Remuneration Policy

This part of the Report sets out the Directors' Remuneration Policy (Policy).

Polypipe's current Policy was approved by shareholders at the 2018 AGM (the full remuneration policy is set out in the 2017 Annual Report and Accounts). As a result, the Remuneration Committee reviewed the Policy. This part of the report sets out the changes proposed to the Policy and the rationale for those changes. This Policy will be subject to a binding shareholder vote at the 2021 AGM. It is intended that the Policy will apply for three years and that the Policy will apply to payments made from the date of approval. The information provided in this section of the Directors' Remuneration Report is not subject to audit.

As detailed in our Committee Chair's letter, our Policy and practices are designed to support strategy and promote long-term sustainable success. Executive remuneration is aligned to Company purpose and values, especially with the introduction of greater emphasis on health and safety, customer service and sustainability in the application of Policy from 2021, and our overall Policy is clearly linked to the successful delivery of the Company's long-term strategy. The changes of substance in this Policy from the Policy approved by shareholders at the 2018 AGM are set out on page 78.

Corporate Governance Code Requirements

In line with the UK Corporate Governance Code, the Policy has been tested against the six factors listed in Provision 40 of the Code as follows:

Clarity

The Policy is clearly disclosed on pages 77 to 85 and the implementation of the Policy is set out on pages 87 to 89. The Report is set out in a clear and straightforward manner.

Simplicity

Remuneration structures are as simple as possible and market typical, whilst at the same time incorporating the necessary structural features to ensure a strong alignment to performance and strategy.

Risk

The Committee believes that the performance targets in place for the incentive schemes provide appropriate rewards for stretching levels of performance without driving behaviour which is inconsistent with the Company's risk profile. In addition, the Policy has been shaped to discourage inappropriate risk taking through a weighting of incentive pay towards long-term incentives, the balance between financial and non-financial measures in the annual bonus and bonus deferral, recovery provisions, and shareholding requirements. To avoid conflicts of interest, Committee members are required to disclose any conflicts or potential conflicts ahead of Committee meetings. No Executive Director or other member of management is present when their own remuneration is under discussion.

Predictability

Elements of the Policy are subject to caps and dilution limits. Examples of how remuneration varies depending on performance is set out in the scenario charts. Any incentive payout is ultimately at the discretion of the Committee.

Proportionality

There is an equal balance between short-term and long-term incentives and performance conditions include both financial and non-financial performance linked to strategy. Incentive targets are set to be stretching and incentivising.

Alignment to culture

The Policy rewards for supporting the Company's growth focused culture, but in a way that focuses on health and safety, customers and sustainability.

Remuneration Policy continued

Summary of proposed Policy changes and rationale for the change

Elements of remuneration	
Fixed Pay	
Base salary	There is no change proposed to the remuneration policy for Base Salary.
Benefits	No proposed changes to policy.
Pension	To align the remuneration policy with the UK Corporate Governance Code, Executive Director pension contributions will be aligned with the wider workforce rate by the end of 2022. Any new Executive Director will be appointed on the workforce rate of 5% of salary, incumbent Executive Director pension is currently set at 15% of salary. In line with current best practice expectations, the Executive Directors' pension provision will reduce to 5% of salary at the end of 2022.
Variable Pay	
Annual Bonus	The maximum opportunities of the Executive Directors are to be increased with effect from 1 January 2021. The increases are to be made to align the Executive Directors with market comparable bonus opportunities: • **Chief Executive Officer:** to 150% of salary from 125% of salary (current market rate is 150% based on FTSE 250 median market practice) • **Other Executive Directors**: 125% of salary from 100% of salary (current market rate is 125% to 150% based on FTSE 250 median market practice) The proportion of annual bonus to be deferred into Company shares is being increased to 33% of the total bonus payable from 25%. Deferred bonuses vest equally after two and three years. There is no change to the policy on performance measures, although it is worth noting that the Committee has implemented a tougher approach to setting non-financial targets from FY 2021 in light of the higher bonus opportunity. Non-financial targets to apply from FY 2021 will include the replacement of the current subjective 'personal' targets with structured health and safety and customer satisfaction targets. The Policy has also been updated to reflect best practice, including (i) broader recovery and withholding provisions and (ii) an incentive override.
Long-Term Incentive Plan (LTIP)	The maximum opportunities of the Executive Directors are to be increased over the period to FY 2022 in order to align the Executive Directors with market comparable long term incentive opportunities: • **Chief Executive Officer:** to 150% of salary from 125% of salary (current market rate is 150% based on FTSE 250 median market practice) • **Other Executive Directors:** 125% of salary from 100% of salary in FY 2021 and 150% of salary from FY 2022 (current market rate is 150% based on FTSE 250 median market practice) There are no changes to the policy wording regarding the performance measures but it is worth noting that the Committee plans to introduce defined measurable long-term sustainability targets into the LTIP with a weighting of 25% to reflect the Company's strategic focus on delivering sustainable business solutions. The Policy has also been updated to reflect best practice, including (i) broader recovery and withholding provisions and (ii) an incentive over-ride.
Share Ownership Requirements	The current share ownership guideline which is set at 200% of salary for any Executive Director is to be retained in the new Policy. This mirrors wider FTSE 250 market practice and is expected to be achieved over a five-year timeframe. In line with the UK Corporate Governance Code, the current post-employment share ownership requirement will also be retained such that departing Executive Directors will be expected to retain the lower of their share ownership at cessation of employment and 200% of salary for a minimum period of two years.

Proposed Remuneration Policy

Executive Directors

Fixed Pay	
Base Salary	
Purpose and link to strategy	To appropriately recognise skills, experience and responsibilities and attract and retain talent by ensuring salaries are market competitive.
Operation	Generally reviewed annually with any increase normally taking effect from 1 January, although the Committee may award increases at other times of the year if it considers it appropriate. The review takes into consideration a number of factors, including (but not limited to): • The individual Director's role, experience and performance. • Business performance. • Market data for comparable roles in appropriate pay comparators. • Pay and conditions elsewhere in the Group.
Maximum opportunity	No absolute maximum has been set for Executive Director base salaries. Current Executive Director salaries are set out in the Annual Report on Remuneration section of this Remuneration Report. Any annual increase in salaries is at the discretion of the Committee taking into account the factors stated in this table and the following principles: • Salaries would typically be increased at a rate consistent with the average salary increase for UK employees. • Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group). • Larger increases may also be considered appropriate if a Director has been initially appointed to their position on the Board at a lower than typical salary.
Performance conditions and provisions for recovery of sums paid[1]	No performance conditions. Recovery and withholding provisions do not apply.
Benefits	
Purpose and link to strategy	To provide market-competitive benefits.
Operation	Benefits currently include company car (or car allowance), income protection insurance, private family medical insurance, permanent health insurance and life assurance of four times annual salary. The Committee has discretion to add to or remove benefits provided to Executive Directors. Executive Directors are entitled to reimbursement of reasonable expenses. Executive Directors also have the benefit of a qualifying third party indemnity from the Company as well as Directors' and Officers' liability insurance.
Maximum opportunity	There is no overall maximum as the level of benefits depends on the annual cost of providing individual items in the relevant local market and the individual's specific role.
Performance conditions and provisions for recovery of sums paid[1]	No performance conditions. Recovery and withholding provisions do not apply.
Pension	
Purpose and link to strategy	To provide market-competitive retirement benefits.
Operation	Current policy is for the Company to contribute to the Group Pension Plan, a personal pension scheme and/or provide a cash allowance in lieu of pension.
Maximum opportunity	New joiners will receive a pension-related contribution in line with the wider workforce (currently 5% of salary). Incumbent Executive Directors will receive a pension-related contribution of 15% of salary, reducing to the level of the wider workforce with effect from 31 December 2022 (5% of salary).
Performance conditions and provisions for recovery of sums paid[1]	No performance conditions. Recovery and withholding provisions do not apply.

Proposed Remuneration Policy continued

Executive Directors continued

Variable Pay	
Annual Bonus[2][3]	
Purpose and link to strategy	To link reward to key financial and operational targets for the forthcoming year. Additional alignment with shareholders' interests through the operation of bonus deferral.
Operation	The Executive Directors are participants in the annual bonus plan which is reviewed annually to ensure that bonus opportunity, performance measures and targets are appropriate and supportive of the business plan. No more than two thirds of an Executive Director's annual bonus is delivered in cash following the release of audited results and the remaining amount is deferred into an award over Company shares under the Deferred Share Bonus Plan. • Deferred awards are usually granted in the form of conditional share awards or nil-cost options (and may also be settled in cash). • Deferred awards usually vest in two equal tranches two and three years after award although may vest early on leaving employment or on a change of control (see later sections). • An additional payment (in the form of cash or shares) may be made in respect of shares which vest under deferred awards to reflect the value of dividends which would have been paid on those shares during the vesting period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis).
Maximum opportunity	The maximum award that can be made to an Executive Director under the annual bonus plan is 150% of salary for the Chief Executive and 125% of salary for other Executive Directors.
Performance conditions and provisions for recovery of sums paid[1]	The bonus is based on performance assessed over one year using appropriate financial, operational and individual performance measures. The majority of the bonus will be determined by measures of Group financial performance. A sliding scale of targets is set for each Group financial measure with payout at no more than 25% for threshold financial performance increasing to 100% for maximum performance. The remainder of the bonus will be based on financial, strategic or operational measures appropriate to the individual Executive Director. Details of the bonus measures operating each year will be included in the relevant Annual Report on Remuneration. The Remuneration Committee has discretion, where it believes it to be appropriate, to override the formulaic outcome arising from the annual bonus plan. Any bonus payout is ultimately at the discretion of the Committee. The cash bonus will be subject to recovery and/or deferred shares will be subject to withholding at the Committee's discretion in exceptional circumstances where, within three years of the bonus determination or before the vesting of each tranche of deferred shares, a material misstatement or miscalculation comes to light which resulted in an overpayment under the annual bonus plan or if evidence comes to light of material misconduct by an individual or a material health and safety breach or actions that subsequently gave rise to serious reputational damage or insolvency.
Long-Term Incentive Plan (LTIP)[3][4]	
Purpose and link to strategy	To link reward to key strategic and business targets for the longer term and to align Executive Directors' interests with shareholders' interests.
Operation	Awards are usually granted annually under the LTIP to selected senior executives. Individual award levels and performance conditions on which vesting will be dependent are reviewed annually by the Committee. Awards may be granted as conditional awards of shares, nil-cost options or, if appropriate, as cash-settled equivalents. Awards normally vest or become exercisable at the end of a period of at least three years following grant although may vest early on leaving employment or on a change of control (see later sections). Awards to Executive Directors that vest are subject to a two-year holding period (other than in exceptional circumstances such as death). An additional payment (in the form of cash or shares) may be made in respect of shares which vest under LTIP awards to reflect the value of dividends which would have been paid on those shares during the vesting period (this payment may assume that dividends had been reinvested in Company shares on a cumulative basis).
Maximum opportunity	The maximum annual award permitted under the LTIP is shares with a market value (as determined by the Committee) of 200% of salary. Under the 2021 Remuneration Policy, for incumbent Directors, awards will be limited to 150% of salary. Each year the Committee determines the actual award level for individual senior executives within this limit.
Performance conditions and provisions for recovery of sums paid[1]	All LTIP awards granted to Executive Directors must be subject to a performance condition. Vesting of Executive Directors' LTIP awards would be dependent on measures which could include Group earnings, return on capital employed, total shareholder return and sustainability, with the precise measures and weighting of the measures determined by the Committee ahead of each award. Performance will usually be measured over a performance period of at least three years. For achieving a 'threshold' level of performance against a performance measure, no more than 25% of the portion of the LTIP award determined by that measure will vest. Vesting then increases on a sliding scale to 100% for achieving a maximum performance target. The Remuneration Committee has discretion, where it believes it to be appropriate, to override the formulaic outcome arising from the LTIP. LTIP awards may be subject to withholding or recovery at the Committee's discretion in exceptional circumstances where, before the later of the vesting of an award and the second anniversary of the end of the performance period, a material misstatement or miscalculation comes to light, or evidence comes to light that during that performance period there was material misconduct by an individual or a material health and safety breach or actions that subsequently gave rise to serious reputational damage or insolvency.

Variable Pay	
Sharesave Plan[3]	
Purpose and link to strategy	To create staff alignment with the Group and promote a sense of ownership.
Operation	UK tax-approved monthly savings scheme facilitating the purchase of shares through share options at a discounted exercise price by all eligible UK employees. Executive Directors are eligible to participate on the same basis as other UK employees.
Maximum opportunity	Monthly savings limit of £500 (or such other limit as may be approved from time to time by HMRC) under all savings contracts held by an individual.
Performance conditions and provisions for recovery of sums paid	The Sharesave Plan is structured in accordance with HMRC requirements so has no performance conditions but requires participants to make regular contributions into a savings contract. Malus and clawback provisions do not apply.
Share Ownership Guidelines	
Purpose and link to strategy	To create alignment between the long-term interests of Executive Directors and shareholders.
Operation	Executive Directors have been required to build and maintain a shareholding as a percentage of salary in the form of shares in the Company since Admission. Executive Directors are expected to achieve the shareholding requirement within five years of an individual becoming subject to the requirement.
Maximum opportunity	Any Executive Director in employment is expected to achieve a shareholding with a value of 200% of salary. Any Executive Director leaving the Company will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 200% of salary for a period of two years.
Performance conditions and provisions for recovery of sums paid	Not applicable.

Notes to table:

1. The Committee may amend or substitute any performance condition(s) if one or more events occur which cause it to determine that an amended or substituted performance condition would be more appropriate, provided that any such amended or substituted performance condition would not be materially less difficult to satisfy than the original condition (in its opinion). The Committee may also adjust the calculation of performance targets and vesting outcomes (for instance for material acquisitions, disposals or investments and events not foreseen at the time the targets were set) to ensure they remain a fair reflection of performance over the relevant period. In the event that the Committee was to make an adjustment of this sort, a full explanation would be provided in the next Directors' Remuneration Report.
2. Performance measures – annual bonus. The annual bonus measures are reviewed annually and chosen to focus executive rewards on delivery of key financial targets for the forthcoming year as well as key strategic or operational goals relevant to an individual. Specific targets for bonus measures are set at the start of each year by the Committee based on a range of relevant reference points, including, for Group financial targets, the Group's business plan and are designed to be appropriately stretching.
3. The Committee may: (a) in the event of a variation of the Company's share capital, demerger, special dividend or dividend in specie or any other corporate event which it reasonably determines justifies such an adjustment, adjust; and (b) amend the terms of awards granted under the share schemes referred to above in accordance with the rules of the relevant plans. Share awards may be settled by the issue of new shares or by the transfer of existing shares. In line with prevailing best practice at the time this Remuneration Policy is approved, any issuance of new shares is limited to 5% of share capital over a rolling ten-year period in relation to discretionary employee share schemes and 10% of share capital over a rolling ten-year period in relation to all-employee share schemes.
4. Performance measures – LTIP. The LTIP performance measures will be chosen to provide alignment with our longer-term strategy of growing the business in a sustainable manner that will be in the best interests of shareholders and other key stakeholders in the Company. Use of earnings and return on capital employed measures would reward management for delivery of key financial measures of Company success that should result in sustainable value creation. Use of a total shareholder return measure would align management's interests with the interests of our shareholders. Use of sustainability measures will align management with the Company's long-term commitment to building a sustainable operating business. Targets are considered ahead of each grant of LTIP awards by the Committee, taking into account relevant external and internal reference points and are designed to be appropriately stretching.
5. The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before the 2015 AGM (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder approved Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.
6. The Committee may make minor amendments to the Remuneration Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.

Proposed Remuneration Policy continued

Non-Executive Directors

Non-Executive Director (NED) fees	
Purpose and link to strategy	To appropriately recognise responsibilities, skills and experience by ensuring fees are market competitive.
Operation	NED fees comprise payment of an annual basic fee and additional fees for further Board responsibilities such as: • Senior Independent Director • Chair of Audit Committee • Chair of Remuneration Committee • Employee engagement The Chairman of the Board receives an all-inclusive fee. No NED participates in the Group's incentive arrangements or pension plan or receives any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a NED may receive the grossed-up costs of travel as a benefit. NEDs are entitled to reimbursement of reasonable expenses. Fees are reviewed annually. NEDs also have the benefit of a qualifying third party indemnity from the Company and Directors' and Officers' liability insurance.
Maximum opportunity	Fees are set at an appropriate level that is market competitive and reflective of the responsibilities and time commitment associated with specific roles. No absolute maximum has been set for individual NED fees. Current fee levels are set out in the Annual Report on Remuneration section of this Remuneration Report. The Company's Articles of Association provide that the total aggregate fees paid to the Chairman and NEDs will not exceed £2,000,000 per annum.

Illustrations of application of Remuneration Policy

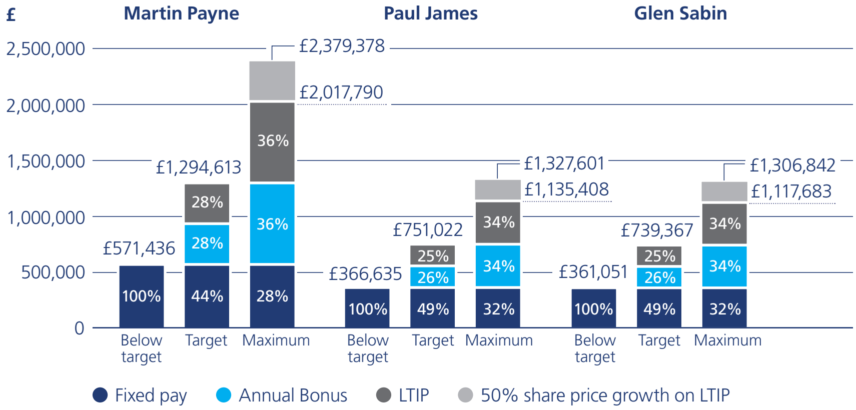
The 'Implementation of Remuneration Policy in 2021' section of the Annual Report on Remuneration details how the Committee intends to implement the Policy during 2021.

The charts to the right illustrate, in three assumed performance scenarios, the total value of the remuneration package potentially receivable by Martin Payne, Paul James and Glen Sabin in relation to 2021. This comprises salary and benefits plus an annual bonus of up to a maximum of 150% of salary for Martin Payne and 125% of salary for Glen Sabin and Paul James and an LTIP award of 150% of salary for Martin Payne and 125% of salary for Paul James and Glen Sabin.

The charts are for illustrative purposes only and actual outcomes may differ from that shown. LTIP awards have been shown at face value and also allowing for a 50% increase in share price under the maximum performance scenario. All-employee share plans have been excluded. The totals shown in the charts relate to the potential value receivable by the current Executive Directors in relation to 2021.

Potential Remuneration outcomes for the Executive Directors

Assumed performance	Assumptions used
All performance scenarios (Fixed pay) Consists of total fixed pay, including base salary, benefits and pension	• Base salary – salary effective as at 1 April 2021 • Benefits – the value of benefits received in 2020 have been included • Pension – 15% of salary
Minimum performance (Variable pay)	• No payout under the annual bonus • No vesting under the LTIP
Performance in line with expectations (Variable pay)	• 50% of the maximum payout under the annual bonus • 50% vesting under the LTIP
Maximum performance (Variable pay)	• 100% of the maximum payout under the annual bonus • 100% vesting under the LTIP



Approach to recruitment remuneration

Principles

In determining remuneration arrangements for new appointments to the Board (including internal promotions), the Committee will apply the following principles:

- The Committee will take into consideration all relevant factors, including the experience of the individual, market data and existing arrangements for other Executive Directors, with a view that any arrangements should be in the best interests of both the Company and our shareholders, without paying more than is necessary.
- Typically, the new appointment will have (or be transitioned onto) the same remuneration structure as the other Executive Directors, in line with the Policy.
- Upon appointment, the Committee may consider it appropriate to offer additional remuneration arrangements in order to secure the appointment. In particular, the Committee may consider it appropriate to 'buy out' terms or remuneration arrangements forfeited on leaving a previous employer (discussed below).
- The Committee may provide costs and support if the recruitment requires relocation of the individual.
- Where an Executive Director is an internal promotion, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of or merger with another company, legacy terms and conditions would be honoured.

Components and approach

The remuneration package offered to new appointments may include any element within the Policy, or any other element which the Committee considers is appropriate given the particular circumstances, with due regard to the best interests of shareholders, subject to the limits on variable pay set out above in the Policy.

In considering which elements to include, and in determining the approach for all relevant elements, the Committee will take into account a number of different factors, including (but not limited to) market practice, existing arrangements for other Executive Directors and internal relativities. If appropriate, different measures and targets may be applied to a new appointee's annual bonus in their year of joining.

The Committee would seek to structure buyout and variable pay awards on recruitment to be in line with the Company's remuneration framework so far as practical but, if necessary, the Committee may also grant such awards outside of that framework as permitted under Listing Rule 9.4.2 subject to the limits on variable pay set out above. The exact terms of any such awards (e.g. the form of the award, time frame, performance conditions, and leaver provisions) would vary depending upon the specific commercial circumstances.

Maximum level of variable pay

The maximum level of variable remuneration which may be granted to new Executive Directors in respect of recruitment shall be limited to the maximum permitted under the Policy, namely 350% of their annual salary. This limit excludes any payments or awards that may be made to buy out the Executive Director for terms, awards or other compensation forfeited from their previous employer (discussed below).

Buyouts

To facilitate recruitment, the Committee may make a one-off award to buy out compensation arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of all relevant factors, including any performance conditions attached to incentive awards, the likelihood of those conditions being met, the proportion of the vesting/performance period remaining and the form of the award (e.g. cash or shares). The overriding principle will be that any buyout award should be of comparable commercial value to the compensation which has been forfeited. However, such buyout awards would only be considered where there is a strong commercial rationale to do so.

Recruitment of Non-Executive Directors

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will normally be in line with the Policy for Non-Executive Directors. However, the Committee (or the Board as appropriate) may include any element within the Policy, or any other element which the Committee considers is appropriate given the particular circumstances, with due regard to the best interests of shareholders. In particular, if the Chairman or a Non-Executive Director takes on an executive function on a short-term basis, they would be able to receive any of the standard elements of Executive Director pay.

Proposed Remuneration Policy continued

Service contracts

Key terms of the current Executive Directors' service agreements and Non-Executive Directors' letters of appointment are summarised in the table below. It is envisaged that any future appointments would have equivalent contractual arrangements unless otherwise stated in this Report.

Provision	Policy
Notice period	Executive Directors – 12 months' notice by either the Company or the Executive Director.
	Non-Executive Directors – at the Company's discretion, Non-Executive Directors may have a notice period of up to three months.
Termination payment	Following the serving of notice by either party, the Company may terminate employment of an Executive Director with immediate effect by paying a sum equal to salary. Executive Directors are not contractually entitled to any bonus for the period of service in the year in which their employment ends.
	Non-Executive Directors are only entitled to receive any fee accruing in respect of the period up to termination.
Expiry date	Executive Directors have rolling 12-month notice periods so have no fixed expiry date.
	Non-Executive Directors' letters of appointment have no fixed expiry date.

In accordance with the Code, each Director will retire annually and put themselves forward for re-election at each AGM of the Company.

All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office at Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES.

Policy on payment for loss of office

In relation to payments under non-contractual incentive schemes, the Committee would take the following factors into account:

- The Committee may determine that the Executive Director is eligible to receive a bonus in respect of the financial year in which they cease employment. This bonus would usually be time apportioned and may be settled wholly in cash. In determining the level of bonus to be paid, the Committee may, at its discretion, take into account performance up to the date of cessation or over the financial year as a whole based on appropriate performance measures as determined by the Committee.
- The treatment of outstanding share awards is governed by the relevant share plan rules as summarised below.

Deferred Share Bonus Plan

- On cessation of employment, unvested shares will vest in full unless the Committee determines otherwise.
- On a change of control, unvested shares will vest in full.
- If other corporate events occur, such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Committee may affect the current or future value of shares, the Committee will determine whether unvested shares should vest.

LTIP

- On cessation of employment, unvested awards will lapse unless cessation is as a result of death, ill health, injury, disability, transfer of employing company or business to which an individual's employment relates out of the Group or any other scenario in which the Committee determines at its discretion that good leaver treatment is appropriate (other than circumstances justifying summary dismissal). In these scenarios, unvested awards will usually continue until the normal vesting date unless the Committee determines that the award should vest earlier and will vest to an extent that takes into account the performance condition assessed at the date of vesting and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and cessation of employment.
- On a change of control, unvested LTIP awards will vest immediately to an extent that takes into account the performance condition assessed at the change of control and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and the change of control. If other corporate events occur, such as a demerger, delisting, special dividend, voluntary winding-up or other event which in the opinion of the Committee may affect the current or future value of shares, the Committee will determine whether unvested LTIP awards should vest. If they do vest, they will vest immediately to an extent that takes into account the performance condition assessed at the date of the event and, unless the Committee determines otherwise, to an extent that takes into account the period of time between grant of the award and the date of the event.

Sharesave Plan

- Options become exercisable immediately on death, ceasing employment due to injury, disability, retirement, redundancy, sale of the employing company or business to which an individual's employment relates out of the Group or on a change of control/voluntary winding-up of the Company.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his/her cessation of office or employment.

Consideration of employment conditions elsewhere in the Group

The Committee appreciates the importance of effective engagement with the wider workforce and so the Committee have introduced a nominated Non-Executive Director responsible for employee engagement. Mark Hammond held this role until June 2020 and Louise Brooke-Smith has held this role since June 2020. Both Mark and Louise have engaged with employees during the course of the year to the extent that this was possible given the restrictions imposed by the Covid-19 pandemic. This engagement covered a wide variety of topics and both Mark and Louise reported to the Committee that there were no concerns raised regarding the alignment between executive remuneration and wider workforce pay.

The Committee reviews workforce remuneration, related policies and is conscious of the importance of ensuring that its pay decisions for Executive Directors and the senior management team are regarded as fair and reasonable within the business.

As outlined in the Policy table, pay and conditions across the Group are one of the specific considerations taken into account when the Committee is considering changes in salaries for the Executive Directors and the senior management team.

Differences in policy from broader employee population

A greater proportion of Executive Directors' potential wealth is 'at risk', either through their existing shareholding or through LTIP awards than for our employees generally and a greater proportion is determined by performance than for our employees generally. However, common principles underlie the pay policy throughout the Company, including for the Executive Directors. In particular, we place great emphasis throughout the Company on reward being linked to performance (either Group performance or performance of an individual's business unit) and on encouraging share ownership (through participation in the LTIP or an all-employee share scheme).

Consideration of shareholders' views

The Company is mindful of general investor views on certain aspects of remuneration, and continues to take these views into account, where appropriate, when setting Executive Director remuneration. The Committee Chair is available to meet with any shareholders who wish to discuss any aspect of the Company's Policy in more detail.

During 2020 and 2021, a formal consultation with the Company's top 20 shareholders and the shareholder advisory bodies was carried out in relation to the updated Policy to be approved by shareholders at the 2021 AGM. The Chair of the Committee and the Company Secretary met with those shareholders who requested a meeting to discuss the proposed Policy in more detail and to answer specific queries. The feedback received from these meetings and the written responses was generally supportive and was discussed in detail by the Committee as it finalised the Policy proposals.