

# GROUP PERFORMANCE SHARE 2021 PRINCIPLES

Group Performance Share (GPS) is our discretionary bonus award that's directly linked to our overall business performance and profitability. We pay GPS awards if our profitability exceeds a minimum threshold based on our underlying profit target for the year. While GPS isn't guaranteed, when our performance supports an award it is designed to reward our people for their individual contribution, performance, behaviours and growth.

For the majority of our people, we operate two processes in Workday that allow us to capture manager recommendations on GPS:

- **Grades A - C:** Awards are pre-populated at a 'guide' value (typically 5% of salary for our people on the Annual plan), subject to adjustments for GPS Principles and performance modifiers.
- **Grades D - G:** Managers have discretion to determine awards within guideline ranges set by grade. We generally expect greater differentiation of awards to reflect a person's contribution, performance, behaviours and growth relative to peers.

These principles apply to all our GPS plans i.e. the Annual, Enhanced and Specialist Performance Share Plans.

Awards are non-contractual and may be subject to deferral in line with our Deferral and Performance Adjustment policy.

Deferred awards are generally subject to forfeiture if someone leaves our organisation, except for some specified reasons. Awards will be forfeited on the date of leaving or the date of giving notice of leaving, whichever is earlier.



# GROUP PERFORMANCE SHARE 2021 PRINCIPLES

## GRADE A - C

### KEY CONSIDERATIONS FOR MANAGERS

<b>Approach</b>	Our people at grade A - C are eligible for an award at a 'guide' value (typically 5% of salary), subject to performance modifiers and any adjustments for GPS Principles.
<b>Eligibility</b>	Someone must have joined on or before 1 October 2021 and <b>worked</b> for a <b>minimum of 3 months</b> to be eligible.
<b>Inclusion &amp; Diversity</b>	Remember the line manager <b>Race Education training</b> and <b>Trust &amp; Fairness e-workout</b> when making any reward decisions.  You should make award decisions fairly, ensuring <b>no bias</b> based on <b>personal characteristics</b> such as someone's age, gender, sexual orientation, gender reassignment, race, ethnicity, disability, marriage/civil partnership, pregnancy, maternity, religion, belief or working patterns in your decisions.
<b>Awards</b>	Awards are prepopulated in Workday with an award of 5% of salary
<b>Pro ration</b>	Awards are <b>automatically calculated</b> to reflect policy principles such for <b>starters, leavers, working hours, family leave, and absence</b>
<b>Exceptions</b>	In most cases managers don't need to take action for GPS awards for grade A - C. Limited exceptions apply where managers: <ul style="list-style-type: none"> <li>▪ may recognise exceptional contribution</li> <li>▪ reduce awards for formal risk or conduct issues</li> </ul> Awards must be adjusted in line with the policy checklist below. See the <a href="#">GPS 2021 Line Manager Guide</a> for information to help you.

### LINE MANAGER ACTION:

If these scenarios apply to people in your team, adjust the award appropriately

### POLICY CHECKLIST FOR MANAGERS

Have you considered?

➤ <b>Performance Improvement</b>	You must <b>reduce</b> awards to reflect the time a person spent on a <b>Formal Action Plan</b>
➤ <b>Disciplinary</b>	You must <b>reduce</b> an award by: <ul style="list-style-type: none"> <li>▪ 50% for 6 month written warning</li> <li>▪ 100% for 12 month written warning or final written warning</li> </ul>
➤ <b>Protections</b>	If someone has changed to a lower grade at grade A - C and are covered by the <a href="#">Protections policy</a> they will move to the grade A - C approach with immediate effect
➤ <b>Ineligible Leavers</b>  <ul style="list-style-type: none"> <li>▪ Resignation</li> <li>▪ Career Break</li> <li>▪ Termination by Mutual Agreement</li> </ul>	Someone is <b>ineligible</b> for an award where they: <ul style="list-style-type: none"> <li>▪ give notice or are under notice on or before <b>1 March 2022</b></li> <li>▪ and/or leaves on or before <b>20 March 2022</b>.</li> </ul> Anyone who resigns or leaves for certain reasons including dismissal, will forfeit any unreleased deferred awards upon notice given or received
➤ <b>Temporary to Permanent</b>	Someone may be <b>eligible</b> for an award where they have <b>worked for a minimum of 3 months</b> continuous service including the time as a temporary worker, provided they were in scope of the Agency Worker Regulations. Managers will be advised of the additional amount to add for the period as a temporary worker.

# GROUP PERFORMANCE SHARE 2021 PRINCIPLES

## GRADE D - G

### KEY CONSIDERATIONS FOR MANAGERS

<b>Eligibility</b>	Someone must have joined on or before 1 October 2021 and <b>worked</b> for a <b>minimum of 3 months</b> to be eligible
<b>Inclusion &amp; Diversity</b>	Remember the line manager <b>Race Education training</b> and <b>Trust &amp; Fairness e-workout</b> when making any reward decisions.  You should make award decisions fairly, ensuring <b>no bias</b> based on <b>personal characteristics</b> such as someone's age, gender, sexual orientation, gender reassignment, race, ethnicity, disability, marriage/civil partnership, pregnancy, maternity, religion, belief or working patterns in your decisions.
<b>Budget</b>	The budget in Workday is calculated on the mid-point of the GPS range for each person using their grade and actual pay at 31 December 2021.  The budget is pro-rated for starters, eligible leavers and change in working hours.
<b>Policy Guidance</b>	Where a grade D - G had a period of absence or a change in circumstances during the year (e.g. family leave, sickness absence or change of grade), GPS awards should generally be pro-rated. In exceptional circumstances, a manager may choose not to pro-rate the award, or only partially pro-rate. See the <a href="#">GPS 2021 Line Manager Guide</a> .
<b>Applying Discretion</b>	Take a look at the <a href="#">GPS 2021 Line Manager Guide</a> for help in applying your judgment and discretion to make fair and consistent GPS award decisions

### POLICY CHECKLIST FOR MANAGERS

Have you considered?

➤ <b>Pregnancy related illness</b>	You shouldn't reduce awards to reflect pregnancy related illness
➤ <b>Family Leave</b>	For maternity, adoption, paternity, parental, shared parental and leave for partners, an award you shouldn't reduce awards for the first 28 days of leave, from the start date of the leave. Any <b>leave over 28 days</b> should be taken into account when calculating pro-rated awards.
➤ <b>Performance Improvement</b>	You must <b>reduce</b> awards to reflect the time a person spent on a <b>Formal Action Plan</b>
➤ <b>Disciplinary</b>	You must <b>reduce</b> an award by: <ul style="list-style-type: none"> <li>▪ 50% for 6 month written warning</li> <li>▪ 100% for 12 month written warning or final written warning</li> </ul>
➤ <b>Protections</b>	If someone has changed grade and is covered by the <a href="#">Protections policy</a> the person is eligible for an award based on the GPS range for the protected grade for 12 months following appointment to the lower grade. When applying discretion at Grade D+ eligibility you should pro-rate across performance years.
➤ <b>Ineligible Leavers</b>	Someone is <b>ineligible</b> for an award where they: <ul style="list-style-type: none"> <li>▪ give notice or is under notice on or before <b>1 March 2022</b></li> <li>▪ and/or leaves on or before <b>20 March 2022</b>.</li> </ul> <p>Anyone who resigns or leave for certain reasons including dismissal, will forfeit any unreleased deferred awards upon notice given or received</p>
➤ <b>Temporary to Permanent</b>	An individual may be <b>eligible</b> for an award where they have <b>worked for a minimum of 3 months</b> continuous service including the time as a temporary worker, provided they were in scope of the Agency Worker Regulations. Managers will be advised of the additional amount to add for the period as a temporary worker.
➤ <b>Rationale</b>	You must <b>provide a rationale</b> for all GPS 2021 awards. Explain the proposed award, including the factors you've taken into consideration and any adjustments for GPS Principles.

# GROUP PERFORMANCE SHARE 2021 PRINCIPLES

## Applying Adjustments for Periods of Leave

SCENARIO	POLICY REQUIREMENT	APPLICATION	
		A - C	D - G
<b>FAMILY LEAVE</b>			
<ul style="list-style-type: none"> <li>▪ <b>Maternity Leave</b></li> <li>▪ <b>Adoption Leave</b></li> <li>▪ <b>Paternity Leave</b></li> <li>▪ <b>Shared Parental Leave</b></li> <li>▪ <b>Leave for Partners</b></li> <li>▪ <b>Parental Leave - unpaid</b></li> </ul> <p>Keeping in Touch days and Shared Parental Leave in Touch Days are eligible for GPS</p>	<p>Any award should be <b>reduced</b> to reflect time spent on family leave where this is <b>more than 28 days</b></p> <p>The 28 days applies from the start of family leave and only applies once where multiple periods of family leave are taken during the performance year</p>	<p style="text-align: center;"><b>Automatic</b></p> <p>Eligible for the first 28 days from the start date</p> <p>Automatically pro-rated in Workday</p> <p>Manager to make appropriate adjustment for Keeping in Touch days and Shared Parental Leave in Touch days</p>	<p style="text-align: center;"><b>Guideline</b></p> <p>Eligible for the first 28 days from the start date</p> <p>Manager to determine award and make appropriate adjustment to the award</p>
<b>SICKNESS ABSENCE AND EMERGENCY LEAVE</b>			
<p><b>Sickness Absence &amp; Emergency Leave</b></p> <p>Including emergency leave for Coronavirus related reasons</p>	<p>Any award should be <b>reduced</b> to reflect total sickness absence and emergency leave where this is <b>more than 28 days</b> in total</p> <p>Pregnancy related illness is excluded from the total days</p>	<p style="text-align: center;"><b>Automatic</b></p> <p>Eligible for the first 28 days</p> <p>Automatically pro-rated in Workday</p> <p>Review number of days absence over 28 days to ensure this is accurately shown in the smart panel in Workday. If incorrect adjust the award accordingly</p> <p>Manager can make an adjustment in exceptional cases if appropriate</p>	<p style="text-align: center;"><b>Guideline</b></p> <p>Eligible for the first 28 days</p> <p>Review number of days absence over 28 days to ensure this is accurately shown in the smart panel in Workday</p> <p>Manager to make appropriate adjustment for absence over 28 days</p>
<b>OTHER PAID LEAVE</b>			
<ul style="list-style-type: none"> <li>▪ <b>Compassionate Leave - paid</b></li> <li>▪ <b>Leave for Public Duties</b> e.g. Magistrates, Special Constables, Reservists</li> <li>▪ <b>Jury Service</b></li> </ul>	<p>Any award should be <b>reduced</b> to reflect leave where this is <b>more than 28 days</b> in total in the performance year, with the exception of Disability Change Management Leave and Work Place Adjustment Leave which are <b>excluded</b> from any reduction</p>	<p style="text-align: center;"><b>Automatic</b></p> <p>Eligible for the first 28 days</p> <p>Automatically pro-rated in Workday</p>	<p style="text-align: center;"><b>Guideline</b></p> <p>Eligible for the first 28 days</p> <p>Manager to make appropriate adjustment for leave over 28 days</p>
<b>UNPAID LEAVE</b>			
<ul style="list-style-type: none"> <li>▪ <b>Compassionate Leave - unpaid</b></li> <li>▪ <b>Sabbatical</b></li> <li>▪ <b>Absent without leave</b></li> </ul>	<p>Any award should be <b>reduced</b> to reflect <b>unpaid</b> leave</p>	<p style="text-align: center;"><b>Automatic</b></p> <p>Automatically pro-rated in Workday</p>	<p style="text-align: center;"><b>Guideline</b></p> <p>Manager to determine award and make appropriate adjustment for eligibility during performance period</p>

# GROUP PERFORMANCE SHARE 2021 PRINCIPLES

## Applying Adjustments for a Change in Circumstances

SCENARIO	POLICY REQUIREMENT	APPLICATION	
		A - C	D - G
<b>CHANGE IN CIRCUMSTANCES</b>			
<b>New Starters 2021</b>	A new starter is <b>eligible</b> for an award where individual has joined and <b>worked</b> during the <b>last 3 months</b> of the performance year i.e. on or before 1 October 2021	<b>Automatic</b>  Automatically pro-rated in Workday	<b>Guideline</b>  Budget pro-rated in Workday  Manager to determine award
<b>Working Hours</b>	People are <b>eligible</b> for an award <b>adjusted</b> to reflect the periods of time on different working hours		
<b>Change</b> ▪ <b>Grade</b> ▪ <b>GPS Plan</b>	People are <b>eligible</b> for an award <b>adjusted</b> to reflect the periods of time at the different grade or on the GPS plan, if this has changed		<b>Guideline</b>  Manager to determine award and make appropriate adjustment
<b>Change</b> ▪ <b>Role</b> ▪ <b>Secondment</b> ▪ <b>Deputisation</b> ▪ <b>International Relocations</b>	Someone is <b>eligible</b> for an award <b>adjusted</b> to reflect the periods of time in the different circumstances		
<b>Protections</b>	<p>People are <b>eligible</b> for an award based on the GPS range for the <b>protected grade for 12 months</b> following appointment to the lower grade (<a href="#">Protections policy</a>)</p> <p>If someone has changed to a lower grade at grades A - C they will move to the grade A - C approach with immediate effect</p> <p>When applying discretion at grade D+ eligibility will be applied pro-rata across performance years</p>	<b>Guideline</b>  Manager to make appropriate adjustment	<b>Mandatory</b>  Budget will not reflect protected grade at year end  Manager to make appropriate adjustment
<b>Temporary to Permanent</b>	Someone may be eligible for an award where individual has <b>worked a minimum of 3 months</b> continuous service including the time as a temporary worker, provided they were in scope of the Agency Worker Regulations	<b>Mandatory</b>  Manager to make appropriate adjustment	
<b>AGENCY WORKERS</b>			
<b>Agency Worker / Temporary individuals</b>	<p>Agency workers or contractors must be in scope of the Agency Worker Regulations i.e. employed via PAYE or via an umbrella company to be eligible.</p> <p>Paid via the Agency subject to Agency Terms &amp; Conditions</p>	<b>Guideline</b>  Separate guidance will be provided to managers	



# GROUP PERFORMANCE SHARE 2021 PRINCIPLES

## Applying Adjustments for Performance & Leavers

SCENARIO	POLICY REQUIREMENT	APPLICATION	
		A - C	D - G
<b>PERFORMANCE</b>			
<b>Disciplinary</b>	<p>Award must be <b>reduced</b> in line with the sanction by:</p> <ul style="list-style-type: none"> <li>▪ 50% for 6 month written warning</li> <li>▪ 100% for 12 month written warning or final written warning</li> </ul> <p>The reduction for a disciplinary sanction should be applied to the GPS award for the performance period in which the sanction commenced</p> <p>If a disciplinary hearing outcome is <b>pending</b>, the award should be suspended until the outcome is known</p>	<b>Mandatory</b>	<b>Mandatory</b>
<b>Performance Improvement</b>	Any award must be <b>reduced</b> by the number of <b>days</b> a person spends <b>on a Formal Action Plan</b>	Manager to make formulaic adjustment for eligibility during performance period	Manager to determine award and make an adjustment for eligibility during performance period
<b>Performance Adjustment</b>	Eligible for an award <b>subject to</b> the outcome of any <b>Performance Adjustment conditions</b>	<b>Mandatory</b> Manager to make appropriate adjustment	
<b>ELIGIBLE LEAVERS</b>			
<ul style="list-style-type: none"> <li>▪ <b>Retirement</b></li> <li>▪ <b>Redundancy</b></li> <li>▪ <b>End of Fixed Term Contract</b></li> <li>▪ <b>TUPE</b></li> <li>▪ <b>Ill health retirement</b></li> <li>▪ <b>Death in Service</b></li> </ul>	<p>A person is <b>eligible</b> for a <b>pro-rated award</b> provided they have <b>worked for a minimum of 3 months*</b> during the performance period</p> <p>If a person has taken garden leave before leaving on redundancy, this is included in the minimum of 3 months</p> <p>*With the exception of death in service where no minimum eligibility period applies</p>	<b>Automatic</b>	<b>Automatic</b>
		Automatically pro-rated in Workday	Manager to determine award and make appropriate adjustment for eligibility during performance period
		Manager to make appropriate adjustment for death in service	
<b>INELIGIBLE LEAVERS</b>			
<b>Give notices or under notice</b>	A person is <b>ineligible</b> for an award where they:	<b>Mandatory</b>	
<ul style="list-style-type: none"> <li>▪ <b>Resignation</b></li> <li>▪ <b>Career Break</b></li> <li>▪ <b>Termination by Mutual Agreement</b></li> <li>▪ <b>Dismissal</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ give notice or are under notice on or before <b>1 March 2022</b></li> <li>▪ and/or leaves on or before <b>20 March 2022</b></li> </ul> <p>People who resign or leave for certain reasons including dismissal, will forfeit any unreleased deferred awards upon notice given or received</p>		