic	Activity/Discussion	Actions arising	Progress
Risk management and internal control	Review the Group risk register, risk appetite and effectiveness of the risk management process to ensure we have a robust risk management framework which delivers an effective and efficient approach to risk management and positively contributes to effective decision making.	Following the detailed review in 2015, continue to monitor best practice and refine the risk management framework as appropriate.	Approved the establishment of a Group Risk Committee, chaired by our CFO and made up of the Executive Committee members to assist with oversight of our risk management process and to further embed risk management within our management teams. Ensured that our principal risks are aligned to key controls and form part of the assurance and internal audit programme. Reviewed our principal risk register in June and December.

Leadership continued

In addition to the regular items, the key areas of focus were:

Topic	Activity/Discussion	Actions arising	Progress
Risk management and internal control continued	Monitoring legacy contracts.	Regular updates from Power Solutions Managing Director.	Detailed analysis undertaken on the macroeconomic background, power market and power strategy in countries such as Argentina, with significant legacy contracts. Close monitoring of tenders and successes with modelling of different scenarios for our current contracts.

READ MORE ABOUT OUR RISKS
PAGE 52

Topic	Activity/Discussion	Actions arising	Progress
Leadership and employees	Succession planning.	Review succession plans in place for Executive Committee, Senior Leadership Team and direct reports.	Executive off-site meeting held with focus on team development. New succession plans approved.
	Employee engagement and culture.	Review culture and agree plan to refresh.	Reviewed Executive Committee work on employee purpose, values and behaviours. Launch of culture refresh planned for early 2017.
		Review all employee share save arrangements.	Approved all employee share save offer.
	Ongoing training and development for Board members.	Encourage interaction between Board members and employees across the Group.	Board visit to Houston head office and Pearland in June 2016. Board workshop at Manufacturing and Technology site in Dumbarton in April 2016 on the design and launch plan for the new medium speed HFO engine.
		Induction for Nicola Brewer.	Induction complete.

READ MORE ABOUT NICOLA BREWER'S INDUCTION
PAGE 80

READ MORE ABOUT OUR VISIT TO NORTH AMERICA
PAGE 79

Topic	Activity/Discussion	Actions arising	Progress
Governance	Discussed format for Board evaluation in 2016.	Agreed format for Chairman's review with one to one sessions with each Board member.	Completed implementation of the action points identified as part of the 2015 review. Agreed 2017 action plan for the Board.
	Impact of new Market Abuse Regulation.	Reviewed existing policies and processes to assess ability to comply with the new regulation.	Adopted new policies and procedures for monitoring and handling of inside information. Provided training to Directors and employees affected by the new regulation.

READ MORE ABOUT OUR BOARD EVALUATION
PAGE 81

Topic	Activity/Discussion	Actions arising	Progress
Shareholders	Strong engagement with stakeholders and investors.	Actively support engagement opportunities and understand investor views.	Reviewed the outcome of the investor audit, which gathered detailed feedback from our Shareholders. Technology "teach in" at Manufacturing and Technology facility in Dumbarton in September 2016. This gave investors and analysts an overview of our technology agenda and current progress against it. Sought views from our main Shareholders on a new remuneration policy. The new policy will be put to Shareholders for approval at the AGM in 2017.

READ MORE ABOUT OUR SHAREHOLDER ENGAGEMENT PROGRAMME
PAGE 84

Governance in action:

Board meeting in North America, June 2016

Site visits give the Board key insights into the business; at least one meeting each year is held at a location outside London or Glasgow to give the Directors an opportunity to review operations and meet local employees.

Aggreko's Pearland facility in Texas, North America

In June 2016, the Board met in Houston, the head office location for our Rental Solutions business. During their visit, the Directors received presentations from the Rental Solutions President and management team in North America and a detailed update on progress against our strategic initiatives in the Rental Solutions business. There were also presentations from the management team for temperature control and Aggreko Process Services; an engineering team within temperature control whose purpose is to resolve process bottlenecks associated with temperature issues. The Board also hosted a dinner with the Rental Solutions management team to give the Board an opportunity to engage with the presenters informally.

The Board also visited our Pearland facility for a "management walk" to learn about safety at the site. They also met with some of the local employees based there, to hear their views about working for Aggreko and answer questions.

Aggreko's Pearland facility is a 13 acre site, housing our largest service centre in the North American business, as well as national temperature control repair and support centre, Aggreko Process Services and a training facility. Pearland has the largest temperature control testing capacity in the Americas with four test stands totalling 2,500 tons of capacity and the service centre generates the largest revenue in the North America business. There are over 100 employees working at this site and it was one of Aggreko's first locations in North America. Pearland's business sectors include Petrochemical Refineries, Building Services and Construction and Events hosted in or around Houston.

As part of Nicola Brewer's induction process, Nicola also visited our offices at New Iberia with Ken Hanna. During discussion groups with employees, Ken explained his role as Chairman and answered questions, whilst Nicola gave her thoughts on joining Aggreko. The visit included a tour of the major repair facility and an introduction to some of the new products being developed for the North American business, including the first Tier 4 diesel oil-free air compressor. Ken and Nicola also visited the local service centre, discussed some of the challenges facing this business with employees and toured the Rental Centre, learning about the initiatives underway at the Rental Centre to improve administrative efficiencies. Finally they visited the Remote Operations Centre.

KEY PRIORITIES FOR 2017

- Continue to closely monitor the work of the Programme Management Office to ensure the initiatives underpinning the strategic priorities deliver the expected benefits within the agreed timescales.
- Monitor the roll out of the re-branded culture around the organisation to ensure all employees are aware of the launch and understand their role in embedding the culture into the organisation.
- Receive regular updates from the Group Risk Committee to ensure this Committee provides the intended level of support on risk management and integrated assurance.
- Plan a board visit to Southern Africa to provide key insights into the Power Solutions business in Africa for the Board, engage with local employees and visit a local site.
- Implement the actions identified in the 2016 board evaluation.
- Ensure thorough induction programmes for Barbara Jeremiah and Miles Roberts.

Effectiveness

Induction, development and support

We make sure that all new Directors receive a full, formal and tailored induction on joining the Board. We also plan our Board calendar to ensure that Directors are able to visit different business locations and are briefed on a wide range of topics throughout the year. These topics range from those with particular relevance for our business, such as world energy demand, to more general matters such as developments in corporate governance. We recognise that our Directors have a diverse range of experience, and so we encourage them to attend external seminars and briefings that will assist them individually.

My induction programme was extremely comprehensive. It helped me to learn about the different aspects of the business and absorb its culture. This enabled me to start contributing to Board discussions more quickly and confidently.

DAME NICOLA BREWER
Non-executive Director

GOVERNANCE IN ACTION:

NICOLA BREWER'S INDUCTION

Our induction programme aims to give new Non-executive Directors a thorough grounding in Aggreko's business, on a Group and business unit basis, areas of significant risk and a clear understanding of their role and responsibilities. Key elements include meeting the Executive Directors, senior management in the Group and senior management within the business units and spending time with the Company Secretary to ensure an understanding of directors' duties, conflicts of interest, corporate governance, Board procedures, Group policies and the use of our electronic Board packs.

Visiting our main sites for briefings on Group strategy and the business units forms an important part of the induction process. During Nicola Brewer's induction to Aggreko, Nicola visited a number of locations around the Group.

China – Shanghai
Nicola met with the North Asia management team, receiving an overview of their business, visiting the Shanghai Depot and meeting with an equipment supplier.

Scotland – Dumbarton
As part of a Board visit to the Manufacturing and Technology site, Nicola attended a workshop on the design and launch plan for the new medium speed HFO engine.

UAE – Dubai
Nicola met with the Middle East management team for an overview of the business and went on a site tour of the Jebel Ali office and depot.

North America – Houston, Pearland and New Iberia
See page 79 for information on the Board's visit to Houston and Pearland and Nicola's visit to New Iberia.

THIS YEAR'S BOARD EVALUATION EXERCISE

In line with the UK Corporate Governance Code, we undertake a formal and rigorous annual evaluation of our own performance and that of our Committees and individual Directors each year.

We operate a three-year cycle of Chairman's review, Company Secretary's review and externally facilitated review. Aggreko's last externally facilitated evaluation took place in 2015, so this year the review was carried out by the Chairman.

Board evaluation framework

Step one

Briefing and preparation

- The Chairman presented a paper to the Board outlining the proposed evaluation process for 2016.
- Key areas of focus for the 2016 evaluation included:
  - Our response to the three main topics raised last year (strategic issues, risk and control, succession and talent management).
  - Board and meeting effectiveness.

Step two

One to one discussions

- The Chairman conducted one to one discussions with each member of the Board, the Company Secretary, Managing Director for Power Solutions and President for Rental Solutions. Both the Managing Director for Power Solutions and President for Rental Solutions regularly attend Board meetings.

Step three

Presentation of findings and discussion

- The Chairman prepared a draft discussion document on the key areas discussed.
- The Board discussed the findings as a group, noted progress made against the actions for 2016 and agreed actions for 2017.

Step four

Insights, conclusions and actions for 2017

Good progress has been made against the three main topics raised last year.

Strategic issues (including competitiveness and market landscape)

- We have reviewed the market landscape, our competitors and implications for our strategy.
- We received regular updates on technology in 2016, including updates on the progress of HFO and solar diesel, with further items scheduled for 2017.
- New strategic KPIs were approved in 2016, further information can be found on page 34.

Risk and control

- Group Risk Committee established.
- Risk register reviewed in June and December.

Succession and talent management

- Although some progress had been made and the appointment of a new Group HR Director had made a good impact, actions remained ongoing in relation to succession and talent management and further actions were agreed for 2017.
- Successful Board visits to Dumbarton, Houston and Pearland in 2016.

- The evaluation also examined the current workings of the Board to identify potential improvements.

Board and Meeting Effectiveness

- Well run meetings allowed time for discussion of the issues, debate was respectful and the Board was balanced. Good relationship between Board members and the attendance at meetings of the Power Solutions Managing Director and Rental Solutions President was valuable.
- Some constructive points were raised in relation to Board meeting administration, actions were agreed to improve efficiency for 2017.

Accountability

Risk management and internal control

The Board is responsible for the Group's risk management framework and internal control systems. The Group operates defined internal control systems across finance, operations and compliance, with key controls identified and assessed across the year. Group Risk, Group Internal Audit and internal control teams operate within the business to monitor and assess the effective operation of these controls. The Board, via the Audit Committee and our new Group Risk Committee, monitors the internal control systems on an ongoing basis. The process is designed to manage rather than eliminate risk, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Following an extensive update in 2015, the Board has focused on embedding the improved risk management process into the Group. This year the Board has spent some time challenging the alignment of key controls to our principal risks and ensuring the effectiveness of those controls by reviewing them as part of our assurance and internal audit programme. For example, the Internal Audit team has undertaken audit reviews around the change management relating to our strategic priorities, providing challenge over the effectiveness of controls and identifying opportunities for improvement.

The objective of our risk framework is to provide the Board, Audit Committee and Executive Committee with a useful management tool to capture, assess and proactively manage the risks we face. Our risk management process also ensures that we take account of our business model and strategy to ensure alignment with our risk appetite, framework and controls. In turn, this enables us to fully comply with the UK Corporate Governance Code requirement for a viability statement.

GROUP RISK COMMITTEE:

To ensure sufficient oversight of our risk management process and to further embed it within our management teams, we formed the Group Risk Committee in 2016. This Committee is chaired by our CFO, Carole Cran, and is attended by our Executive Committee members. The Group Risk Committee met twice in 2016.

The Group Risk Committee's primary role is the implementation of our risk framework. This includes review of the Group Register of Principal Risks, with challenge given to the prioritisation and management of individual risks as appropriate. In future, the Group Risk Committee will also oversee efforts to align assurance activity across the Group. Following each meeting, reports are made to the Audit Committee and Board. The reports to the Audit Committee focus on the effectiveness of the control environment for our risks. The reports to the Board focus on agreeing the register of principal risks and any changes to the risk management framework, including proposals for amendments to the risk appetite.

RISK APPETITE:

Our approach to risk appetite has been developed in line with the UK Corporate Governance Code. By articulating the type and level of risk we are willing to take in order to achieve our strategic objectives, we aim to support consistent, risk-informed decision making across the Group. We have defined our risk appetite for each of the categories of risk as shown on page 53 of this report. Our risk appetite has been incorporated into our risk management framework and the Group Risk Committee and Board monitor whether we are operating within our appetite through review of a series of agreed metrics and a review of the register of principal risks.

RISK MANAGEMENT FRAMEWORK:

A full review of the Group register of principal risks was completed during June and July 2016 for our interim reporting. This exercise was undertaken again at the year end. Details of the process the Board has in place to identify, evaluate and manage principal risks can be found in the risk section of the Strategic Report. This process has been in place for the period under review and up to the date of approval of the Annual Report and Accounts. In addition, we monitor the effectiveness of the risk management framework and internal control systems on an ongoing basis. No significant failings or weaknesses have been identified. Further detail on the process for monitoring the effectiveness of our risk management framework and control environment can be found in the Audit Committee Report.

GOVERNANCE IN ACTION: FAIR, BALANCED AND UNDERSTANDABLE REPORTING

The Board recognises its responsibility to present a fair, balanced and understandable assessment of Aggreko in all of our reporting obligations. This responsibility covers the Annual Report and extends to the interim report and other regulatory announcements.

The Directors consider this Annual Report, taken as a whole, to be fair, balanced and understandable, providing the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. In arriving at this position, the Board asked the Audit Committee to review and confirm the process we have in place to support this assessment. The Audit Committee confirmed that we have a robust approach in place to support the fair, balanced and understandable assessment.

For the 2016 Annual Report, this process included:

- Comprehensive management and statutory accounts processes, with written confirmations provided by the regional senior management teams on the "health" of the financial control environment;
- Detailed reviews of the Annual Report and Accounts undertaken at different levels of the Group and by the senior management team that aim to ensure consistency and overall balance;
- A verification process, involving our internal audit team, dealing with the factual content of the Annual Report;
- A key accounting judgements paper covering contract and tax provisions, along with a summary of any changes in our accounting policies for 2016; and
- Both the Audit Committee and Board received an early draft of the Annual Report to enable time for review and comment.

"The Directors consider this Annual Report, taken as a whole, to be fair, balanced and understandable."

READ MORE IN OUR AUDIT COMMITTEE REPORT
PAGE 86

RISK MANAGEMENT FRAMEWORK – ROLES AND RESPONSIBILITIES

Ultimate Responsibility
Board

- Ultimate responsibility for risk management and internal control
- Approves the risk management framework
- Approves the risk appetite and monitors compliance
- Approves the Group register of principal risks
- Approves the viability statement

Oversight
Audit Committee
(makes recommendations to the Board)

- Responsible for reviewing the effectiveness of the Group's systems for internal control and risk management
- Reviews and challenges the risk management framework
- Reviews the effectiveness of the control environment
- Reviews the effectiveness of and approves the approach for the viability statement

Management & Monitoring
Group Risk Committee
(makes recommendations to the Audit Committee and Board)

- Responsible for implementing and embedding risk management and internal controls
- Defines the risk management process to be followed by the business (including risk appetite)
- Reviews and challenges the Group register of principal risks ensuring controls identified are operating and tracks closure of items
- Facilitates risk process, collating risk registers and consolidating the Group risk register
- Aligns assurance activity

Ownership
Business Units, Senior Leadership Team and Group Functions
(supported by Group Risk)

- Responsible for identification, prioritisation, assessment and monitoring of risk which may arise in the business
- Risks and associated controls are owned and operated by management
- Risk registers are maintained and form the basis of the Group risk register

READ ABOUT OUR RISKS AND VIABILITY STATEMENT
PAGE 52

Relations with Shareholders

SHAREHOLDER ENGAGEMENT CALENDAR 2016

MARCH	APRIL	MAY	JUNE
Roadshows in the UK following the preliminary results announcement	Roadshows on the east coast of the USA & Canada	Bank of America Merrill Lynch Business Services Conference	Technology Capital Markets Day in Dumbarton
Citi Business Services Conference	AGM	Conference calls and meetings with investors following the first quarter trading update	

WHAT OUR SHAREHOLDERS HAVE ASKED US ABOUT THIS YEAR

- Power Solutions Utility pipeline and prospects
- Legacy contracts and key extensions in Power Solutions Utility
- Exposure to Oil & Gas and emerging markets
- Strategic priorities
- Performance outlook
- Organisational changes and morale
- Cash flow, capital expenditure, debt and dividend cover
- Shareholder returns

KEY TO COMMITTEE ACTIVITIES

Interim results | Full year results | Trading update | Investor meetings | AGM | Site visit

SHAREHOLDER ENGAGEMENT CALENDAR 2016

AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Interim year financial results	Roadshows in the UK and France following the interim results	Roadshow on the west coast of the USA	Conference calls and meetings with investors following the third quarter trading update	Credit Suisse European Business Services and Transport Conference
Conference calls and meetings with investors following the interim results	Rental Solutions investor visit with Barclays			
Roadshows on the east coast of the USA & Canada following the interim results				

Understanding what analysts and investors think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows, attending investor conferences, hosting capital markets days and our regular reporting. The Board receives regular updates on the views of Shareholders through briefings and reports from Investor Relations, the Chief Executive Officer, Chief Financial Officer and the Company brokers. In addition, our Senior Independent Director, Russell King, is available to meet Shareholders if they wish to raise any issues separately.

Results and other news releases such as contract wins and changes to our strategy are published via the London Stock Exchange's Regulatory News Service (RNS). Any announcement published via RNS is also available on the Group's Investor Relations website at ir.aggreko.com/investors; a subscription service is available for interested parties to receive these updates by email. We continually seek to enhance our communications and alongside the publication of this report we have refreshed our corporate and investor relations websites.

The Group has an office in London, where the Investor Relations team is based, and maintains ongoing relations with analysts and investors through telephone calls and meetings. Throughout 2016, we have continued to maintain open and transparent communication with analysts and investors through meetings, presentations, conferences and site visits. In June 2016, we hosted a capital markets day on our technology strategic priority, at our Manufacturing and Technology facility in Dumbarton, Scotland.

During the year, the Investor Relations team and senior management conducted almost 460 meetings, met or spoke to over 400 institutions and participated in seven conferences. Meetings are conducted by at least one of the Chairman, Chief Executive Officer, Chief Financial Officer or a member of the Investor Relations team and these meetings occurred in a number of key locations around the world; during the year we met investors in the UK, USA, Canada and France. In future we aim to include broader management in investor meetings throughout the year, to allow investors to gain a broader perspective of management and the business.

During the year, the Chairman of the Remuneration Committee held a number of consultations with Shareholders around the development of the new remuneration policy, Long Term Incentive Plans and general performance of the business.

Read more about our new remuneration policy and Long-Term Incentive Plans on page 94.

We also enjoy meeting and engaging in discussion with our private Shareholders at the Company's Annual General Meeting (AGM). The 2017 AGM will be held in Glasgow on Thursday, 27 April 2017.

READ MORE ABOUT OUR STRATEGY PAGE 27

Audit Committee report

IAN MARCHANT
AUDIT COMMITTEE CHAIRMAN

The role of the Audit Committee is to ensure the integrity of the Group's financial reporting and provide oversight of our systems for internal control and risk management

AREAS OF ACTIVITY IN 2016

- Oversaw the transition of external auditor responsibilities from PricewaterhouseCoopers to KPMG to ensure independence was maintained and a successful 2016 external audit.
- Provided oversight on the effectiveness of our risk management process, ensuring effective controls were in place for each risk.
- Reviewed and agreed approach to accounting policies for product development expenditure and the impact of new accounting standards.
- Reviewed our cyber security arrangements with the Chief Information Officer and agreed actions, including employee training, for 2017.
- Managed the transition of responsibilities for the Chairmanship of the Committee from Robert MacLeod to Ian Marchant.

MEMBERS IN 2016

	Meetings attended
Ian Marchant – Audit Committee Chairman from 29 April 2016	✓ ✓ ✓
Robert MacLeod – Audit Committee Chairman until 28 April 2016[1]	✓
Russell King – Senior Independent Director	✓ ✓ ✓
Diana Layfield – Non-executive Director	✓ ✓ ✓

[1] Robert MacLeod retired from the Board on 28 April 2016.

AREAS OF FOCUS FOR 2017

- Continue to monitor the status of internal audit actions.
- Continue risk management oversight with presentations scheduled from the Directors of Finance for Power Solutions and Rental Solutions and Group Treasurer on treasury risk management.
- Review our terms of reference to take account of the 2016 update to the UK Corporate Governance Code and rule changes to the Disclosure and Transparency Rules, both of which will apply to our 2017 year end.

AUDIT COMMITTEE TERMS OF REFERENCE:
IR.AGGREKO.COM/INVESTORS

INTRODUCTION BY IAN MARCHANT, AUDIT COMMITTEE CHAIRMAN

Ensuring the integrity of the Group's financial statements and determining whether the judgements taken by management are appropriate, are key to the workings of the Committee. This report provides an overview of the significant issues we considered. This report also shares some insight into the work we have undertaken this year to assess the independence and effectiveness of the external auditor and oversee the Group's systems for internal control and risk management.

The Committee is currently made up of three Independent Non-executive Directors, including myself as Chairman. I have been a member of the Committee since November 2013 and was appointed as Chairman of the Committee in April 2016. I am a chartered accountant and, prior to my appointment as Chief Executive of SSE (2002 to 2015), I served as Finance Director of SSE for four years and of Southern Electric for two and a half years. As a Committee, we bring an appropriate balance of financial and accounting experience, together with a deep understanding of Aggreko's business and market sector. Diana Layfield and I are the members of the Committee identified with recent and relevant financial experience.

In 2016 we held three scheduled meetings. The meetings are aligned to the Group's financial reporting timetable, to allow sufficient time for full discussion of key topics and enable early identification and resolution of risks and issues. We invited the Chairman, Chief Executive Officer and Chief Financial Officer to attend our meetings in 2016, together with the Group Financial Controller, Director of Internal Audit and the KPMG Audit Partner.

ROLE OF AUDIT COMMITTEE

- Monitor the integrity of the financial statements, including reviewing significant financial reporting issues and judgements alongside the findings of the external auditor.
- Review the effectiveness of the Group's systems for internal control, financial reporting and risk management.
- Advise the Board on the effectiveness of the fair, balanced and understandable review of the Annual Report.
- Oversee the relationship with the external auditor, external audit process, nature and scope of the external audit, including their appointment, effectiveness, independence and fees.
- Oversee the nature and scope of internal audit, ensuring coordination with the activities of the external auditor.

MAIN ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

FINANCIAL REPORTING

During the course of the year, the Committee met with the external auditors and management as part of the 2016 Annual and Interim Report approval process. We reviewed the draft financial statements and considered a number of supporting papers, including: information presented by management on significant accounting judgements to ensure all issues raised have been properly dealt with; key points of disclosure and presentation to ensure adequacy, clarity and completeness; external audit reports; documentation prepared to support the viability statement and going concern statements given on pages 61 and 132; and information presented by management on the process underpinning the fair, balanced and understandable assessment and confirmation made by the Board on page 83.

Areas of focus

- We reviewed and agreed the accounting for product development expenditure. As part of the strategic priorities review, the Board concluded that a lower cost of energy is critical to most of our customers and our investment in technology is a key enabler in this area. Therefore, the Board increased investment in product development work, resulting in an intangible asset of £5 million for development expenditure being recognised. More detail is included in the accounting policies on page 134 and in Note 30.A2 to the Accounts on page 159.
- We reviewed the impact of IFRS 15, a new accounting standard applying to revenue for contracts with customers, effective for accounting periods on or after 1 January 2018. The main changes we expect from adopting IFRS 15 are included on page 132.
- We reviewed the appropriateness of the carrying value of specialist property, plant and equipment for the Oil & Gas market in North America. Given the continued decline in the Oil & Gas sector in North America, management reviewed the carrying value of small gas generators used in this market We reviewed management's assumptions and rationale for an impairment review, examining the recoverable amount of the assets compared to the carrying amount, projected future cash flows and key assumptions and sensitivities for the impairment assessment. KPMG also explained their audit process to test the impairment assessment. We agreed that an impairment charge of £30 million was appropriate. More details are included in Notes 7 and 15 to the Accounts on pages 142 and 147.
- We reviewed the European Securities and Markets Authority guidelines on Alternative Performance Measures to ensure our disclosures were fully compliant with the new guidance.

KPMG carried out their work using an overall materiality of £11 million, as stated in their report on page 122, and confirmed to the Committee that there were no material unadjusted misstatements. We also agreed with the external auditor that they would inform us of any unadjusted misstatements above £0.5 million, as well as misstatements below that amount that warranted reporting for qualitative reasons. None were reported to the Committee. The Committee also reviewed the coverage of internal audit and external audit from a risk and geographic perspective. Following completion of the above steps, we agreed to recommend the approval of the 2016 Annual and Interim Reports to the Board.

The primary areas of judgement considered by the Committee in relation to the 2016 Annual Report were:

Area of judgement	Reporting issue	How did the Audit Committee address the judgement?	Conclusion and outcome
Contract provisions – Power Solutions Utility	One of the biggest risks facing the Group is non-payment by customers under some of the larger contracts in our Power Solutions Utility business. Contract receivables and associated specific provisions within Power Solutions Utility is a key risk for the Group, and one of the areas of particular external audit focus. The Group policy is to consider each significant debtor and customer individually, within the relevant environment to which it relates, taking into account a number of factors, in accordance with accounting standards.	The Committee addressed contract provisions by considering an accounting judgements paper at the August 2016 and March 2017 meetings, which was tabled by the Chief Financial Officer. This detailed the latest position of debtors outstanding at the half year and year end and gave an assessment of the likelihood of collecting future payments. We discussed in detail the main movements in provisions and assessed the adequacy of all of the provisions. KPMG reported on these contract provisions at both the August 2016 and March 2017 meetings in the context of the half year review and the year end audit respectively. In addition, the Committee is aware that the Board and Executive Committee receives a report on contract exposures each month and has assessed the Group's processes for calculating and regularly monitoring contract risk provisions.	We concluded that the judgements and estimates were reasonable and appropriate. Overall the contract provision agreed for 31 December 2016 was $63 million, $8 million lower than 31 December 2015. This movement is explained on page 48. More information on our risk profile and mitigation for failure to collect payment or to recover assets can be found on page 60.
Direct and indirect tax provisions	The Group's tax strategy is to manage all taxes, both direct and indirect, such that we pay the appropriate amount of tax in each country where we operate whilst ensuring that we respect the applicable tax legislation and utilise where appropriate any legislative reliefs available. However, given the varied, complex and often uncertain nature of tax rules in certain countries, in particular in those in which we have our Power Solutions business, we recognise that it makes sense to carry an appropriate level of provision for both direct and indirect taxes. The tax team monitors the status of tax risks monthly and in detail at the half and full year. This monitoring process together with consideration of any relevant legislative change is then used to determine the appropriate level of provisions.	The Committee addressed tax provisions by considering an accounting judgements paper at both the August 2016 and March 2017 meetings, which was tabled by the Chief Financial Officer. We discussed the changes to the provisions in detail and assessed their adequacy overall. KPMG reported on these provisions at the August 2016 meeting in the context of the half year review, and at the March 2017 meetings in the context of the year end audit. We have also monitored and assessed the Group's processes for calculating and regularly monitoring tax provisions.	We concluded that the judgements and estimates were reasonable and appropriate. Overall the tax provision agreed for 31 December 2016 was £39 million (2015: £61 million). More information on Aggreko's tax strategy and payments in 2016 can be found in the financial review on page 45. More information on our risks can be found on page 60.

Audit Committee report continued

EXTERNAL AUDITOR

The Committee is responsible for making recommendations to the Board in relation to the appointment of the external auditor. We also approve the audit plan, terms of engagement and fees and assess their effectiveness.

Audit plan

KPMG presented their audit plan at the August 2016 meeting and an update at the December 2016 meeting, setting out the scope and objectives of the audit together with an overview of the planned approach, an assessment of the Group's risks and controls and proposed areas of audit focus. In setting the audit plan, KPMG work with Internal Audit and management at a Group and business unit level to identify risk areas for the audit to determine where audit effort should be focused.

Tenure

KPMG were appointed by Shareholders as the Group's Statutory Auditor in 2016 following a formal tender process. The external audit contract will be put out to tender at least every 10 years. The Committee recommends the appointment of KPMG for 2017. We believe the independence and objectivity of the external auditor and the effectiveness of the audit process are safeguarded and strong. The Company has complied with the Statutory Audit Services Order for the financial year under review.

Effectiveness

As mentioned in our report last year, we identified the 2016 financial year as a potential period of increased audit effectiveness risk given the transition of the statutory auditor from PricewaterhouseCoopers to KPMG. The Committee met with KPMG on a number of occasions without management present and the Committee Chairman also maintained regular contact with the audit partner throughout the year. This enabled the Committee to closely monitor the transition of responsibilities, and ensure independence was maintained and a successful external audit of the 2016 Annual Report.

We also used an internal questionnaire sent to Committee members, the Business Unit Finance Directors and Group Functional Heads in December 2016; respondents were asked to rate KPMG effectiveness in a number of areas, including calibre of external audit firm, quality of processes, audit team, audit scope, communications, technical expertise and audit governance/independence. Results were collated and presented at the March 2017 meeting of the Committee for discussion. Management concluded that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be effective. The Committee concurred with this view.

The FRC's Audit Quality Review team selected to review the audit of Aggreko's 2015 financial statements as part of their 2016 annual inspection of audit firms. The focus of the review and their reporting is on identifying areas where improvements are required rather than highlighting areas performed to or above the expected level. The review refers to the work performed by our previous external auditor, PricewaterhouseCoopers. The Chairman of the Committee received a full copy of the findings and met with PricewaterhouseCoopers to close out the points raised by the review and reported back to the Committee on this discussion. The Committee reviewed the findings at their December meeting and agreed an action plan with KPMG to ensure that the matters identified by the AQR have been addressed in the audit of the 2016 financial statements where relevant.

Non-audit services

To safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. Non-audit services are normally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group is necessary. Any proposal to use the external auditor for non-audit work requires prior approval of the Chief Financial Officer and depending on the nature of the service and fee involved, authorisation may also be required from the Committee Chairman or the Committee. At our March 2017 meeting, we updated our non-audit services policy to take account of a new FRC ethical standard, deleting the section of the policy in relation to permitted non-audit taxation work.

The non-audit services policy is available on our website at:
ir.aggreko.com/investors/corporate-governance

Non-audit fees are monitored by the Committee and this year we were satisfied that all non-audit work undertaken was in line with our policy and did not detract from the objectivity and independence of the external auditor. The majority of the non-audit work carried out by KPMG during the year related to investor relations services and tax. As a percentage of the overall audit fee for the year, other assurance services and non-audit fees are 36% (2015: 16% (services provided by PricewaterhouseCoopers)). The increase in percentage for non-audit services provided by KPMG in 2016 relates to investor relations work provided by Makinson Cowell; no further work will be undertaken by Makinson Cowell in 2017. Further details of the fees paid to the external auditor are set out in Note 6 to the accounts on page 142.

RISK MANAGEMENT AND INTERNAL CONTROL

Aggreko's objective is to have a strong and regularly monitored control environment. The Board assumes ultimate responsibility for the effective management of risk across the Group, determining our risk appetite as well as ensuring that each business unit implements appropriate internal controls. The Board has delegated responsibility for oversight of risk management to the Committee. The Committee provides oversight by reviewing the effectiveness of the Group's systems for internal control, risk management and financial reporting. In 2016 we worked closely with the newly established Group Risk Committee, receiving regular reports from the Group Risk Committee, which enabled us to review and challenge the risk management framework, review the effectiveness of the control environment and approve the methodology for the viability statement. We also requested individual updates on countries receiving a low internal control score for their financial control environment, to understand the remedial actions in place. Those countries will be monitored closely in 2017 to ensure improvements are realised.

Internal Audit continue to play a key role in assisting the Committee and in 2016 we asked Internal Audit to provide assurance over management's assessment of the effectiveness of the operation of controls within the Group risk register. This assessment was based upon the results of audits undertaken across the year, by reflecting on the outstanding audit issue database and in cooperation with the business unit controls teams. No variances which would impact the risk scoring were identified in 2016. The Committee found this exercise useful and will ask Internal Audit to complete a similar exercise annually going forward.

Further detail on our risk management framework can be found in the accountability section of the Corporate Governance Report on page 82 and the risk section of the Strategic Report on page 52.

Financial control

A key area of focus for the Committee is the Group's financial controls. We aim to ensure that the same high standards are applied throughout the business with the framework set at Group level. Across the Group, there is a strong focus on training and development and this helps to underline the standards that we require. We then monitor this process through regular financial control reviews and a financial control checklist. This also enables us to set targets, identify and monitor areas for improvement.

We agreed financial control deliverables for 2016, these included embedding our financial control framework into the new business structure, meeting set targets for internal audit gradings and providing assurance to the Committee that financial controls are in place for applicable items on the Group Risk Register. At the end of the year, we reviewed progress for 2016 and agreed to adopt a revised financial controls checklist, focusing on critical controls, which we would closely monitor in 2017. Our financial control priorities for 2017 have been set after going through the following process:

- Setting out the key challenges for financial control and then reviewing the control environment and risk mitigation in place to help address these challenges;
- Reviewing the 2016 financial control checklist scores for all of our locations globally and cross referring them against the 2016 internal audit reports;
- The Financial Leadership Team reviewed the above data and analysis to set clear priorities for 2017; and
- The Chief Financial Officer then presented the priorities to the Audit Committee.

The key priorities for 2017 include actions to roll out the new financial controls checklist, establishing a new review process for month end and quarter end files, with close monitoring and additional support as required for our high risk locations, supporting the roll out of our new procurement policy and providing support to management in the closure of internal audit actions.

Viability statement

The Committee reviewed management's work in conducting a robust assessment of those risks which could threaten our business model and the future performance or liquidity of Aggreko, including our resilience to the threats of viability posed by those risks in severe but plausible scenarios. This assessment included stress and sensitivity analyses of these risks to enable us to evaluate the impact of a severe but plausible combination of risks. We then considered whether additional financing would be required in such eventualities. We also considered the review period and alignment with the Group's strategic plans and internal long-term forecasts. Based on this analysis, we recommended to the Board that it could approve the viability statement included on page 61.

INTERNAL AUDIT

Internal Audit undertakes financial, operational and strategic audits across the Aggreko Group using a risk based methodology and in accordance with the changing risk profile of the Company. The Committee reviewed and agreed the programme of 2016 internal audit work, including the proposed approach, coverage, and allocation of resources. We also reviewed progress, audit results and remedial actions during the year through reports at each meeting. In 2016, we closely monitored the status of internal audit actions, focusing on the proper closure of actions, making recommendations to management and requesting detailed updates where appropriate.

The Committee assessed the effectiveness of the internal audit function by reviewing their reports, progress against the 2016 plan, and meeting with the Director of Internal Audit without management being present. In line with the Institute of Internal Auditors' guidance, we undertook an external evaluation of Internal Audit in 2016. Although the review found internal audit to be effective, it was agreed that the balance between geographic and thematic audits should be addressed, with an increased focus on thematic audits in 2017.

SPEAKING UP

The Group Ethics Policy, supported by a separate Speaking Up Policy, encourages all employees to report any potential improprieties in ethical standards via our international whistle-blowing hotline. All matters reported are investigated and where appropriate, we ask Internal Audit to investigate the issue and report to us on the outcome. We also receive reports on hotline call volumes and the general nature and location of matters reported. We review these processes each year, and can confirm that they are appropriate for the size and scale of the Group.

Ethics Committee report

KEN HANNA
ETHICS COMMITTEE CHAIRMAN

The role of the Ethics Committee is to ensure that Aggreko conducts business with integrity and transparency and in accordance with the law

AREAS OF ACTIVITY IN 2016

- Approved the implementation of revised Gifts, Entertainment and Hospitality, Charitable Donations and Sponsorship policies.
- Reviewed the implementation of a new online ethics training programme for all employees and enhanced ethics training for senior management teams.
- Monitored the introduction of a Supplier Code of Conduct setting out the standards expected from suppliers to Aggreko.
- Instructed an independent maturity assessment of the compliance programme.
- Received briefings from the business units in relation to their approach to managing compliance risks within their respective business units.

MEMBERS IN 2016

	Meetings attended
Ken Hanna – Ethics Committee Chairman	✓ ✓ ✓
Diana Layfield – Non-executive Director	✓ ✓ ✓
Dame Nicola Brewer – Non-executive Director	✓ ✓ ✗
Ian Marchant – Non-executive Director[1]	✓

[1] Ian Marchant stepped down as a Member of this Committee in April 2017, following his appointment as Audit Committee Chairman.

AREAS OF FOCUS FOR 2017

- Oversee the full integration of the risk based due diligence into the supply chain processes.
- Oversee the full integration of risk based measures designed to manage modern slavery risks in the supply chain.
- Oversee the completion of a global risk assessment of bribery and corruption risks.

ETHICS COMMITTEE TERMS OF REFERENCE:
IR.AGGREKO.COM/INVESTORS

INTRODUCTION BY KEN HANNA, ETHICS COMMITTEE CHAIRMAN

Aggreko conducts its business with integrity, honesty and transparency. We expect all Aggreko employees, consultants and those acting on behalf of Aggreko to adopt these standards. We are proud that we have a reputation for conducting business fairly and professionally and we are committed to maintaining these values in all of our business dealings.

We recognise that our business is exposed to risks of unethical conduct because of the nature and value of many of our contracts and because standards of integrity are not consistent across all the countries in which we operate. However, we believe we have a robust compliance programme in place which allows us to manage these risks effectively.

The effectiveness of the compliance programme is monitored by the Ethics Committee.

The Ethics Committee is currently made up of two Independent Non-executive Directors, with myself as Chairman. I have been a member of the Committee since its first meeting in February 2011 and became Chairman of the Committee in April 2012.

In 2016 we held three meetings. We invited the Head of Compliance, Group Legal Director and Chief Executive Officer to attend all meetings.

ROLE OF ETHICS COMMITTEE

- Advise the Board on the development of strategy and policy on ethical matters.
- Advise the Board on steps to be taken to establish a culture of integrity and honesty in all of the Company's business dealings.
- Oversee the Company's policies and procedures for the identification, assessment, management and reporting of ethical risk.
- Oversee the Company's policies and procedures to prevent persons associated with the Company from engaging in unethical behaviour.
- Monitor and review the operation of the Company's ethics policies and procedures.
- Monitor and review all payments made to third-party sales consultants.

MAIN ACTIVITIES OF THE ETHICS COMMITTEE DURING THE YEAR

Ethics policies

In 2016, we introduced revised versions of our Gifts, Entertainment & Hospitality Policy, Charitable Donations Policy and Sponsorship Policy. These policies were amended to reflect the structural changes to the business following the reorganisation and to take account of recommendations made following a risk assessment and review of the effectiveness of the ethics policies. Whilst the policies were working well in ensuring that all employees comply with the high ethical standards expected throughout Aggreko, we introduced certain improvements to ensure that the policies remain robust and continue to meet the needs of the business. We provided training to all employees on the revised policies to ensure all employees remain alert to potential risks.

Ethics training

We are committed to providing regular training on ethical issues to employees in order to ensure that employees remain alert to risks and are regularly reminded of the standards expected by Aggreko. This approach applies equally to the Board as it does to all employees across the business. In 2016 we launched a new online ethics training course which has been successfully completed by all employees across the business. This online training was also supplemented by ethics workshops delivered by the Head of Compliance to the Board and senior management teams highlighting examples of potential areas of risk and discussing how to mitigate these risks. The Committee received briefings on the progress of this training throughout the business.

Third-party monitoring

We recognise that it is not just our employees who could be exposed to ethics risks but our third-party sales consultants are also exposed to risk. The conduct of our third-party sales consultants remains one of the most significant risks to Aggreko. The number of third-party sales consultants used by the business has reduced over the last few years but there is a continued requirement for third parties to help support some areas of the business. We have risk management measures in place which require all third-party sales consultants engaged by Aggreko to conduct business in compliance with the standards set out in our ethics policy and allow us to monitor compliance with these requirements. We also have controls in place in relation to the remuneration of sales consultants and we monitor all payments to sales consultants. At the first meeting of each year, we receive a briefing on all payments made to sales consultants during the prior year to ensure that the payments were appropriate and in line with policy requirements. We also received a briefing from the President for Rental Solutions and Managing Director for Power Solutions this year with a specific emphasis on understanding how they manage the potential risks associated with the use of third-party sales consultants.

We recognise that there are also other categories of third-party supplier relationships which potentially could also attract risk for the business. In response to this risk we introduced a Supplier Code of Conduct setting out the standards we require from all suppliers to Aggreko. All new suppliers to Aggreko are now required to confirm compliance with this Code of Conduct.

Effectiveness of the compliance programme

We are committed to ensuring that our compliance programme remains robust and is in line with best practice. In 2016 we instructed an independent maturity assessment on the compliance programme. This assessment has recently been completed and provided comfort that the programme is working well to effectively manage risk. The assessment highlighted some areas where further improvements could be introduced to enhance the compliance programme, which we will work to address in 2017.

AN OVERVIEW OF OUR COMPLIANCE PROGRAMME

Our compliance programme is coordinated by our full-time Head of Compliance with support from the business units and the central functions.

Our compliance programme has a number of elements designed to ensure that we effectively manage compliance risks:

Ethics Policy

Every employee receives a copy of the Ethics Policy when they join Aggreko. We also regularly require employees to complete a compliance statement confirming that they have complied with and will continue to comply with our Ethics Policy and the relevant laws as part of the online ethics training.

Training

Every employee receives training, which is refreshed every two years via our multi-lingual online ethics compliance training programme. This online training is supplemented by additional ethics workshops with senior management to ensure they remain alert to risks.

Third-party risks

All of our sales consultants are comprehensively reviewed before they are engaged by Aggreko and this exercise is refreshed at least every two years. Our sales consultants are contractually required to comply with our Ethics Policy and we require our sales consultants to confirm compliance with the policy annually. We also provide ethics training to our sales consultants to ensure they remain alert to potential risks. We also have controls in place in relation to the remuneration of consultants and we monitor all payments to sales consultants to ensure that the remuneration structure does not incentivise unethical behaviour.

As mentioned earlier in the report, we have also recently introduced a Supplier Code of Conduct with which we now require all new suppliers to confirm compliance.

Gifts, entertainment and hospitality

We have a clear approval process for gifts, entertainment and hospitality offered by, or given to, Aggreko employees. All gifts, entertainment and hospitality above a nominal value are recorded centrally and monitored by the Head of Compliance.

Sponsorship and charitable donations

We have a clear approval process for sponsorships and charitable donations made by Aggreko. All sponsorships and charitable donations require senior management approval and are recorded centrally and monitored by the Head of Compliance.

Speaking up

We encourage all employees to speak up if they have any concerns. We have an independent compliance hotline operated by an external agency. This multi-lingual hotline is available to all employees and allows any employee who has any concerns to report them on an anonymous basis. All reports are followed up, and we regularly analyse the types of reports we receive. Where appropriate, our Group Internal Audit team is asked to investigate the issue and report on the outcome.

Nomination Committee report

KEN HANNA
NOMINATION COMMITTEE CHAIRMAN

The Nomination Committee's role is to monitor and review the composition and balance of the Board and its committees to ensure Aggreko has the right structure, skills and diversity for the effective management of the Group

AREAS OF ACTIVITY IN 2016

- Oversaw a review of the succession plans for the Executive Committee and Senior Leadership Team.
- Completed the appointment and induction of Nicola Brewer as an Independent Non-executive Director.
- Recommended the extension of the appointments of two Independent Non-executive Directors.

MEMBERS IN 2016

	Meetings attended
Ken Hanna – Nomination Committee Chairman	✓ ✓
Nicola Brewer – Non-executive Director	✓ ✓
Russell King – Senior Independent Director	✓ ✓
Uwe Krueger – Non-executive Director	✓ ✓
Diana Layfield – Non-executive Director	✓ ✓
Robert MacLeod – Non-executive Director[1]	✓ ✓
Ian Marchant – Non-executive Director	✓ ✓

[1] Robert MacLeod retired from the Board on 28 April 2016.

AREAS OF FOCUS FOR 2017

- Review succession plans for the Board.
- Appointment and inductions for our new Independent Non-executive Directors.
- Identify a suitable candidate or candidates to succeed Russell King as Senior Independent Director and Remuneration Committee Chairman.

NOMINATION COMMITTEE TERMS OF REFERENCE:
IR.AGGREKO.COM/INVESTORS

INTRODUCTION BY KEN HANNA, NOMINATION COMMITTEE CHAIRMAN

Monitoring and reviewing the composition and balance of the Board and its committees is key to the role of the Committee. By doing so we ensure that Aggreko has the right structure, skills and diversity for the effective management of the Group.

The Nomination Committee is currently made up of all of the Non-executive Directors, each of whom is independent, in addition to myself as Chairman. I have been Chairman of the Committee since my appointment as Chairman of Aggreko in April 2012, although I would not chair the Committee when it is dealing with succession to the chairmanship of Aggreko. We also invited the Chief Executive Officer to attend our meetings in 2016.

In 2016 we held two formal meetings; the members also had several informal meetings and discussions on succession planning, reappointment of Directors and the search for new Non-executive Directors.

ROLE OF NOMINATION COMMITTEE

- Review the structure, size and composition (including skills, knowledge, experience, diversity and balance of Executive and Non-executive) of the Board and its Committees and make recommendations to the Board with regard to any changes.
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies.
- Keep under review the time commitment expected from the Chairman and the Non-executive Directors.

MAIN ACTIVITIES OF THE NOMINATION COMMITTEE DURING THE YEAR

Reappointment of Directors

Since the Committee's last report, the Company has extended the terms of appointment for Ian Marchant and Russell King.

Russell King has served as a Non-executive Director since February 2009; we therefore reviewed his extension with particular care. We concluded that his tenure had not compromised his independence in any way, and it was important that we should retain his experience of Aggreko, both as Senior Independent Director and as Chairman of the Remuneration Committee, for a further year. We also considered the number and nature of Russell's other commitments – details of which are set out in his biography on page 72 – particularly his roles on the boards of three other listed companies. We were satisfied that Russell's other commitments do not detract from his ability to perform his role at Aggreko. In coming to this conclusion, we noted that: first, in our view, the companies involved are not unusually complex, nor are they in regulated sectors; second, his respective positions as chairman, senior independent director and remuneration committee chairman of those companies strengthen, rather than detract from, the experience he brings Aggreko; third, he has not missed a Board or Committee meeting within the last three years and has reduced his commitments in 2016. Moreover, he has in practice made an invaluable contribution to the Board and its commitments.

The Committee unanimously recommends the re-election of each of our Directors at our 2017 Annual General Meeting. In making this recommendation, we evaluated each Director in light of their performance, commitment to the role, and capacity to discharge their responsibilities fully, given their time commitments to other companies.

Appointment of Non-executive Directors

During the year, the Committee undertook a broad review of the non-executive profile of the Board, including skills, experience, tenure and diversity. We decided to search for two new Non-executive Directors to strengthen our Board overall and add to our succession planning. We appointed Lygon Group, an independent search firm with no other connection to Aggreko, to assist in identifying suitable candidates. In March 2017 we were delighted to announce the appointments of Barbara Jeremiah and Miles Roberts as Non-executive Directors.

Barbara is currently a non-executive Director of two North American based companies, Russel Metals and Allegheny Technologies, having recently retired as chairwoman of Boart Longyear, a US based company in the minerals drilling sector. Barbara brings extensive international non-executive experience largely in the US and Australia together with an executive career in the mining, exploration and energy industries. Barbara is also a qualified lawyer, with a BA in political science and will join the Ethics, Nomination and Remuneration Committees.

Miles brings substantial international business experience as a chief executive and finance director. Miles is currently chief executive officer of DS Smith Plc, a FTSE international packaging group with operations in nearly 40 countries. Prior to this, Miles was group chief executive of McBride plc, having served as the group finance director before that. An engineer by background and also a chartered accountant, Miles will join the Audit and Nomination Committees.

Succession planning

The Committee met with the Chief Executive Officer and Group HR Director to review succession plans. The focus of these discussions was to review our succession planning strategy and ensure robust plans were in place for the Executive Committee and their direct reports. The Committee reviewed profiles for these positions during the year, taking into account the needs of the business and identifying any gaps. The Committee will keep succession planning under close review in 2017 to implement the actions identified by the Board evaluation.

The Committee also monitors a schedule on the length of tenure of the Chairman and Non-executive Directors and the mix and skills of the Directors. The Committee is satisfied that adequate succession planning is in place for the Board and will keep succession planning under review.

Board composition and diversity

Our policy is to have a Board which represents a wide range of backgrounds, skills and experiences. We believe that a balanced Board is better equipped to consider matters from a broader perspective. Diversity is not just a matter of measurable statistics in relation to gender or ethnicity; diversity of outlook and approach is also important, though far harder to measure. We also need a range of skills from technical adherence and operational experience to governance and regulatory matters to understand the markets in which we operate. We also need a balance of long corporate memory and new insights from other fields. There needs to be both challenge and support too. When selecting new Directors, we take all these considerations into account, as well as professional background to ensure that we appoint the best people for the relevant roles.

Three out of eight of our Board roles at 31 December 2016 were held by women, but diversity is not simply a matter of gender. We recognise the benefits of greater diversity and will continue to take account of this when considering any particular appointment, although we do not set any particular targets. Diversity also extends beyond the Boardroom and we support management in their efforts to build a more diverse organisation. You can read more about our diversity statistics for the Group on page 75.

Annual remuneration statement

RUSSELL KING
REMUNERATION COMMITTEE CHAIRMAN

In revising the Remuneration Policy the Committee has focused on ensuring that executive incentives remain closely aligned with Company strategy and performance

AREAS OF ACTIVITY IN 2016

- Consulted with major Shareholders and governance bodies on new Remuneration Policy.
- Finalised framework for new incentive arrangements.
- Set targets for Annual Bonus Plan, both financial and personal/strategic objectives.

MEMBERS IN 2016

	Meetings attended
Russell King – Remuneration Committee Chairman	✓ ✓ ✓ ✓
Ken Hanna – Company Chairman	✓ ✓ ✓ ✓
Uwe Krueger – Non-executive Director	✓ ✓ ✓ ✓
Ian Marchant – Non-executive Director	✓ ✓ ✓ ✓

AREAS OF FOCUS FOR 2017

- Adjudicate outcomes for the 2016 Annual Bonus for financial and personal/strategic objectives.
- Set targets for the 2017 Annual Bonus Plan, both financial and personal/strategic objectives.
- Reflect feedback from Shareholder consultation in proposed amendments to incentive framework.
- Secure Shareholder approval for new Restricted Share Plan, new all-employee share option schemes and revised Remuneration Policy at the 2017 AGM.
- Approve targets for the 2017 grants under the Long-term Incentive Plan.
- Approve awards under the Long-term Incentive Plan and new Restricted Share Plan.

REMUNERATION COMMITTEE TERMS OF REFERENCE:
IR.AGGREKO.COM/INVESTORS

INTRODUCTION BY RUSSELL KING, REMUNERATION COMMITTEE CHAIRMAN

During the last few years Aggreko has undergone a considerable amount of change both internally, as we have recruited a new leadership team, and externally, as we have responded to changing economic and competitive circumstances. During this time our Remuneration Policy has ceased to be aligned with the strategy of the business and the Committee therefore decided to conduct a full review of the Remuneration Policy a year earlier than required.

In conducting our review, we sought to continue our practice of clear alignment of executive reward with Shareholder value creation and incentivising management – whilst accepting that the reward mechanisms and targets used had to reflect the economic and market realities facing the business.

The Policy set out in this report is consistent with rewarding our executives for achieving the targets required of a business that is in transition from a period of extraordinary growth to one that has matured, albeit with a consistently strong competitive position and good growth and return potential over time. The Committee has been focused on ensuring that the Policy is very closely linked to, and supportive of, the Company's strategy. In this regard it reflects a number of factors:

- The new management team is very focused on returning the business to growth against a background of negligible LTIP vesting over the last four cycles, no significant bonus payments and no salary increases for Executive Directors for two years. The Committee needs to keep the management team motivated and ensure that we can attract further high quality talent;
- Market dynamics indicate lower returns as pre-2012 high margin legacy contracts come to an end, for example in Argentina; and
- The business strategy requires increased investment in corporate capabilities and more capital deployed in developing new products.

The Policy contains one new element, restricted shares, and a modification to the current elements, to both reflect the value in restricted shares, and the future financial targets for the business which result in lower ROCE. EPS will now be measured as a nominal growth target rather than growth above RPI, although the targets will be broadly similar at threshold.

- Reduced annual bonus potential from 175% of salary to 125% of salary paid in cash;
- Reduced LTIP awards from 300% to 200% of salary subject to three-year performance with phased vesting over three, four, and five years, with vesting for threshold performance set at 25% of maximum;
- The introduction of annual awards of restricted shares of up to 75% of salary with vesting subject to continued employment over three years and no share release until the fifth anniversary of the award. The Committee retains discretion to reduce or withhold outstanding awards in the event of exceptional circumstances, and can apply malus and clawback as with the LTIP;

- Increased personal shareholding requirements from 200% to 400% of salary; and
- Modified performance ranges for the LTIP expressed as nominal growth targets rather than growth above RPI. Threshold performance will be at a similar level, whereas the maximum has been reduced to reflect a growth profile consistent with a maturing business. The Committee will retain the flexibility to modify each of these targets for each new plan cycle during the policy period but for 2017 the targets will be:
  - EPS (75%) – average nominal EPS growth of 5% to 12% per annum; and
  - ROCE (25%) – 15% to 20% measured in final year of plan.

It is the Committee's view that the modifications made will greatly improve the linkage between remuneration and the Company's strategy without increasing the quantum of incentives at target (circa £2.4 million for the CEO) and that it will reduce the maximum (from circa £4.6 million to £4 million).

As Remuneration Committee Chairman I fully understand that our proposals might be viewed as non-standard but I am also convinced that they represent a very tailored and appropriate approach that ensures close alignment with rewarding the management for delivering growth in Shareholder value. For a Company like Aggreko with a highly capable leadership team guiding the business through a challenging period, I consider it important that we retain their enthusiasm, keep them motivated with incentives that are within reach, and enable us to continue to attract great talent globally.

OUR REMUNERATION STRATEGY

OUR AIM

The aim of Aggreko's remuneration policy is to reward executives for delivering the principal objective – delivering long-term value to our Shareholders.

Our reward package for Executive Directors comprises:

- a fixed element:
  - salary;
  - pension; and
  - benefits,

generally based on market median for companies of similar size and complexity

- a variable element:
  - annual bonus, based on demanding annual performance targets, both financial and personal;
  - long-term incentives, based on long-term strategic financial performance; and
  - restricted shares.

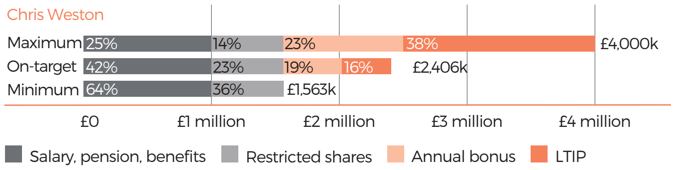
READ OUR REMUNERATION POLICY ON PAGE 99.

BALANCE OF ELEMENTS

We aim to balance these elements so that:

- the majority of executive remuneration is linked to Aggreko's financial performance;
- there is a heavier weighting on long-term performance than on short-term performance; and
- we use a balanced portfolio of measures which are designed to reflect our goal of delivering sustainable profit growth over the long term. We plan to achieve this by focusing on our four business priorities of the customer, technology, efficiency and people.

So for example, the potential future reward opportunities for the Chief Executive Officer are as follows:



READ THE FULL SCENARIO ANALYSIS FOR BOTH EXECUTIVE DIRECTORS ON PAGE 104.

OUTCOME FOR 2016

SINGLE FIGURE TOTAL PAY FOR EXECUTIVE DIRECTORS

The following table shows a summary of total remuneration for 2016 for each of the Executive Directors:

	Base Salary £	Benefits £	Annual Bonus £	LTIP PSP £	LTIP CIP £	Sharesave £	Pension £	Other £	Total £
Carole Cran[1]	412,000	84,247[2]	107,120	–	16,149	–	82,400	–	701,916
Chris Weston[1]	750,000	25,035	202,500	–	–	–	225,000	706,620[3]	1,909,155

1 Full details of the total remuneration and an explanation of each component are set out on pages 106 to 109.
2 Owing to the significant amount of time spent in London, based on UK legislation, Carole Cran has established a second place of employment in London. As a result, any home to London office travel costs either reimbursed, or paid on Carole's behalf are taxable.
3 As explained on page 89 of our Annual Report 2015, Chris Weston was granted an award of shares on 30 March 2015. 50% of the shares were released on 1 April 2016.

READ THE FULL DETAILS IN THE ANNUAL REPORT ON REMUNERATION PAGE 106

Annual remuneration statement continued

OUR REMUNERATION COMMITTEE

Determining the remuneration for the Executive Directors and Executive Committee members is key to the workings of the Committee. We oversee Aggreko's overall remuneration policy, strategy and implementation to ensure that the policy is aligned with the key objectives of growing earnings and delivering strong returns on capital employed.

The Remuneration Committee is currently made up of four Independent Non-executive Directors, including myself as Chairman of the Committee. Peter Kennerley is secretary to the Committee. We also invite the Chief Executive Officer, Group HR Director and Group Reward Director to attend our meetings.

In 2016, we held four meetings of the Committee.

Our role is as follows:

- Determine and agree with the Board the policy for remuneration for the Chairman, Executive Directors and Executive Committee.
- Within the terms of the remuneration policy, determine the total individual remuneration package for the Chairman, each Executive Director and each member of the Executive Committee, including base salary, pension, benefits, annual bonus and long-term incentives.
- Determine, having taken appropriate legal advice, the level of any payment made to the Chairman, Executive Directors or members of the Executive Committee by way of compensation for, or otherwise in connection with, loss of office or employment.
- Approve the design of, and determine targets for, performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- Review the design of all share incentive plans for approval by the Board and Shareholders. For any plan, determine each year the overall amount of awards, along with the individual awards to Executive Directors and members of the Executive Committee. In the case of any retention or new joiner awards to employees below the Executive Committee, retrospectively approve awards.
- Determine the policy for and scope of pension arrangements for each Executive Director and members of the Executive Committee.
- Oversee any major changes in employee benefits structures throughout the Group.
- Agree the policy for authorising claims for expenses from the Directors.

OUR REMUNERATION POLICY

This year we are asking Shareholders to approve a new remuneration policy which includes amendments to the structure of our variable pay (including seeking approval for a new Restricted Share Plan); annual bonus and long-term incentives. We explain the main changes on pages 97 and 98. We are also seeking Shareholder approval to replace the Company's existing all-employee Sharesave option schemes, which will expire in April 2017, with new Sharesave schemes. Full details of the new policy are set out in the Policy Report on page 99.

PERFORMANCE OUTCOMES FOR 2016

Performance and annual bonus

In line with our remuneration policy, Aggreko operates an annual bonus plan with the aim of focusing Executive Directors on achieving demanding annual targets relating to Company financial performance and personal/strategic objectives.

Chris Weston, Chief Executive Officer earned 27% out of a maximum 175% of salary, while Carole Cran, Chief Financial Officer earned 26% out of a maximum of 175% of salary.

I explain below how the Committee set bonus targets for 2016, how we assessed performance against those targets, and how we decided on the level of bonus to be paid.

For 2016, annual bonus payments were determined as to 80% based on financial performance and 20% based on personal/strategic objectives.

The 80% financial element was measured as follows:

- 75% against D-EPS; and
- 25% against operating cash flow.

The 20% personal/strategic element was based on personal objectives set individually for each Director by the Committee. Each included measurable improvements in safety indicators and agreed outcomes for set strategic objectives specific to their roles.

The financial measure to which we give most emphasis is D-EPS. The threshold D-EPS for 2016, at which level Executive Directors would start to receive bonus, was set at 56.51 pence, with target D-EPS at 59.48 pence. The actual outcome was 49.74 pence (on a constant currency basis), which meant that no bonus was payable for that element. We have set out the details of all of the 2016 targets and outcomes for the financial and personal/strategic objectives on pages 107 and 108, but in summary:

- as D-EPS fell short of budget, none of that element will be payable;
- as Group operating cash flow fell short of budget, none of that element will be payable; and
- each of the Executive Directors largely met their personal/strategic goals for the year.

Twenty-five percent of the bonus is deferred in Aggreko shares for three years.

Full details of the performance outcomes for the Annual Bonus are set out on page 107.

READ MORE AND SEE OUR BONUS ENTITLEMENT AND OUTCOME TABLES **PAGE 107**

Performance and LTIPs

In 2017 awards will vest under our previous LTIP Scheme, which was introduced in 2004. These are the last awards which will vest under this scheme and Carole Cran is the only Executive Director who participated in the scheme. Based on performance to 31 December 2016, she will receive the Minimum Match Award under the Co-Investment Plan.

The awards which vest in April 2017 were granted in 2014, and are subject to demanding performance conditions based on real (i.e. excluding inflation) D-EPS annualised growth of 3-10% and return on capital employed (ROCE) of 20-25% measured over a three-year period to 31 December 2016.

In summary, during that period real D-EPS showed no growth, and as a result, none of the shares subject to the D-EPS growth criterion will vest; average ROCE was 16% as against a target range of 20-25%, and similarly none of the shares subject to the ROCE condition will vest. Therefore, none of the performance element of the 2014 awards will vest; only the Minimum Match element, equivalent to 15% of salary at the time of grant will vest for Carole Cran. Further details of LTIPs which vested in 2016 are included in the table on page 109.

CHANGES IN REMUNERATION POLICY

This year we will be asking our Shareholders to approve a new remuneration policy for Executive Directors at our Annual General Meeting. I explain below the background to, and the reasons for, the proposed changes to the Company's executive remuneration policy.

CONTEXT FOR CHANGE

Aggreko's current remuneration policy was approved by Shareholders at the 2015 AGM and has governed the way we have paid our Directors over the last two years. Although we are able to operate the existing remuneration policy for an additional year, the Committee has taken the opportunity over the last few months to undertake a comprehensive review of our remuneration arrangements with the aim of ensuring that pay reinforces the Company's strategy, whilst continuing to motivate and retain executive talent at this critical time for Aggreko. The Committee has noted outcomes from the recent Investment Association Remuneration Working Group consultation and subsequent changes to the IA guidelines, and in particular the call for flexibility in determining a remuneration policy which is tailored to individual company circumstances.

Our proposal is considered by the Committee to be appropriate for Aggreko at this time; incentivising short and long-term performance through continued use of the annual bonus and Long-term Incentive Plan (LTIP) respectively (albeit with lower opportunities), and using awards of restricted shares and much higher personal shareholding requirements to strengthen Shareholder alignment and talent retention. Overall maximum variable pay would fall by 16%, whilst time horizons would be extended, with over 40% of variable remuneration only realisable after five years (cf. 20% currently).

During 2016, we consulted with the majority of our major Shareholders, representing over 50% of our issued share capital, on these proposed changes. The new remuneration policy and new Restricted Share Plan to be presented to Shareholders for approval at our 2017 Annual General Meeting take into account the feedback from these consultations.

Summary of proposed changes to short and long-term incentives

The Committee proposes the following changes to Aggreko Executive Director incentives:

- Increased minimum executive shareholding requirements; doubled from 200% to 400% of salary.
- Maximum annual bonus opportunities reduced from 175% to 125% of salary, payable in cash.
- Maximum annual LTIP opportunities reduced from 300% to 200% of salary, subject to three-year performance and vested shares (post tax) being released in three equal tranches, over three, four and five years. Vesting for threshold set at 25% of maximum.
- Annual awards of restricted shares of up to 75% of salary (i.e. equivalent to half the reduction in annual bonus and LTIP opportunities), to be awarded under a new Restricted Share Plan, with vesting subject to continued employment over a three-year period but no shares released to participants until the fifth anniversary of award. The Committee would also retain discretion to reduce or restrict vesting of outstanding awards in exceptional circumstances, including, in the event that the total annual dividend is less than the total dividend declared in respect of the immediately preceding financial year, or the Company has breached its net debt/EBITDA covenant as set out in its banking facilities, at the end of the financial year. Other exceptional circumstances if relevant would be the subject of consideration at the time of vesting. Malus and clawback would apply as with the annual bonus and LTIP.

No material changes are proposed to the policy regarding other elements of remuneration, such as salary, pension and benefits, at this time. Executive Director salaries were subject to the usual review process by the Committee at the end of the financial year. Details are provided on page 107.

In formulating this proposed approach to remuneration, the Committee carefully considered the advantages and shortcomings of the existing remuneration structure, as well as the purpose and link of each element to Aggreko's new strategy. The aim is to achieve a relatively simple, balanced incentive structure with measures and targets that incentivise Executives to really drive Shareholder value.

Annual bonus

The annual bonus structure has remained broadly consistent for a number of years, with the majority linked to Group financial performance, as measured by underlying D-EPS. An element based on personal/ strategic performance was introduced in 2015 to recognise the importance of non-financial KPIs in enabling long-term sustainable profit growth. One-quarter of any bonus earned is currently deferred in Aggreko shares for three years.

Under our proposal for 2017, the maximum opportunity for Executive Directors will be reduced from 175% to 125% of salary, with any amount earned payable in cash. Shareholder alignment currently provided by the bonus deferral mechanism will be strengthened through annual awards of restricted shares which are realised by participants over a longer period (five versus three years), as well as higher personal shareholding requirements.

The annual bonus for 2017 will operate with financial performance – measured against D-EPS – accounting for 80% of the potential opportunity and the remaining 20% measured on performance against personal/strategic objectives. Further details can be found on page 112. It is intended that targets will continue to be disclosed on a retrospective basis to allow Shareholders to make an informed voting decision on the bonus structure and outcomes each year.

Annual remuneration statement continued

Long-term Incentive Plan (LTIP)

The LTIP was approved at the 2015 AGM following Shareholder consultation at the time. Changes approved included simplification through removal of the matching element, a reduction in maximum opportunity, the introduction of a mandatory post-vesting holding period, and the introduction of clawback provisions. Vesting of LTIP shares is based on three-year EPS and ROCE targets.

The purpose of the LTIP is to align the interests of management with those of Shareholders in growing the value of the business over the long term. Although the Committee believes that the LTIP can still help achieve this objective, business and broader economic circumstances are now very different to those faced a few years ago, and a policy which has the same EPS targets for each cycle is no longer considered appropriate.

Like many companies with a diverse global footprint, Aggreko is susceptible to external factors impacting performance, and the Committee has been conscious of the difficulty in setting robust stretching and achievable long-term targets. Going forward, we will be guided by Aggreko's new overriding goal of growing ahead of the markets in which we operate, at attractive margins and returns. The Committee also believes in the business case for reducing maximum bonus and LTIP opportunities.

The Committee proposes to reduce the maximum annual LTIP opportunity for Executive Directors from 300% to 200% of salary. Performance would continue to be measured against three-year underlying EPS and ROCE, with vested awards (post-tax) released to participants in equal tranches after three, four and five years. Threshold vesting would be 25% of the maximum award under each element, in line with market practice. The introduction of restricted shares will ease the difficulty with setting robust targets, promote Shareholder alignment, and incentivise participants to make the necessary changes to drive value over the next five years.

The Committee will set both the EPS growth targets and the ROCE targets for future awards each year. The EPS range is expressed as a nominal growth rate over the three-year performance period, while the ROCE target is an absolute value, to be delivered in the final year of the three-year plan.

In respect of the 2017 awards, the Committee is proposing an average nominal EPS growth performance range of 5% to 12% per annum. For ROCE the Committee is proposing a final year ROCE performance range of between 15% and 20%.

Restricted shares

The Committee proposes to introduce annual awards of restricted shares of up to 75% of salary to Executive Directors, complementing the 150% of salary reduction in annual bonus and LTIP. It is intended that restricted shares normally vest based on continued employment within the Group over a period of three years, at which time the shares will be owned by the Executive Directors, but will not normally be released until a further two years after vesting – a total period of five years. The Committee will also retain discretion to reduce or withhold awards in exceptional circumstances to ensure pay and performance remain aligned.

Consideration of restricted shares for Executive Directors is one of the proposals put forward by the IA Remuneration Working Group. The Committee believes that using restricted shares is appropriate at this time for Aggreko and that requiring the accumulation of meaningful holdings of shares will help strengthen Shareholder alignment and provide a clear link to absolute share price performance. A significant proportion of pay will also continue to be linked to short and long-term financial and non-financial performance indicators under existing incentives.

The proposed maximum annual restricted share opportunity is set at a level which broadly maintains the fair value of Executive Director remuneration, but which significantly reduces maximum realisable variable pay, and reduces the volatility in pay that we have seen at Aggreko over the last eight years. Additionally, the proposed holding period on the restricted share element will result in over 40% of the CEO and CFO's variable remuneration not being realised until five years, compared to 20% under the current structure.

Shareholding guidelines

To support shareholder alignment and ensure that Executive Directors hold meaningful interests in Aggreko shares, the Committee is proposing to double the personal shareholding requirements from 200% to 400% of salary. Executive Directors will be expected to achieve the guideline over a period of five years, and will be expected to retain at least 50% of vested incentives (post-tax) until such guidelines have been met.

Pay reviews for 2017

There have been no salary increases for Executive Directors for two years and none are proposed for 2017.

In conclusion

Notwithstanding current economic and market headwinds, Aggreko's priority remains delivering sustainable profit growth for the long term. We plan to achieve this by focusing on customers, technology and efficiency, underpinned by continuing investment in our people capability. We have exciting projects and developments in all these areas, and will continue to communicate these to Shareholders as we progress. The Committee sees the proposed remuneration arrangements as prudent at this stage in Aggreko's evolution, in this critical transition year, and an important contribution to maintaining the focus on short and long-term targets, and retaining the talent we need to deliver attractive Shareholder value growth.

Policy report

This section of our report describes each component of Aggreko's remuneration policy for Directors and has been prepared in accordance with Part 4 of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). Subject to approval at the AGM, this policy will replace the current policy (which was approved by Shareholders at the 2015 AGM) and is expected to apply for three years from 27 April 2017.

Aggreko's proposed new remuneration policy for Executive Directors

Fixed pay

BASE SALARY

PURPOSE AND LINK TO STRATEGY

To attract and retain talent by ensuring base salaries are competitive in the talent market(s) relevant to each individual.

We aim to pay the market median for standard performance and within the market top quartile for top quartile performance, or to recruit outstanding candidates.

OPERATION

Base salaries are generally reviewed annually; in determining the appropriate level of adjustment, we take into account: Company performance; the individual's responsibilities and contribution to the business; salary levels for comparable roles at relevant comparators; and salary increases more broadly across the Group.

For the Chief Executive Officer and the Chief Financial Officer, the benchmark we use is the 20 companies either side of Aggreko in the FTSE based on the average market capitalisation over the previous 12 months.

If we were to appoint other Executive Directors we would use a similar benchmarking approach but supplemented by market data from our advisers. This recognises that comparability is harder to gauge and less formulaic for these roles.

OPPORTUNITY

Any base salary increases are applied in line with the outcome of the annual review.

The Chief Executive Officer will have the highest base salary of all Executive Directors, and the maximum salary for the Chief Executive Officer may be within the top quartile of Chief Executive Officer salaries for the FTSE+/-20 comparators.

PERFORMANCE METRICS

None, although continued good performance is a factor considered when reviewing salaries.

PENSION

PURPOSE AND LINK TO STRATEGY

To provide relevant statutory benefits and be competitive in the market in which the individual is employed.

OPERATION

All Executive Directors are entitled to a defined-contribution pension. They can opt to take a cash payment in lieu of all or part of their pension.

OPPORTUNITY

Contributions of between 20% and 30% of salary per annum except where limited by local practice.

For new hires, the pension contribution will be up to 20% of salary per annum.

PERFORMANCE METRICS

None.

BENEFITS

PURPOSE AND LINK TO STRATEGY

Designed to be competitive in the market in which the individual is employed. Expatriate and relocation packages designed to ensure a geographically mobile management population related to business needs.

OPERATION

Includes healthcare benefits, life assurance cover, a company car (or an allowance in lieu). Where appropriate, we would provide an expatriate package, including bearing the cost of any local taxes payable on any expatriate benefits, relocation costs, living allowances and school fees. The Company will also bear any UK tax that Executive Directors resident overseas incur as a result of carrying out their duties in the UK.

Any reasonable business related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit.

Executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms.

OPPORTUNITY

Benefits vary by role and local practice, and are reviewed periodically relative to market.

Benefits (excluding travel and related taxes) payable to Executive Directors did not exceed 10% of salary during the most recent financial year. In line with market practice, it is not anticipated that in normal circumstances the cost of benefits provided will exceed this level over the next three years.

The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in insurance premiums, provider costs or taxes).

PERFORMANCE METRICS

None.

Policy report continued

Variable pay

ANNUAL BONUS SCHEME

PURPOSE AND LINK TO STRATEGY

To focus Executive Directors on achieving demanding annual targets relating to Company performance.

The key changes proposed by the Committee with regard to Annual Bonus are set out on page 97.

OPERATION

Performance measures and targets are set at the start of the year and are weighted to reflect the balance of Group, and where appropriate business unit, responsibilities for each executive.

At the end of the year, the Committee determines the extent to which these have been achieved. The Committee has the ability to exercise discretion to adjust for factors outside management control.

Bonus payments will be paid in cash.

Malus and/or clawback provisions apply as described on page 102.

OPPORTUNITY

The maximum annual bonus opportunity for Executive Directors is 125% of salary. The financial element of the bonuses start to be earned for threshold performance (for which 25% of target bonus is paid), rising on a straight-line to deliver 50% of maximum for on-budget performance.

PERFORMANCE METRICS

Performance is assessed annually with 20% of the maximum bonus potential based on personal/strategic objectives aligned to the Company's KPIs and 80% on challenging budget and stretch targets for Group and business unit financial performance. The current measure for financial performance is EPS, but may vary each year depending on business context and strategy. All measures will be weighted appropriately according to business priorities, with generally more weighting on earnings growth than other factors. The personal/strategic objectives, accounting for 20% of the annual bonus, have previously covered customer service, safety and internal leadership and are quantified wherever possible. If the personal/strategic objectives are achieved but EPS is below threshold performance, then the Committee has the discretion to reduce, if appropriate to zero, the personal/strategic element that would otherwise have been paid.

Further details of the performance measures proposed for the 2017 annual bonus are set out in the Annual report on remuneration on page 112.

LONG-TERM INCENTIVE PLAN

PURPOSE AND LINK TO STRATEGY

To align the interests of management with those of Shareholders in growing the value of the business over the long term.

Vesting of awards is subject to performance conditions based on the long-term financial performance of the Group; the value of the awards is based on both the proportion vesting (i.e. the Company's financial performance) and the movement in the share price over the vesting period.

The key changes proposed by the Committee with regard to the LTIP are set out on pages 97 and 98.

OPERATION

The LTIP comprises a single Performance Share Plan (PSP).

Awards are normally granted annually. Award levels and performance conditions are reviewed from time to time to ensure they remain appropriate and aligned with Shareholder interests.

Awards normally vest after three years, subject to performance and continued office or employment. A proportion of shares which vest will be subject to a further retention period of up to two years, with one-third being released (post-tax) on vesting and a further third being released after each of one and two years from vesting. The holding period will end early on a takeover, scheme of arrangement or winding-up of the Company, upon the death of an individual or in exceptional circumstances on such other date determined by the Committee. On vesting, participants will be entitled to the equivalent of any dividends on the shares between grant and vesting or the earlier of the date of exercise of an option and the expiry of any holding period.

Malus and/or clawback provisions apply to awards as described on page 102.

OPPORTUNITY

The PSP provides for a nil-cost conditional award of shares worth up to an aggregate limit of 200% of salary per annum for Executive Directors.

PERFORMANCE METRICS

The performance measures for the PSP are based on Group performance. For 2017 it is proposed to use Earnings per Share and Return on Capital Employed. The targets are set by the Committee each year.

The Committee retains discretion to modify the LTIP outcome in circumstances where strict application of the performance conditions would produce a result inconsistent with our remuneration principles, where the formulaic outcome does not genuinely reflect the underlying performance of the Company, or where necessary to avoid unintended consequences. Any material upward discretion would be subject to prior consultation with the Company's major Shareholders.

The Committee also retains discretion to include additional or alternative performance measures, weightings and/or targets in future years to take account of the Company's key strategic and operational aims and targets, and business outlook at that time.

Further details of LTIP award sizes and targets proposed for 2017 are provided in the Annual report on remuneration on page 113.

RESTRICTED SHARES (NEW FOR 2017)

PURPOSE AND LINK TO STRATEGY

To align the interests of management with those of Shareholders in protecting and growing the value of the business over the long term and provide a clear link between absolute Shareholder returns and realised reward.

Vesting of awards is subject to continued employment over a period of three years with vested shares (post-tax) being released to participants a further two years after vesting. Shares will vest at a value that recognises the dividends that would have accrued to them during the three-year vesting period and in respect of shares held under an option until the earlier of the date of exercise and the expiry of the holding period.

The vesting of awards may, at the discretion of the Committee, be subject to the satisfaction of a general underpin.

The key elements proposed by the Committee with regard to awards of restricted shares under our new Restricted Share Plan (RSP) are set out on pages 97 and 98.

OPERATION

Award levels will be reviewed from time to time to ensure they remain appropriate and aligned with Shareholder interests.

The shares which vest will (after the deduction of any tax) normally be subject to a further retention period of two years. The holding period will end early on a takeover, scheme of arrangement or winding-up of the Company, upon the death of an individual or in exceptional circumstances on such other date determined by the Committee. On vesting participants will be entitled to the equivalent of any dividends on the shares between grant and vesting and in respect of shares held under an option until the earlier of the date of exercise and the expiry of the holding period.

The vesting of awards may, at the discretion of the Committee, also be subject to the satisfaction of a general underpin.
The Committee will have discretion to decide that awards should not vest or only partially vest in exceptional circumstances, including in the event that the total annual dividend is less than the total dividend declared in respect of the immediately preceding financial year, or the Company has breached its net debt/EBITDA covenant as set out in its banking facilities, at the end of the financial year. Other exceptional circumstances if relevant would be the subject of consideration at the time of vesting.

Malus and clawback provisions apply to awards as described on page 102.

OPPORTUNITY

The RSP provides for a nil-cost conditional award of shares to Executive Directors worth up to an aggregate limit of 75% of salary per annum.

PERFORMANCE METRICS

A general underpin may be applied at the discretion of the Committee.

Note: RSP awards can only be made up to a maximum limit of 75% of salary for Executive Directors, but up to 100% (and 200% in exceptional circumstances) for other employees as detailed on page 104.

Other

SHARESAVE

PURPOSE AND LINK TO STRATEGY

To align the interests of employees and Shareholders by encouraging all employees to own Aggreko shares.

OPERATION

This is an all-employee scheme whereby all eligible employees including Executive Directors invited by the Board to participate may save up to £500 (or local currency equivalent) per month over a period of two to five years. Higher monthly savings may be permitted in line with any changes to the statutory limits applying to UK SAYE share option schemes.

Options under the Sharesave Option Schemes and the US Stock Purchase Plan are granted at a discount of 20% and 15% respectively.

OPPORTUNITY

Savings currently capped at £500 a month (or local currency equivalent). Higher savings may be permitted in line with the statutory limit for UK schemes.

PERFORMANCE METRICS

None.

Policy report continued

PAYMENTS FROM OUTSTANDING AWARDS

Executive Directors remain eligible to receive payment under any contractual arrangement agreed prior to the approval and implementation of the remuneration policy, i.e. before 27 April 2017. In particular, they will be entitled to receive any awards vesting under the incentive arrangements included in the remuneration policy approved at the Company's 2015 Annual General Meeting.

PERFORMANCE MEASURE SELECTION AND APPROACH TO TARGET SETTING

The measures used under the Annual Bonus Scheme reflect the Company's key financial objectives for the year. The Committee considers that EPS (used in both the Annual Bonus Plan and LTIP) is an objective and well-accepted measure of the Company's performance which reinforces the strategic objective of achieving profitable growth.

Targets for the Annual Bonus Scheme are tied to the Annual Budgets set by the Board and have due regard to external forecasts. Performance targets are set to be stretching but achievable and take into account the economic environment in a given year. Generally, bonuses will start to be earned at performance levels of 10% below Budget, with a straight-line to Budget, and then increase on a straight-line until they reach capped levels, which will generally be around 15% above Budget.

Under the LTIP, Group D-EPS is complemented by ROCE to reflect the need to balance growth and returns. Targets applying to the LTIP are reviewed annually, based on a number of internal and external reference points to ensure they remain appropriately stretching.

The Committee also retains discretion to include additional or alternative performance measures, weightings and/or targets in future years to take account of the Company's key strategic and operational aims and targets, and business outlook at that time.

MALUS AND CLAWBACK

Payments and awards under the Annual Bonus Scheme, Long-term Incentive Plan and Restricted Share Plan are subject to malus and clawback as described below.

The Committee has discretion to decide at any time prior to the third anniversary of the date of payment of a bonus or the vesting of an award under the LTIP and RSP that the relevant individual shall be subject to malus/clawback if:

- the Committee forms the view that the Company materially misstated its financial results for whatever reason; or
- the Committee forms the view that in assessing any Performance Condition and/or any other condition imposed on the bonus or award such assessment was based on an error, or on inaccurate or misleading information or assumptions; or
- the relevant individual ceases to be a Director or employee of Aggreko as a result of gross misconduct or the Committee is of the view that the relevant individual could have been summarily dismissed by reason of his gross misconduct; or
- any other circumstance(s) or event(s) arise which the Committee considers to be sufficiently exceptional to justify the operation of malus/clawback. (Clawback in exceptional circumstances is a new feature to the Policy.)

AMOUNT TO BE SUBJECT TO MALUS/CLAWBACK

Where malus/clawback applies as a result of a misstatement or error, the amount will generally be based on the additional value which the Committee considers has been granted to, vested in, or received by the relevant individual as a result of the relevant misstatement or error. Where the malus/clawback applies for any other reason, it will be the amount that the Committee decides is appropriate.

SATISFACTION OF CLAWBACK

The Committee has wide discretion in deciding how any clawback will be satisfied, including:

- reducing the amount of any future bonus which would otherwise be payable;
- reducing the extent to which any subsisting awards under the LTIP and RSP vest;
- reducing the extent to which subsisting awards under any other share incentive plan vest;
- reducing the number of any deferred bonus shares and LTIP awards which have vested and so are no longer subject to performance conditions but are subject to post-vesting deferral provisions;
- requiring the relevant individual to pay the amount of clawback to the Company; and
- deducting the amount from the relevant individual's salary or from any other payment to be made by the Company.

If the relevant individual is required to repay any additional value, the Committee may consider whether that amount should take into account any income tax and national insurance contributions (or their equivalent) paid by the relevant individual and any possibility of him reclaiming such income tax and national insurance contributions.

Aggreko's remuneration policy for Non-executive Directors and Chairman

Non-executive Directors

PURPOSE AND LINK TO STRATEGY

To attract and retain Non-executive Directors with an appropriate degree of skills, experience, independence and knowledge of the Company and its business.

OPERATION

Fee levels for Non-executive Directors are generally reviewed by the Board annually. Remuneration comprises an annual fee for acting as a Non-executive Director and serving as a member of any Committees. Additional fees are paid in respect of service as chairman of a committee or as Senior Independent Director.

When reviewing fees, reference is made to fees for the same comparator group as used for Executive Directors, information provided by a number of remuneration surveys, the extent of the duties performed and the size of the Company.

OPPORTUNITY

Any fee increases are applied in line with the outcome of the annual review. Currently the maximum aggregate annual fee for all Non-executive Directors, including the Chairman, provided in the Company's articles of association is £900,000.

PERFORMANCE METRICS

None.

Chairman

PURPOSE AND LINK TO STRATEGY

To attract and retain a Chairman to provide effective leadership for the Board.

OPERATION

Remuneration for the Chairman comprises an annual fee for acting as Chairman, and serving as Chairman or as a member of any Committees. The Remuneration Committee sets the Chairman's remuneration, subject to review when appropriate.

When reviewing fees, reference is made to fees for the same comparator group as used for Executive Directors, information provided by a number of remuneration surveys, the extent of the duties performed and the size of the Company.

OPPORTUNITY

Any fee increases are applied in line with the outcome of the annual review. Currently the maximum aggregate annual fee for all Non-executive Directors, including the Chairman, provided in the Company's articles of association is £900,000.

PERFORMANCE METRICS

None.

INCENTIVES AND BENEFITS FOR NON-EXECUTIVE DIRECTORS AND CHAIRMAN

Non-executive Directors and the Chairman do not participate in incentive arrangements or receive other remuneration in addition to their fees. However, where appropriate the Company may provide additional benefits in kind (for example, reimbursement of travel costs and taxes thereon), which are not expected to exceed 20% of the annual fee in any year.

APPROACH TO RECRUITMENT REMUNERATION

The Company's approach to remuneration for newly appointed Directors is identical to that for existing Directors. As a matter of practicality, we recognise that it may be necessary to pay within the market top quartile salaries in order to attract candidates of the quality the business needs. New Executive Directors will be invited to participate in incentive plans on the same basis as existing Executive Directors. However, the Committee may alter the performance measures, performance period, reference salary and vesting period of the annual bonus, LTIP or RSP, subject to the rules of the plans, if the Committee determines that the circumstances of the recruitment merit the alteration. The Committee will explain the rationale for any such changes. Where appropriate the Company will offer to pay reasonable relocation expenses for new Executive Directors in line with the Company's policies described above.

It is not the Company's policy to offer sign-on payments, but where the Remuneration Committee considers it is necessary to do so in order to recruit a particular individual, it may offer compensation for amounts of variable remuneration foregone, provided the fair value is no greater. In doing so, the Committee will consider all relevant factors including time to vesting, delivery vehicle (cash vs. shares vs. options), any performance conditions attached to the awards and the likelihood of the conditions being met. In order to facilitate such compensation, the Committee may rely on the exemption contained in Listing Rule 9.4.2, which allows for the grant of awards in exceptional circumstances to facilitate the recruitment of a Director.

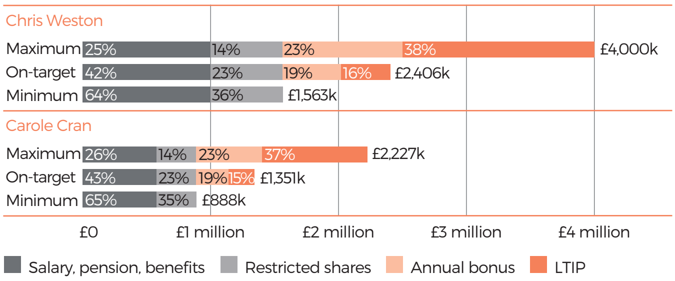
Where the Company is considering the promotion of senior management to the Board, the Committee may, at its discretion, agree that any commitments made before promotion will continue to be honoured whether or not consistent with the policy prevailing at the time the commitment is fulfilled.

In recruiting a new Non-executive Director, the Remuneration Committee will use the policy as set out in the table on this page. A base fee in line with the prevailing fee schedule would be payable for acting as a Non-executive Director and serving as a member of any Committees, with additional fees payable for acting as Chairman of a Committee or as Senior Independent Director. In recruiting a new Chairman of the Board, the fee offered would be inclusive of serving on any Committees.

Policy report continued

PAY-FOR-PERFORMANCE: SCENARIO ANALYSIS

The graphs below provide estimates of the potential future reward opportunities for Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'.



Potential reward opportunities illustrated on this page are based on the proposed new policy we are asking Shareholders to approve, applied to the base salary in force at 1 January 2017. For the annual bonus, the amounts illustrated are those potentially receivable in respect of performance for 2017. It should be noted that the LTIP and RSP awards granted in a year do not normally vest until the third anniversary of the date of grant. The projected value of LTIP and RSP amounts excludes the impact of share price movement. In illustrating potential reward opportunities the assumptions in the table below are made.

ASSUMPTIONS FOR POTENTIAL FUTURE REWARD OPPORTUNITIES

	Fixed pay	Annual bonus	LTIP	RSP
Maximum	Latest base pay, pension and ongoing benefits	Maximum annual bonus	Performance warrants full vesting	Full vesting
Target	Latest base pay, pension and ongoing benefits	On target annual bonus	Performance warrants 25% of maximum vesting	Full vesting
Minimum	Latest base pay, pension and ongoing benefits	No annual bonus	Threshold not achieved, so no amount vesting	Full vesting

CONSIDERATION OF SHAREHOLDER VIEWS

During 2016, we consulted with our Shareholders on the proposed changes to our Remuneration Policy. The new remuneration policy reflects the results of these consultations.

The Committee also receives regular updates on the views of investors and corporate governance matters. This ensures that best practice principles are taken account of by the Committee to assist them with their decision making.

We welcome an open dialogue with Shareholders and will continue to consult with major Shareholders before implementing any significant changes to the Remuneration Policy.

EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The policy and practice with regard to the remuneration of senior executives below the Board is broadly consistent with that for the Executive Directors. Our senior executive population will be invited to participate in the LTIP and new RSP, at varying percentage levels of salary under the LTIP. Different award levels of up to 100% of salary (200% in exceptional circumstances) may apply below Board under the RSP. This would be on a case by case basis, typically as part of a retention package or to compensate for lost long-term incentives on recruitment of a senior executive. RSP awards may also vest earlier (or later) than the third anniversary of grant and may be subject to a shorter holding period or no holding period.

In making remuneration decisions, the Remuneration Committee also considers the pay and employment conditions elsewhere in the Group, and is informed of changes to broader employee pay. The Remuneration Committee does not specifically consult with employees over the effectiveness and appropriateness of the remuneration policy or use any remuneration comparison measurements, although as members of the Board they receive the results of the Company's periodical employee satisfaction survey which includes questions covering remuneration.

SERVICE CONTRACTS AND POLICY ON PAYMENT FOR LOSS OF OFFICE

It is the Company's policy to provide for 12 months' notice for termination of employment for Executive Directors, to be given by either party. For Executive Directors who have been newly recruited from outside the Group, the period would normally be six months, increasing to 12 months after 12 months' service.

The Company's policy is to limit severance payments on termination to pre-established contractual arrangements; if the Company believes it appropriate to protect its interests, it may also make additional payments in exchange for non-compete/non-solicitation terms which are above and beyond those in the Director's contract of employment. Typically, these will serve to extend the non-compete period for up to three years from the date of termination. The Committee has discretion to contribute towards outplacement services and the legal fees for any departing Director to the extent it considers appropriate.

Under normal circumstances, the Company may terminate the employment of an Executive Director by making a payment in lieu of notice equivalent to basic salary and benefits for the notice period at the rate current at the date of termination. In case of gross misconduct, a provision is included in the Executive's contract for immediate dismissal with no compensation payable. Copies of the service contracts of the Executive Directors and copies of the letters of appointment of the Non-executive Directors are available for inspection at the registered office of the Company.

TREATMENT OF LONG-TERM INCENTIVE AWARDS AND OPTIONS ON TERMINATION OF EMPLOYMENT AND CORPORATE EVENTS UNDER THE LTIP AND RSP

In the event an Executive Director leaves for reasons of death, ill-health, injury, disability, redundancy, retirement with the agreement of the Company, or their employing company or business ceasing to be a member or undertaking of the Group or other such event as the Committee determines (the good leaver reasons), then awards held for less than one year will normally lapse. The Committee may determine that the circumstances are, in its opinion, sufficiently exceptional in which case an award may vest to the extent determined by the Committee (having regard to the performance conditions in the case of an LTIP award and the period during which the participant was employed) and subject to any other additional terms and conditions that the Committee may determine.

LTIP and RSP awards held by a good leaver for at least one year will normally be pro-rated for time and will vest on the normal vesting date. The Committee has discretion to allow an award to vest on a date following cessation based (in the case of LTIP awards) on performance over the original performance period (or if the award vests early on cessation, a curtailed performance period) as determined by the Committee.

For all other leavers, outstanding LTIP and RSP awards will normally lapse.

Upon the occurrence of a takeover, change of control pursuant to a scheme of arrangement or winding-up (a Corporate Event), LTIP and RSP awards held for less than one year will normally lapse unless either they are released and exchanged for equivalent awards on an internal reorganisation or reconstruction. The Committee may determine that the circumstances are, in its opinion, sufficiently exceptional in which case an award may vest to the extent determined by the Committee (having regard, in the case of LTIP awards, to the performance conditions) and subject to any other additional terms and conditions that the Committee may determine.

Awards granted at least 12 months prior to the date of the Corporate Event will vest to the extent (in the case of LTIP awards only) that, in the opinion of the Committee, the Performance Conditions have been satisfied at that time or would have been satisfied were it not for the relevant Corporate Event.

Awards may, at the discretion of the Committee, vest early on a demerger to the extent (in the case of LTIP awards only) that, in the opinion of the Committee, the Performance Conditions have been satisfied at that time or would have been satisfied and subject to any other additional terms and conditions that the Committee may determine. Awards will normally be exchanged for new awards on an internal reorganisation or reconstruction unless the Committee allow them to vest on the basis which would apply on a takeover.

The Committee retains discretion to vary the extent to which and the date when awards vest on a case by case basis, following a review of circumstances, to ensure fairness for both Shareholders and participants. The Committee also retains the discretion to vary the number of shares and/or exercise price of options and awards on or following any variation to the Company's share capital or upon the payment of a special dividend or demerger in accordance with the rules of the relevant plan.

Options held under the Sharesave plans will vest and become exercisable in accordance with the rules of the relevant plan and the governing legislation (to the extent applicable) upon cessation of employment or the occurrence of a Corporate Event.

The Committee reserves the right to make additional payments, which it considers fair and reasonable, to satisfy any existing legal obligation and/or to settle any claim for damages or by way of settlement or compromise of any claim arising on or as a result of termination.

TREATMENT OF ANNUAL BONUS ON TERMINATION OF EMPLOYMENT AND CORPORATE EVENTS

The Committee has discretion to determine that in the event an Executive Director leaves the Company, bonus payments may be paid once performance has been measured and on a pro-rated basis for the time spent in active employment with the Company.

SHARE OWNERSHIP GUIDELINES

The Committee has a policy of encouraging Executive Directors to acquire and retain a material number of shares in the Company, with the objective of further aligning their long-term interests with those of other Shareholders. The minimum requirement for Executive Directors is currently 200% of salary. The Committee proposes to increase this to 400% of salary.

Shares that count towards achieving these guidelines include:

- shares beneficially owned by an Executive Director or by a connected person, as recognised by the Committee;
- deferred bonus shares and LTIP awards which have vested and so are no longer subject to performance conditions but are subject to post-vesting deferral provisions; and
- shares held under any restricted stock plan or any plan established under Listing Rule 9.4.2.

Executive Directors are expected to build their shareholding over a five-year period (retaining at least 50% of vested incentives (post-tax) until such guidelines have been met), but are not required to make personal share purchases if awards do not vest through failing to meet performance conditions. For example, a newly-appointed Director may not reach the required level within the period, depending on the Company's performance against target over the period. If so, the Committee will review the circumstances and agree an appropriate forward plan.

The Committee retains the discretion to grant dispensation from these requirements in exceptional circumstances.

There is no particular requirement for Non-executive Directors to hold shares but they are encouraged to acquire a holding over time.

Directors' shareholdings are included in the table in the Implementation Report on page 110.

PERIOD FOR POLICY

The policy is intended to take effect from 27 April 2017, being the date of the Company's 2017 Annual General Meeting.

The Committee is satisfied that the proposed new remuneration policy is in the best interests of Shareholders and does not promote excessive risk-taking. The Committee retains discretion to make non-significant changes to the policy without reverting to Shareholders.

Annual report on remuneration

In the following section of our report, we explain how we have implemented Aggreko's remuneration policy during 2016. The policy in place for the year was the one which was approved by Shareholders at Aggreko's 2015 Annual General Meeting. Brief details of all elements other than variable pay are given above on pages 99 and 103. The policy in place for the year for variable pay is different from the proposed new policy set out on pages 100 and 101, which we are asking Shareholders to approve in April 2017. The changes between the two relate to the amendment to the annual bonus and long-term incentive arrangements we plan to introduce. These changes are explained on pages 97 and 98. We have given brief details of the previous policy for variable pay below, but full details of all elements of the policy can be found in Aggreko's 2014 Report and Accounts, pages 98 to 104, which is available on our website at ir.aggreko.com/investors.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below sets out a single figure for the total remuneration received by each Director for the years ended 31 December 2016 and 31 December 2015.

					LTIP					
Executive Directors	Year	Base Salary/ Fees £	Benefits £	Annual Bonus £	PSP £	CIP £	Sharesave £	Pension £	Other £	Total £
Carole Cran	**2016**	**412,000**	**84,247[5]**	**107,120**	**–**	**16,149**	**–**	**82,400**	**–**	**701,916**
Carole Cran	2015	412,000	99,006[6]	–	–	18,089	–	82,400	–	611,495
Chris Weston	**2016**	**750,000**	**25,035**	**202,500**	**–**	**–**	**–**	**225,000**	**706,620[7]**	**1,909,155**
Chris Weston[1]	2015	750,000	22,853	–	–	–	4,271	225,000	483,392[8]	1,485,516
Non-executive Directors										
Nicola Brewer[2]	**2016**	**51,537**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**51,537**
Ken Hanna	**2016**	**342,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**342,000**
Ken Hanna	2015	340,250	–	–	–	–	–	–	–	340,250
Russell King	**2016**	**101,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**101,000**
Russell King	2015	100,500	–	–	–	–	–	–	–	100,500
Uwe Krueger	**2016**	**61,000**	**751**	**–**	**–**	**–**	**–**	**–**	**–**	**61,751**
Uwe Krueger[3]	2015	55,500	712	–	–	–	–	–	–	56,212
Diana Layfield	**2016**	**61,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**61,000**
Diana Layfield	2015	60,500	–	–	–	–	–	–	–	60,500
Robert MacLeod[4]	**2016**	**26,481**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,481**
Robert MacLeod	2015	80,500	–	–	–	–	–	–	–	80,500
Ian Marchant	**2016**	**74,462**	**277**	**–**	**–**	**–**	**–**	**–**	**–**	**74,739**
Ian Marchant	2015	60,500	–	–	–	–	–	–	–	60,500
2016 Total		**1,879,480**	**110,310**	**309,620**	**–**	**16,149**	**–**	**307,400**	**706,620**	**3,329,579**
2015 Total		1,859,750	122,571	–	–	18,089	4,271	307,400	483,392	2,795,473

1 Chris Weston's remuneration for 2015 is from date of appointment, 2 January 2015.
2 Nicola Brewer's remuneration for 2016 is from date of appointment, 25 February 2016.
3 Uwe Krueger's remuneration for 2015 is from date of appointment, 1 February 2015.
4 Robert MacLeod's remuneration for 2016 is to date of resignation as a Director, 28 April 2016.
5 Owing to the significant amount of time spent in London, based on UK legislation, Carole Cran has established a second place of employment in London. As a result, any home to London office travel costs either reimbursed, or paid on Carole's behalf are taxable.
6 As explained in Note 5 above, Carole Cran's home to London office travel costs either reimbursed, or paid on Carole's behalf are taxable. The 2015 amount has been restated to include travel costs of £4,188 and associated taxes of £12,343 relating to 2015 but which were processed in 2016.
7 As explained on page 89 of our Annual Report 2015, Chris Weston was granted an award of shares on 30 March 2015. 50% of the shares were released on 1 April 2016 – a total of 63,979 shares. Chris Weston was entitled to a further 1,631 shares equivalent to the dividends on the shares between grant and vesting. The value is based on the share price on 1 April 2016 of 1077 pence.
8 As set out on page 97 of our Annual Report 2014, Chris Weston received an amount of £483,392 to compensate him for his annual bonus from his previous employer he forfeited as a result of his resignation. This was paid as 75% in cash and the balance in Aggreko shares. The shares are shown in the table of Directors' shareholdings on page 110.

The figures have been calculated as follows:

- Base salary/fees: amount earned for the year. See Base salary on page 107.
- Benefits: the taxable value of benefits received in the year. See Benefits on page 107.
- Annual bonus: the total bonus earned on performance during the year. See Annual bonus scheme on pages 107 and 108.
- 2016 remuneration for LTIPs refers to share awards granted on 16 April 2014 subject to a performance period ended 31 December 2016 and which are due to vest on 16 April 2017. The value is based on the average share price over the last quarter of 2016 of 859 pence. See Long-term Incentive Plan on pages 108 and 109.
- 2015 remuneration for LTIPs refers to share awards granted on 5 August 2013 subject to a performance period ended 31 December 2015 which vested on 5 August 2016. The value is based on the share price on 5 August 2016 of 1071 pence.
- Sharesave: the value is based on the market price of an Aggreko share on the date of grant, less the option price, multiplied by the number of options.
- Pension: the amount of any Company pension contributions and cash in lieu. See Pensions on page 109.

Base salary

The base salaries for Executive Directors as at 1 January 2017, 1 January 2016 and 1 January 2015 were as follows:

Executive Director	Position	1 January 2017 £	Increase[1] %	1 January 2016 £	Increase %	1 January 2015 £
Carole Cran	Chief Financial Officer	412,000	0	412,000	0	412,000
Chris Weston	Chief Executive Officer	750,000	0	750,000	0	750,000

1 The increase across the Group for 2016 was 7.4%. There have been no salary increases for Executive Directors for two years and none are proposed for 2017.

Benefits

Chris Weston received healthcare benefits; Carole Cran did not receive any healthcare benefits. Both Executive Directors were also provided with life assurance cover, income protection, accident insurance and a car allowance. Carole Cran received reimbursement of the cost of travelling to the London office and associated taxes.

The following table shows those benefits that the Committee considers significant:

Executive Director	Car/fuel £	Travel £	Tax £	Other £	Total £
Carole Cran	12,000	36,460	32,335[1]	3,452	84,247
Chris Weston	12,000	–	–	13,035	25,035

1 Owing to the significant amount of time spent in London, based on UK legislation, Carole Cran has established a second place of employment in London. As a result, any home to London office travel costs either reimbursed, or paid on Carole's behalf are taxable.

Annual bonus scheme

The maximum bonus opportunity for 2016 for both Executive Directors was 175% of salary.

Bonus payments are payable as to 75% in cash, and as to 25% deferred into shares for three years unless, at the discretion of the Committee, the individual leaves with the Company's consent. The Committee has discretion to reduce the number of shares that can vest in the event of gross misconduct or material misstatement of the accounts.

The targets under the 2016 annual bonus scheme were based as to 80% on financial performance measures set against the annual budget at the start of the year and as to 20% against personal/strategic objectives.

Financial performance measures

The financial objectives for the Chief Executive Officer (Chris Weston) and the Chief Financial Officer (Carole Cran) were measured as to 75% against D-EPS and as to 25% against operating cash flow.

For these financial measures, Executive Directors would start to earn a bonus at threshold performance, calculated as a percentage below budget, increasing to half of the maximum that could be earned under that element at budget on a straight-line basis. The bonus would then increase on a straight-line basis to the maximum, calculated as a percentage above budget.

The table below shows the performance against budget of each of the financial performance measures used for calculating the Annual Bonus for 2016:

Measure	Threshold		Budget	Maximum		Outcome		
		% budget			% budget		% budget	% maximum of element
D-EPS growth	56.51p	95	59.48p	65.43p	110	49.74p[1]	84	0
Operating cash flow	£468.4m	90	£520.44m	£572.48m	110	£333.1m[1]	64	0

1 The reported D-EPS and operating cash flow have been adjusted to a constant currency basis.

Annual report on remuneration continued

Personal/strategic performance measures

Each Director was set three personal objectives, which included measurable improvements in safety indicators and agreed outcomes for set strategic objectives specific to their roles. Against each of these personal objectives he or she could achieve the maximum bonus entitlements detailed in the table below (35% of salary in total).

Chris Weston's objectives included delivery of the Aggreko 18 initiatives with a particular focus on technology and cost/procurement savings. Carole Cran's objectives included developing a risk management framework and working with the business finance leads to tightly manage cost. The Committee reviewed performance against these measures for each Director, and the table below shows the Committee's assessment of each personal/strategic objective achieved as a percentage of salary.

	Personal/strategic objective achieved as a percentage of salary					
Executive Director	Safety %	Risk Management framework %	Cost Management %	Leadership Development %	Aggreko 18 %	Total %
Carole Cran	4	11	11	–	–	26
(maximum % achievable)	7	14	14	–	–	35
Chris Weston	8.5	–	–	5	13.5	27
(maximum % achievable)	10.5	–	–	7	17.5	35

The table below sets out the total bonus entitlement for each Executive Director for 2016:

		D-EPS growth		Operating cash flow		Personal objectives		Total payable[1]	
Executive Director	Total max bonus % salary	Max bonus % salary	Outcome % salary	Max bonus % salary	Outcome % salary	Max bonus % salary	Outcome % salary	% salary	£
Carole Cran	175	105	0	35	0	35	26	26	107,120
Chris Weston	175	105	0	35	0	35	27	27	202,500

1 The total bonus includes the 25% deferred shares element.

Long-term Incentive Plan (LTIP)

The LTIP awards which are due to vest on 16 April 2017 were granted in 2014 under the old LTIP, which expired in 2014. The old LTIP consists of two distinct elements: the Performance Share Plan (PSP) and the Co-investment Plan (CIP).

The PSP is a nil-cost conditional award of shares which vest depending on performance against the targets; it provides for annual awards of performance shares up to an aggregate limit of 100% of salary in normal circumstances and 200% of salary in exceptional circumstances.

The CIP is a Co-investment plan, whose purpose it is to encourage executives to buy and hold shares in the Company. Participants can subscribe to purchase Aggreko shares up to a value of 30% of their salary, each year that they are invited to join the CIP; if they hold those shares for three years (or, if earlier, the date that their CIP award vests), they will be entitled to receive a minimum award of one share for every two they subscribed (the Minimum Match), plus a performance related award of a further three shares for every two they subscribed. The Minimum Match is not subject to performance conditions.

The PSP and CIP are both measured against performance over three financial years and they share the same performance criteria. These are the real compound annual growth rate of Diluted Earnings per Share (D-EPS), and Return on Capital Employed (ROCE).

The performance criteria for the LTIP awards granted in 2014 were as follows:

- 75% of the award was based on CPI inflation-adjusted compound annual growth in D-EPS over the three-year performance measurement period in a range of 3% to 10%. No performance shares would be awarded against this element if performance was below 3% and awards would increase straight-line to the maximum at 10% growth; and
- 25% of the award was based on average ROCE over the performance period in a range of 20% to 25%. No performance shares would be awarded against this element if performance was below 20% and awards would increase straight-line to the maximum at 25% ROCE.

In addition to the above, and to reward truly exceptional performance, the number of shares awarded to participants in both elements of the 2014 LTIP might be increased by between one and two times if the real compound annual growth in D-EPS over the three-year performance measurement period was in a range of 10% to 20%.

The performance period for the 2014 LTIP awards ended on 31 December 2016. Over the period:

- Aggreko's aggregate D-EPS was 217.6 pence, which is the equivalent of no growth. Since this was less than the threshold of 3%, no shares will vest under this performance measure; and
- Aggreko's actual average ROCE for the period was 16%. Since this was less than the threshold of 20%, no shares will vest under this performance measure.

Accordingly, only the Minimum Match will vest.

The table below shows:

- the resulting vesting of the 2014 LTIP awards for Carole Cran. These are due to vest in April 2017; and
- by way of comparison the vesting of the 2013 LTIP awards which vested in August 2016.

		Performance Share Plan			Co-Investment Plan			
Executive Director	Year of grant	Vested	Market price £	Value £	Vested	Market price £	Value £	Total value £
Carole Cran	2014	–	–	–	1,880	859p	16,149	16,149
Carole Cran	2013	–	–	–	1,689	1071p	18,089	18,089

Carole Cran's 2014 LTIP awards were granted on 16 April 2014.

Carole Cran's 2013 LTIP awards were granted on 5 August 2013 and vested on 5 August 2016.

The value of the 2014 LTIP on vesting is based on the average price of Aggreko shares over the last quarter of 2016 of 859 pence.

The value of the 2013 LTIP on vesting is based on the market price of Aggreko shares on date of vesting, 5 August 2016, of 1071 pence.

Pensions

Executive Directors participate in pension schemes or receive cash in lieu with a value appropriate to the median practice in their country.

Carole Cran is a member of the Aggreko Group Personal Pension Plan, which is a defined contribution scheme. Chris Weston is entitled to a Company contribution of 30% and Carole Cran is entitled to a Company contribution of 20% of salary, but she may elect to take all or part of the Company contribution in the form of a cash payment in lieu. Contributions paid by the Company under the defined contribution plans during the year are as follows:

	2016			2015		
Executive Director	**Paid to pension £**	**Paid cash £**	**Total £**	Paid to pension £	Paid cash £	Total £
Carole Cran	**18,665**	**63,735**	**82,400**	37,340	45,060	82,400
Chris Weston	**–**	**225,000**	**225,000**	–	225,000	225,000

Non-executive Directors (including the Chairman)

The Board determines the remuneration policy and level of fees for the Non-executive Directors, within the limits set out in the Articles of Association. The Remuneration Committee recommends remuneration policy and level of fees for the Chairman of the Board (although the Chairman of the Board does not take part in discussions concerning his remuneration). Remuneration comprises an annual fee for acting as a Chairman or Non-executive Director of the Company. Additional fees are paid to Non-executive Directors in respect of service as Chairman of the Audit and Remuneration Committees and as Senior Independent Director. The Chairman and Non-executive Directors are not eligible for bonuses, retirement benefits or to participate in any share scheme operated by the Company. The Chairman's fee has not increased since April 2015 and the fees for the Non-executive Directors have not increased since July 2015.

The fees for the Chairman and Non-executive Directors as at 1 January 2017 and 1 January 2016 were as follows:

Role	1 January 2017 £	Increase %	1 January 2016 £
Chairman fee	342,000	0	342,000
Non-executive Director base fee	61,000	0	61,000
Committee Chairman additional fee	20,000	0	20,000
Senior Independent Director additional fee	20,000	0	20,000

Annual report on remuneration continued

SHARE AWARDS GRANTED IN 2016 (AUDITED)

In May 2016, Executive Directors were granted awards of shares under the 2015 Long-term Incentive Plan, in each case with a value equivalent to 300% of salary. The three-year performance period over which D-EPS and ROCE performance will be measured began on 1 January 2016 and will end on 31 December 2018. None of the awards granted under the LTIP are eligible to vest until 9 May 2019.

The performance criteria for the LTIP awards granted in 2016 are as follows:

- 75% of the award is based on three-year cumulative D-EPS as compared to three-year compound growth in real (RPI-adjusted) D-EPS. No performance shares will be awarded against this element if performance is below an equivalent of RPI+3% per annum growth. Awards will then start to vest above that level and will increase straight-line to a maximum at an equivalent of RPI+15% per annum growth; and
- 25% of the award is based on average ROCE over the performance period in a range of 20% to 25%. No performance shares will be awarded against this element if performance is less than 20% and awards will increase straight-line to the maximum at 25% ROCE.

A proportion of shares which vest will be subject to a further retention period of up to two years in accordance with the rules of the LTIP.

The table below shows details of interests awarded to Executive Directors under the LTIP during 2016:

Executive Director	Shares	Face Value[1] £	% vesting on minimum performance
Carole Cran	114,976	1,235,992	–
Chris Weston	209,302	2,249,997	–

1 Face value of LTIP is the maximum number of shares that would vest if all performance targets are met multiplied by the average market price over the five business days prior to the date of grant of 9 May 2016, which was used to determine the number of shares awarded, being 1075 pence.

ARRANGEMENTS WITH PAST DIRECTORS (AUDITED)

Vesting of LTIP awards to former Executive Directors
The table below shows awards to former Executive Directors which vested in 2016:

	Co-Investment Plan			
Former Executive Director	Date of vesting	Shares	Market price on vesting date £	Value £
Debajit Das	5 August 2016	2,906	1067p	31,007
Debajit Das	19 October 2016	2,644	940p	24,854
David Taylor-Smith	23 May 2016	5,787	1164p	67,361

EXIT PAYMENTS

There were no exit payments during the year.

DIRECTORS' SHAREHOLDINGS (AUDITED)

As at 31 December 2016, the shareholdings of the Directors were as follows:

Director	(A) Shares owned outright[1]	(B) Shares held subject to deferral	Shares held subject to performance conditions[2]	Options held not subject to performance conditions[3]	Proposed shareholding guidelines % salary	Shares counting towards guidelines (A + B)	Current shareholding % salary[4]
Carole Cran	9,783	4,082	227,807	–	400	13,865	31
Chris Weston[5]	34,773	71.715	348,534	2,168	400	106,488	130
Nicola Brewer	1,450						
Ken Hanna	19,303						
Russell King	3,688						
Uwe Krueger	3,000						
Diana Layfield	2,855						
Robert MacLeod[6]	18,582						
Ian Marchant	3,331						

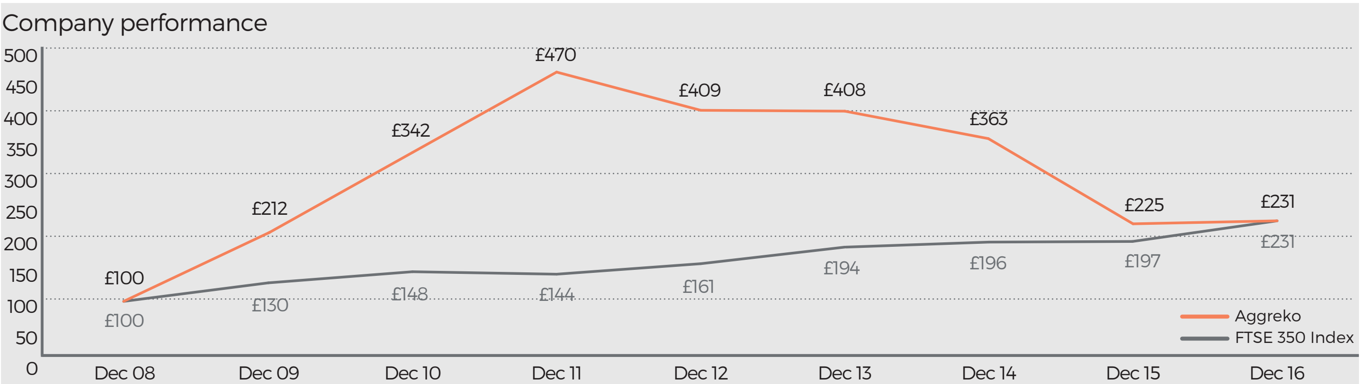
1 This includes shares held by connected persons.
2 Shares held subject to performance comprise LTIP awards over shares.
3 Options held under the Sharesave Plan.
4 Percentage is calculated using a share price of 918 pence as at 31 December 2016. Under the Company's share ownership guidelines, Executive Directors will have a period of five years to achieve the shareholding guideline of not less than four times base salary.
5 Chris Weston's holding comprises 63,979 of the shares awarded on 30 March 2015 (the remainder of the shares awarded on 30 March 2015 were released on 1 April 2016 and are included in Column B) and 25% of his annual bonus forfeited from his previous employer which was deferred into shares (7,736 shares), as set out on page 97 of our 2014 Report and Accounts.
6 Robert MacLeod's holding is at date of resignation as a Director, 28 April 2016.

There have been no changes in the Directors' interests in Ordinary Shares between 31 December 2016 and 7 March 2017.

Carole Cran and Chris Weston, as employees of the Company, have an interest in the holdings of the Aggreko Employee Benefit Trust (the 'EBT') as potential beneficiaries. The EBT is a trust established to distribute shares to employees of the Company and its subsidiaries in satisfaction of awards granted under the Aggreko Long-term Incentive Plans and Sharesave Schemes. At 31 December 2016, the trustees of the EBT held a total of 1,048,816 Aggreko plc Ordinary Shares (2014: 535,538) and the holding at the date of this report is 1,042,090. The dividend has been waived on these shares.

COMPARISON OF COMPANY PERFORMANCE

The graph below shows the value, at 31 December 2016, of £100 invested in Aggreko's shares on 31 December 2008 compared with the current value of the same amount invested in the FTSE 350 Index. The FTSE 350 Index is chosen because Aggreko has been a constituent member of this group over the entire period.



For comparative purposes, the remuneration of the Director undertaking the role of Chief Executive Officer for the same financial years is set out below:

Year	CEO	Single Figure of Total Remuneration £	Annual Bonus payout against maximum %	Long-term incentive vesting rates against maximum opportunity %
2009	Rupert Soames	2,555,850	63.2	100
2010	Rupert Soames	5,839,209	100	100
2011	Rupert Soames	8,501,865	82.4	100
2012	Rupert Soames	2,685,840	6.4	100
2013	Rupert Soames	1,779,144	49.6	72.5
2014	Angus Cockburn	1,290,906	42.4	5.8
2015	Chris Weston	1,485,516	0	0
2016	Chris Weston	1,909,155	15	0

Angus Cockburn was Interim Chief Executive from 25 April to 30 September 2014, and his emoluments have been calculated on the assumption that he held the role for the full year at the rates of remuneration in place on 30 September 2014.

The 2015 figure for Chris Weston includes an amount of £483,392 to compensate him for his annual bonus from his previous employer he forfeited as a result of his resignation. The 2016 figure includes an amount of £706,620 to compensate him for the forfeiture of long-term incentives from his previous employer.

The data for this table was taken from the Remuneration Reports for the relevant years and adjusted to take account of the actual share price on date of vesting for the LTIP.

Annual report on remuneration continued

PERCENTAGE CHANGE IN REMUNERATION OF CEO

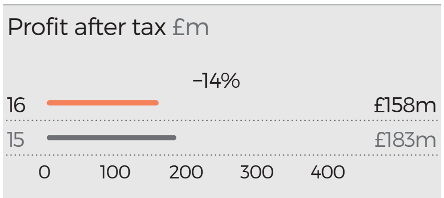
The table below shows the change in remuneration of the Chief Executive Officer in comparison to the average change in remuneration of employees within the Group central functions over that period.

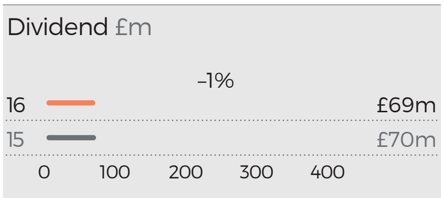
Year	Percentage change for CEO	Percentage change for Group central functions
Salary/fees	0	7.8
Benefits	9.5	22.7
Bonus	n/m	n/m

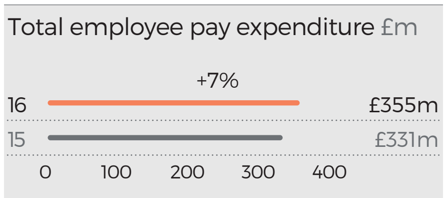
The comparator group relates to the employees within the Group central function in the UK (122 employees), rather than all Group employees. As in the previous year, we have chosen this group because the Committee believes that it provides a sufficiently large comparator group to give a reasonable understanding of underlying increases, whilst reducing the distortion that would arise from including all of the many countries in which the Group operates, with their different economic conditions. Neither the CEO or employees within the Group central function in the UK received a bonus in 2015 and therefore, the percentage change in bonus is not meaningful.

RELATIVE IMPORTANCE OF SPEND ON PAY

The graph below shows Aggreko's profit after tax, pre-exceptional items, dividend, and total employee pay expenditure for the financial years ended 31 December 2015 and 31 December 2016, and the percentage change.







Dividends are the interim and final dividends paid in respect of the financial year ended 31 December 2015 and the interim dividend paid and the final dividend recommended in respect of the financial year ended 31 December 2016. The total employee pay expenditure increase is due to year on year exchange rate movement.

IMPLEMENTATION OF REMUNERATION POLICY IN 2017

The Committee intends to implement the Remuneration Policy in 2017 as follows:

Base salaries and fees

Base salaries for Executive Directors were reviewed by the Committee in December 2016; details are set out on page 107. The Committee intends to next review the salaries in December 2017. Fees for the Chairman and Non-executive Directors will next be reviewed in 2018.

Pensions and benefits

Pensions and benefits will continue in line with policy.

Annual bonus

The Committee set annual bonus targets for the Executive Directors as follows:

		D-EPS		Personal objectives
Executive Director	Total max bonus (% salary)	Max bonus % salary	On-budget bonus % salary	Max bonus % salary
Carole Cran	125	100	50	25
Chris Weston	125	100	50	25

The personal objectives were set individually for each Director. All include agreed outcomes for set strategic objectives specific to their roles.

We have not disclosed full details of all objectives or financial targets in this report, as we consider them to be commercially sensitive. It is, however, our intention to disclose financial budget numbers in next year's Annual report on remuneration.

Long-term Incentive Plan

Subject to the approval of the changes to the Long-term Incentive Plan by Shareholders at the Company's 2017 Annual General Meeting, the Committee proposes to approve the grant of 2017 LTIP awards to Executive Directors with a face value of 200% of salary.

The performance criteria for the 2017 LTIP will be as follows:

- 75% of the award will be based on three-year D-EPS growth, with 25% of shares awarded against this element for D-EPS growth of 5% per annum. Awards will then continue to vest above that level and will increase straight-line to a maximum for 12% per annum growth; and
- 25% of the award will be based on final year ROCE in the range of 15% to 20%, with 25% of shares awarded against this element if 2019 ROCE is equal to 15%. Awards will increase straight-line to the maximum at 20% ROCE in 2019.

The shares which vest will be released to participants in equal tranches after three, four and five years in accordance with the rules of the LTIP.

Awards are expected to be granted in May 2017 after the Company's 2017 Annual General Meeting.

Restricted Shares

Subject to the approval of the new Restricted Share Plan (RSP) by Shareholders at the Company's 2017 Annual General Meeting, the Committee proposes to approve the grant of 2017 RSP awards to Executive Directors with a face value of 75% of salary.

The shares will be released after five years, subject to continued employment over a three-year period or otherwise upon leaving the Company as a good leaver.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Committee re-appointed Kepler Associates, a brand of Mercer, as the principal external adviser to the Committee for 2016. The fees paid to Kepler Associates in respect of work that materially assisted the Committee in 2016 are shown in the table below:

Adviser	Appointed by	Services provided to the Committee	Fees paid by the Company for the Services	Other Services
Kepler Associates	Russell King on behalf of the Committee	Review of LTIP Award Calculations Advice on DRR disclosure Advice on current market practice Benchmarking of Executive pay Advice on design of new incentive arrangements	£78,960 Charged on a time/cost basis	Benchmarking of Non-executive Director Fees and specific below-Board roles Advice on remuneration for below-Board executives

Except as provided above, Kepler Associates do not provide any other services to the Group. They are a member of the Remuneration Consultants Group and a signatory to its code of conduct. Taking these factors into account, the Committee is satisfied as to the impartiality and objectivity of their advice. They were also chosen because of their existing knowledge of the Group's remuneration arrangements.

Annual report on remuneration continued

STATEMENT OF SHAREHOLDER VOTING

The following table shows the results of the advisory vote on the 2015 Remuneration Report at the 28 April 2016 AGM.

	Remuneration Report	
	Total number of votes	% of votes cast
For	170,985,554	98.94
Against	1,826,364	1.06
Total votes cast (excluding withheld votes)	172,811,918	100
Votes withheld[1]	1,519,590	–
Total votes cast (including withheld votes)	174,331,508	–

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

The Policy Report was last submitted to Shareholders at the 2015 AGM when 98.88% voted in favour.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors will be proposed for election or re-election at the Company's Annual General Meeting to be held on 27 April 2017.

The Executive Directors are employed under contracts of employment with Aggreko plc. The Remuneration Committee sets notice periods for the Executive Directors at 12 months or less. The principal terms of the Executive Directors' service contracts (which have no fixed term) are as follows:

			Notice period	
Executive Director	Position	Effective date of contract	From Director	From Company
Carole Cran	Chief Financial Officer	1 June 2014	12 months	12 months
Chris Weston	Chief Executive Officer	2 January 2015	12 months	12 months

Non-executive Directors are appointed for a term of three years, subject to three months' notice from either party.

The dates of the Chairman's and Non-executive Directors' appointments are as follows:

Non-executive Director	Position	Effective date of contract	Unexpired term as at 31 December 2016
Nicola Brewer	Non-executive Director	25 February 2016	2 years 2 months
Ken Hanna	Chairman	29 April 2015[1]	1 year 4 months
Barbara Jeremiah	Non-executive Director	7 March 2017	n/a
Russell King	Non-executive Director	2 February 2015[1]	1 month
Uwe Krueger	Non-executive Director	1 February 2015	1 year 1 month
Diana Layfield	Non-executive Director	1 May 2015[1]	1 year 4 months
Ian Marchant	Non-executive Director	1 November 2016[1]	2 years 10 months
Miles Roberts	Non-executive Director	7 March 2017	n/a

1 Replaces earlier contract.

EXTERNAL APPOINTMENTS

It is the Board's policy to allow the Executive Directors to accept directorships of other quoted companies. Any such directorships must be formally approved by the Chairman of the Board. Directors are generally permitted to retain any earnings from these appointments. During the year, Carole Cran was appointed as a Non-executive Director of Halma plc. Fees for 2016 in relation to this appointment were £51,000. Chris Weston did not hold any external directorships of other quoted companies.

This Report was approved by the Board on 7 March 2017.

Signed on behalf of the Board.

Russell King
Chairman of the Remuneration Committee

7 March 2017

Statutory disclosures

DIRECTORS' REPORT AND STRATEGIC REPORT

The Directors' Report and Strategic Report for the year ended 31 December 2016 comprise pages 70 to 121 and pages 1 to 69 of this report, together with the sections incorporated by reference. We have included some of the matters normally included in the Directors' Report which we consider to be of strategic importance in the Strategic Report on pages 1 to 69. Specifically these are:

- Future Business Developments on page 27; and
- Risk Information on the Use of Financial Instruments on page 158.

Disclosures in relation to Listing Rule LR 9.8.4R, where applicable, are included on pages 94 to 98 in relation to long-term incentive plans and on page 118 in relation to the dividend waiver arrangements in place for our Employee Benefit Trust.

Both the Directors' Report and Strategic Report have been presented in accordance with applicable company law, and the liabilities of the Directors in connection with those reports are subject to the limitations and restrictions provided. Other information to be disclosed in the Directors' Report is given in this section.

MANAGEMENT REPORT

The Strategic Report and the Directors' Report together include the 'management report' for the purposes of Disclosure and Transparency Rule (DTR) 4.1.8R.

2017 ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at 11.00 am on 27 April 2017 at the Radisson Blu Hotel, 301 Argyle Street, Glasgow G2 8DL. The Notice of Meeting is available on the Shareholder information pages of our website.

DIVIDENDS

The interim dividend of 9.38 pence per Ordinary Share was paid on 30 September 2016. The Directors recommend a final dividend of 17.74 pence per Ordinary Share in respect of the year, making a total for the year of 27.12 pence per Ordinary Share (2015: 27.12 pence), payable on 24 May 2017 to Shareholders on the register at the close of business on 21 April 2017.

DIVIDEND PAYMENTS AND DRIP

In 2015, we introduced a Dividend Reinvestment Plan (DRIP) for Shareholders. This allows Shareholders to purchase additional shares in Aggreko with their dividend payment. Further information and a mandate can be obtained from our Registrars, Capita, whose details are set out on page 176 and the Shareholder information pages of our website.

SHARE CAPITAL

On 31 December 2016, the Company had in issue 256,128,201 Ordinary Shares of $4\frac{329}{395}$ pence each, 188,251,587 Deferred Shares of $9\frac{84}{775}$ pence each, 18,352,057,648 Deferred Shares of $\frac{1}{775}$ pence each, 182,700,915 Deferred Shares of $6\frac{18}{25}$ pence each and 573,643,383,325 Deferred Shares of $\frac{1}{306125}$ pence each comprising 29.43%, 40.77%, 0.56%, 29.19% and 0.04% respectively of the Company's issued share capital. Details of the changes in issued share capital during the year are shown in Note 23 to the accounts on page 153.

MATERIAL SHARE INTERESTS

As at 31 December 2016, the Company had received notifications of the following major shareholdings, representing 3% or more of the voting rights attached to the issued Ordinary Share capital of the Company:

Shareholder	Number of shares	% of total voting rights
AKO Capital LLP	12,781,545	4.99
Baillie Gifford	12,584,169	4.91
The Capital Group Companies LLP	13,446,515	5.25
Deutsche Bank AG	19,458,562	7.60
Mackenzie Financial Corporation	10,255,385	4.00
Prudential Plc	9,351,326	3.65
A E H Salvesen*	7,878,044	3.08

* Including immediate family and trustee interests.

Between 31 December 2016 and 7 March 2017, the Company received the following notifications of major shareholdings.

Shareholder	Date	Number of shares	% of total voting rights
Deutsche Bank AG	03/01/2017	17,077,012	6.67
Deutsche Bank AG	15/02/2017	19,067,886	7.44
Deutsche Bank AG	23/02/2017	20,872,398	8.15
Deutsche Bank AG	27/02/2017	17,983,634	7.02
Deutsche Bank AG	28/02/2017	17,927,419	6.99

The Directors are not aware of any other material interests amounting to 3% or more in the share capital of the Company.

RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

Subject to applicable statutes (in this section referred to as the Companies Acts) and to any rights conferred on the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide.

Statutory disclosures continued

VOTING

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles of Association for the Company ('the Articles'), on a show of hands every member who is present in person or by proxy or represented by a corporate representative at a general meeting of the Company has one vote.

On a poll, every member who is present in person or by proxy or represented by a corporate representative has one vote for every share of which he or she is the holder. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, is accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register in respect of the joint holding.

The holders of the Deferred Shares are not entitled to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting.

RESTRICTIONS ON VOTING

No member is, unless the Board otherwise decides, entitled in respect of any share held by him to vote (either personally or by proxy or by a corporate representative) at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company if any calls or other sums presently payable by him in respect of that share remain unpaid or if he is a person with a 0.25% interest (as defined in the Articles) and he has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

The Company is not aware of any agreement between holders of securities that may result in restrictions on voting rights.

DIVIDENDS AND OTHER DISTRIBUTIONS

Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend can exceed the amount recommended by the Board.

Subject to the provisions of the Companies Acts, the Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it shall not incur any liability to the holders of any shares for any loss they may suffer in consequence of the payment of an interim or fixed dividend on any other class of shares ranking pari passu with or after those shares.

The Deferred Shares confer no right to participate in the profits of the Company.

On a return of capital on a winding-up (excluding any intra-Group reorganisation on a solvent basis), holders of Deferred Shares are entitled to be paid the nominal capital paid up or credited as paid up on such Deferred Shares after paying to the holders of the Ordinary Shares the nominal capital paid up or credited as paid up on the Ordinary Shares held by them respectively, together with the sum of £100,000,000 on each Ordinary Share.

The Board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of shares of the Company. The Board may also withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

VARIATION OF RIGHTS

Subject to the provisions of the Companies Acts, rights attached to any class of shares may be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as Treasury Shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. The necessary quorum applying to any such separate general meeting is two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as Treasury Shares), (but at any adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) will constitute a quorum); every holder of shares of the class present in person or by proxy (excluding any shares of that class held as Treasury Shares) is entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares) and any holder of shares of the class present in person or by proxy may demand a poll.

RESTRICTIONS ON TRANSFER OF SECURITIES IN THE COMPANY

There are no restrictions on the transfer of securities in the Company, except that:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws), in particular we operate a share dealing code which requires Directors of the Company and certain employees to obtain the approval of the Company before dealing in the Company's Ordinary Shares; and
- the Deferred Shares are not transferable except in accordance with the paragraph headed "Powers in relation to the Company issuing or buying back its own shares" below or with the written consent of the Directors.

The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities.

ARTICLES OF ASSOCIATION

Our Articles are available on our website at ir.aggreko.com/investors. Unless expressly specified to the contrary in the Articles, the Articles may be amended by a special resolution of the Company's Shareholders.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The rules for the appointment and replacement of Directors are contained in the Company's Articles. They include: the number of Directors must not be less than two or more than 15, the Board may appoint any person to be a Director; any Director so appointed by the Board shall hold office only until the next general meeting and shall then be eligible for election; each Director must retire from office at the third Annual General Meeting after the Annual General Meeting at which he was last elected. However, in line with the UK Corporate Governance Code, all Directors will stand for annual election at the 2017 AGM.

A Director may be removed by special resolution of the Company. In addition, the office of a Director must be vacated if: (i) he resigns his office by notice in writing delivered to the office or tendered at a meeting of the Board; or (ii) by notice in writing he offers to resign and the Board resolves to accept such offer; or (iii) his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or (iv) a registered medical practitioner who is treating that Director gives a written opinion to the Company stating that that Director has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or (v) by reason of a Director's mental health, a court makes an order which wholly or partly prevents that Director from personally exercising any powers or rights which that Director would otherwise have; or (vi) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate Director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated; or (vii) he becomes bankrupt or compounds with his creditors generally; or (viii) he is prohibited by law from being a Director; or (ix) he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to the Articles.

DIRECTORS' CONFLICTS OF INTEREST

The Company has procedures in place for monitoring and managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with Aggreko, they should notify the Board in writing or at the next Board meeting. Directors have a continuing duty to update any changes to these conflicts.

POWERS OF THE DIRECTORS

Subject to the provisions of the Companies Acts, the Articles and to any directions given by the Company in general meeting by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

POWERS IN RELATION TO THE COMPANY ISSUING OR BUYING BACK ITS OWN SHARES

The Directors were granted authority at the last Annual General Meeting held in 2016 to allot relevant securities up to a nominal amount of £4,126,149 in connection with an offer by way of a rights issue. That authority will apply until the earlier of 30 June 2017 and the conclusion of the Annual General Meeting for 2017. At this year's Annual General Meeting, Shareholders will be asked to grant an authority to allot relevant securities up to a nominal amount of £4,126,149, such authority to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 30 June 2018).

A special resolution will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash up to a nominal amount of £1,237,844.

The Company was also authorised at the Annual General Meeting held in 2016 to make market purchases of up to 25,612,820 Ordinary Shares. This authorisation will expire on the earlier of the conclusion of the Annual General Meeting of the Company for 2017 and 30 June 2017.

A special resolution will also be proposed at this year's Annual General Meeting to renew the Directors' authority to repurchase the Company's Ordinary Shares in the market. The authority will be limited to a maximum of 25,612,820 Ordinary Shares and sets the minimum and maximum prices which may be paid.

The Company may at any time, without obtaining the sanction of the holders of the Deferred Shares:

(a) appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all or any of the Deferred Shares (and/or an agreement to transfer the same) to the Company or to such person as the Directors may determine, in any case for not more than one penny for all the Deferred Shares then being purchased from him; and

(b) cancel all or any of the Deferred Shares so purchased by the Company in accordance with the Companies Acts.

Statutory disclosures continued

SECURITIES CARRYING SPECIAL RIGHTS

No person holds securities in the Company carrying special rights with regard to control of the Company.

RIGHTS UNDER THE EMPLOYEE SHARE SCHEME

Estera Trust (Jersey) Limited, as Trustee of the Aggreko Employees' Benefit Trust, holds 0.73% of the issued share capital of the Company as at 7 March 2017 on trust for the benefit of the employees and former employees of the Group and their dependants. The voting rights in relation to these shares are exercised by the Trustee and there are no restrictions on the exercise of the voting of, or the acceptance of any offer relating to, the shares. The Trustee is obliged to waive all dividends on the shares unless requested to do otherwise by the Company in writing.

GOING CONCERN AND VIABILITY STATEMENTS

The going concern statement is included on page 132 of the financial statements.

The viability statement is included on page 61 of the Strategic Report.

CHANGE OF CONTROL

The Company has in place a number of agreements with advisers, financial institutions and customers which contain certain termination rights which would have an effect on a change of control. The Directors believe these agreements to be commercially sensitive and that their disclosure would be seriously prejudicial to the Company; accordingly, they do not intend disclosing specific details of these. In addition, all of the Company's share schemes contain provisions which in the event of a change of control, would result in outstanding options and awards becoming exercisable, subject to the rules of the relevant schemes.

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.

DISCLOSURE OF INFORMATION TO THE COMPANY'S AUDITOR

In accordance with Section 418 of the Companies Act 2006 the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

INDEMNITY OF OFFICERS

Under Article 154 of the Articles, the Company may indemnify any Director or other officer against any liability, subject to the provisions of the Companies Acts, and the Articles grant an indemnity to the Directors against any liability for the costs of legal proceedings where judgement is given in their favour.

Under the authority conferred by Article 154, the Company has granted indemnities to Directors and officers of the Company and its subsidiaries. The indemnities do not apply to any claim which arises out of fraud, default, negligence or breach of fiduciary duty or trust by the indemnified person.

In addition, the Company may purchase and maintain for any Director or other officer, insurance against any liability. The Company maintains appropriate insurance cover against legal action brought against its Directors and officers and the Directors and officers of its subsidiaries.

EQUAL OPPORTUNITIES

Aggreko is committed to promoting equal opportunities for all, irrespective of disability, ethnic origin, gender or any other considerations that do not affect a person's ability to perform their job. Our policies for recruitment, training, career development and promotion of employees are based on the suitability of the individual and give those who are disabled equal treatment with the able bodied where appropriate. Employees disabled after joining the Group are given suitable training for alternative employment with Aggreko or elsewhere.

HUMAN RIGHTS

As we continue to grow our business in developing countries, we recognise that human rights are a concern in many regions that we operate in. We have a responsibility to all of our stakeholders, to ensure that all of our interactions with them meet or exceed the standards of compliance set out in our ethics policies, approach to equal opportunities, health and safety policies, environmental policies and grievance mechanisms, all of which are explained in detail throughout this report. We have also identified safety, emissions and talent management as matters to be considered as part of the principal risks facing the business. Whilst all these matters are linked, to a greater or lesser extent, to human rights, we prefer to address them as part of our operations, rather than as a separate issue. We continue to evaluate all potential risks and do not think that human rights present material issues for our business.

PENSIONS

The assets of the UK defined-benefit pension fund are controlled by the Directors of Aggreko Pension Scheme Trustee Limited; they are held separately from the assets of the Company and invested by independent fund managers. These segregated funds cannot be invested directly in the Company. Four trustees have been appointed by the Company and, in addition, two member-nominated trustees have been appointed. This fund was closed to new employees joining the Group after 1 April 2002; new UK employees are now offered membership of a Group Personal Pension Plan.

GREENHOUSE GAS EMISSIONS

In line with the Companies Act 2006, we are reporting on our greenhouse gas (GHG) emissions. We have used the method outlined in the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location-based scope 2 calculation method, together with the latest emission factors from recognised public sources including Defra, the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental panel on Climate Change.

TOTAL GHG EMISSIONS BY GHG PROTOCOL SCOPE

tCO_2e/year	2016	2015
Scope 1	**15,183,091**	15,486,377
Scope 2	**17,209**	18,987
Scope 3	**2,810,623**	2,849,565
Total	**18,010,923**	18,354,928

TOTAL GHG EMISSIONS BY FLEET/NON-FLEET

tCO_2e/year	2016	2015
Fleet	**17,746,040**	18,186,552
Non-fleet	**264,883**	168,376
Total	**18,010,923**	18,354,928

In line with previous years, the results show that 99% of GHG emissions arise from the operation of our fleet when it is out on rent. There are three main factors driving our annual GHG emissions: the fuel type our customers use; the pattern of their usage; and the fuel efficiency of the fleet.

In 2016, we emitted 18,010,923 tonnes of CO_2e, a decrease of 1.9% over 2015. In line with best practice, our GHG accounting systems include an estimate of the upstream GHG emissions associated with fuel supply chains; in 2016 this contributed 14.8% of combustion emissions, accounting for 93% of scope 3 emissions.

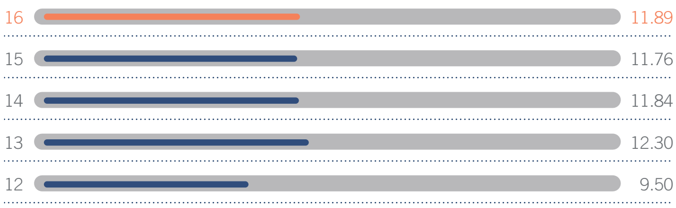
As a result of a 1.3% decrease in running hours, a recorded decrease of 2.4% in GHG emissions is reported for the Aggreko fleet in 2016. This very slight disparity is due to two factors; a small shift in the ratio of running hours from generators with low energy outputs to larger machines and a reduction of running hours associated with generators powered by HFO.

In terms of the non-fleet activities, emissions associated with company owned vehicles and business travel have decreased. Conversely, emissions from third-party vehicle use and activities on our premises have increased, with the largest increases documented in third-party road freight logistics.

The intensity ratio expresses the GHG impact per unit of physical activity or economic output, with a declining intensity ratio reflecting a positive performance improvement. In 2013, we chose Revenue Intensity as the most suitable metric for our business for then and future years.

As can be seen from the chart below, relative emissions have increased slightly, with a 1.1% increase in the emissions per thousand GBP revenue from 2015.

REVENUE INTENSITY RATIO tCO_2e/THOUSAND £



In addition, during the year we undertook an Energy Saving Opportunities Scheme (ESOS) assessment in line with the UK Environment Agency requirements and can confirm that we are compliant with the Regulations.

Statutory disclosures continued

BRANCHES

Subsidiaries of the Company have established branches in a number of different countries in which they operate.

AUDITOR

Resolutions appointing KPMG as the Company's and Group's auditor and authorising the Audit Committee to determine their remuneration will be proposed at the Annual General Meeting.

IMPORTANT EVENTS SINCE 31 DECEMBER 2016

There have been no important events affecting the Company or any subsidiary since 31 December 2016.

POLITICAL DONATIONS

No political donations were made during the financial year (2015: nil).

APPROVAL OF THE STRATEGIC REPORT AND DIRECTORS' REPORT

The Strategic Report set out on pages 1 to 69 and Director's Report set out on pages 70 to 121 were approved by the Board on 7 March 2017 and have been signed by the Company Secretary

on behalf of the Board.

Peter Kennerley
Group Legal Director & Company Secretary

7 March 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 'Reduced Disclosure Framework' and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards including FRS101 have been followed, subject to any material departures disclosed and explained, in the Group and parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess a Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 72 to 73 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Management Report contained in the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board.

Chris Weston
Chief Executive Officer

Carole Cran
Chief Financial Officer