Overview of Unite remuneration policy and implementation

Remuneration in respect of 2020	Overview of policy	Implementation of policy in 2021
Base salary		
• Salaries increased by 3.0% in line with the broader employee population effective 1 January 2020, as follows: – CEO, Richard Smith = £472,313 – CFO, Joe Lister = £384,441 • Salaries voluntarily reduced by 30% for a four-month period from 1 April 2020. See page 136	• Reviewed from time to time, with reference to salary levels for similar roles at comparable companies, to individual contribution to performance; and to the experience of each Executive. See page 127	• Salaries unchanged, as follows: – CEO, Richard Smith = £472,313 – CFO, Joe Lister = £384,441 See page 143
Pension, benefits		
• Pension contributions (or equivalent cash allowance) of up to: – CEO, Richard Smith = £91,710 – CFO, Joe Lister = £74,650 • Pensions voluntarily reduced by 30% for a four-month period from 1 April 2020. • Benefits in line with policy. See page 136	• For existing Executive Directors: commitment to phase down contributions (or equivalent cash allowance) to the workforce rate by 1 January 2023. • For new Executive Director appointees: company pension contributions aligned with the broader workforce (11% of salary). • Benefits typically consist of the provision of a company car or a car allowance, and private health care insurance. See page 127	• Pension contributions (or equivalent cash allowance) reduced to a maximum of 17% of salary for CEO and CFO. • No change to benefits for 2021. See page 143
Annual bonus		
• Annual bonus scheme cancelled for Executive Directors in April 2020. See page 137	• Maximum annual bonus opportunity for all Executive Directors of 140% of salary. • Performance measures typically include both financial and non-financial metrics, as well as the achievement of individual objectives. • Where an individual has met their shareholding guidelines, any bonus over 100% of salary is deferred in shares for two years; where an individual has not met their shareholding guidelines, up to 50% of bonus earned is deferred in shares for three years. • Malus and clawback provisions apply. See page 128	• Maximum annual bonus opportunities of 140% of salary. • 2021 bonuses to be based: – 25% on adjusted EPS – 25% on TAR per share – 20% on Loan to Value – 10% on customer satisfaction – 10% on University reputation – 10% on GRESB rating See page 143
LTIP		
• 2018 LTIP vested at 33.33% based on: – Relative TSR outperformance of the FTSE350 Real Estate Index of 13.0% p.a. vs. a stretch target of 9.0% p.a; – Total Accounting Return over the period 2018–20 below the threshold target; and – 2020 adjusted EPS below the threshold target. See page 138	• Maximum award size for all Executive Directors of 200% of salary in normal circumstances (up to 300% of salary in exceptional circumstances). • Awards vest subject to performance over a three-year period. Vested shares are typically subject to an additional two-year holding period. • Malus and clawback provisions apply. See page 129	• Awards of 200% of salary to be made to each Executive Director in April 2021. • Performance to be measured over the period 1 January 2021 to 31 December 2023 against EPS, relative TAR and relative TSR targets, each weighted one-third. • Two-year holding period will apply to all vested shares. See page 144

This report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules.

In accordance with the Regulations, the following sections of the Remuneration Report are subject to audit: the Single total figure of remuneration for Directors and accompanying notes (pages 136 to 138), Scheme interests awarded during the financial year (page 142), Payments to past Directors (page 143), Payments for loss of office (page 143) and the statement of Directors' shareholdings and share interests (pages 145 and 146). The remaining sections of the report are not subject to audit.

The 2018 UK Corporate Governance Code sets out principles against which the Committee should determine the Policy for executives. A summary of the principles and how the Unite's Remuneration Policy reflects these is set out below:

Principle	Approach
Clarity – Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Committee operates a consistent remuneration approach that is well-understood internally and externally. The Committee regularly engages with major shareholders on executive remuneration and undertook a detailed consultation during the design of the current Policy.
Simplicity – Remuneration structures should avoid complexity, and their rationale and operation should be easy to understand.	The Group operates a market-standard remuneration structure consisting of fixed pay, an annual bonus and a single long-term incentive. The annual bonus scheme was simplified as part of the last Policy review through the removal of the personal performance multiplier and four-point performance schedule.
Risk – Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Each year, incentive targets will be set which the Committee believes are stretching and achievable within the risk-appetite set by the Board. The Committee retains full discretion to override formulaic incentive outcomes under both the annual bonus and long-term incentive in the event that this would produce a result inconsistent with the Company's remuneration principles. All variable incentives incorporate recovery provisions (malus and clawback) that allow the Committee to reduce the outcomes, potentially down to zero, in specified cases. The Committee believes that these triggers are appropriately wide-ranging and enforceable.
Alignment to culture – Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	All permanent employees participate in the annual bonus, and share the same corporate performance metrics to ensure cultural alignment across the Group. We believe that aligning remuneration across the business is a key element of aligning our culture, fulfilling our values and being a strong driver of business performance.
Predictability – The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Committee maintains clear caps on incentive opportunities and will use its available discretion if necessary.
Proportionality – The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Committee ensures performance metrics are clearly aligned with the Group's strategy each year, maintaining an appropriate balance between fixed pay, short- and long-term incentive opportunities. Targets are set to be stretching but achievable, within the Board's risk appetite. Details of our approach to measure selection and target setting is included as a note to the Policy Table.

Unite's remuneration policy was approved by shareholders at the 2019 AGM on 9 May 2019. The report below, save for a number of minor changes, is as disclosed in the 2018 Directors' Remuneration Report, which is available to download from the Company's website at www.unite-group.co.uk/investors. The following changes have been made this year:

- References to financial years have been updated where appropriate;
- Pay-for-performance scenario charts have been updated to reflect 2021 salaries and pension contributions; and
- New Non-Executive Director service contract dates have been added.

Directors' Remuneration Policy

The Group aims to balance the need to attract, retain and motivate Executive Directors and other senior executives of an appropriate calibre with the need to be cost effective, whilst at the same time rewarding exceptional performance. The Committee has designed a remuneration policy that balances those factors, taking account of prevailing best practice, investor expectations and the level of remuneration and pay awards made generally to employees of the Group.

In addition to the above, the remuneration policy for the Executive Directors and other senior executives is based on the following key principles:

- A significant proportion of remuneration should be tied to the achievement of specific and stretching performance conditions that align remuneration with the creation of shareholder value and the delivery of the Group's strategic plans, taking care to consider the needs of all stakeholders.
- There should be a focus on sustained long-term performance, with performance measured over clearly specified timescales, encouraging executives to take action in line with the Group's strategic plan, using good business management principles and taking well considered risks.
- Individuals should be rewarded for success, but steps should be taken, within contractual obligations, to prevent rewards for failure – whether financial or operational.
- Above all, Executive Remuneration should support the values and culture of the Group. Pay should be simple and easy to understand, with all aspects clear and openly communicated to stakeholders and with alignment with pay philosophies across the Group.

This section of the report sets out the policy which the Company asked shareholders to approve at the 2019 AGM and which came into effect from that date.

Policy table

Function	Operation	Opportunity	Performance metrics
Base salary To recognise the individual's skills and experience and to provide a competitive base reward.	Base salaries are reviewed from time to time, with reference to salary levels for similar roles at comparable companies, to individual contribution to performance; and to the experience of each Executive.	Any base salary increases are applied in line with the outcome of the review as part of which the Committee also considers average increases across the Group. In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with those of salaried employees as a whole. In exceptional circumstances (including, but not limited to, a material increase in job size or complexity) the Committee has discretion to make appropriate adjustments to salary levels to ensure that they remain market competitive.	None
Pension To provide an opportunity for executives to build up income upon retirement.	All Executives are either members of The UNITE Group Personal Pension scheme or receive a cash pension allowance. Salary is the only element of remuneration that is pensionable.	Existing Executive Directors receive a company pension contribution or an equivalent cash allowance which is capped in monetary terms at 20% of the salary effective at 1 March 2019, as follows: • Richard Smith: £91,710 • Joe Lister: £74,650 Company contribution levels will be reduced from 1 January 2021, 2022 and 2023 to an equivalent of up to 17%, 14% and 11% of salary respectively. For future Executive Director appointees, the maximum Company pension contribution will be aligned to that offered to a majority of employees across the Group in percentage of salary terms (currently 11% of salary).	None
Benefits To provide non-cash benefits which are competitive in the market in which the executive is employed.	Executives receive benefits which consist primarily of the provision of a company car or a car allowance, and private health care insurance, although can include any such benefits that the Committee deems appropriate.	Benefits vary by role and individual circumstances; eligibility and cost is reviewed periodically. The Committee retains the discretion to approve a higher cost in certain circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in insurance premiums).	None
SAYE To encourage the ownership of shares in Unite.	An HMRC approved scheme whereby employees (including Executive Directors) may save up to the maximum monthly savings limit (as determined by prevailing HMRC guidelines) over a period of three years. Options granted at up to a 20% discount.	Savings are capped at the prevailing HMRC limit at the time employees are invited to participate.	None

DIRECTORS' REMUNERATION REPORT CONTINUED

Function	Operation	Opportunity	Performance metrics
Performance Related Annual Bonus To incentivise and reward strong performance against financial and non-financial annual targets, thus delivering value to shareholders and being consistent with the delivery of the strategic plan.	Performance measures, targets and weightings are set at the start of the year. At the end of the year, the Remuneration Committee determines the extent to which targets have been achieved. The delivery of bonus payments is dependent on whether an individual has achieved their shareholding guideline at the end of the relevant financial year, as follows: • Shareholding guideline achieved: any annual bonus earned over 100% of salary will be deferred for two years; and • Shareholding guideline not achieved: up to 50% of the annual bonus payable will be deferred for three years. In both cases, deferral is satisfied by an allocation of shares in the Company, which are held in the Employee Share Ownership Trust. Awards under the Performance Related Annual Bonus are subject to malus and clawback provisions, further details of which are included as a note to the policy table.	For Executive Directors, the maximum annual bonus opportunity is 140% of base salary. Up to 30% of maximum will be paid for Threshold performance under each measure and up to 50% of maximum will be paid for on-target performance. A payment equal to the value of dividends which would have accrued on vested deferred bonus shares will be made following the release of awards to participants, either in the form of cash or as additional shares. It is the Committee's current intention to make any future dividends payments from the 2020 financial year onwards in the form of shares.	Performance is assessed on an annual basis, as measured against specific objectives set at the start of each year. Financial measures will make up at least 70% of the total annual bonus opportunity in any given year. The remainder will be split between non-financial metrics and personal / team objectives according to business priorities, with the weighting on the latter being no more than 20% of the total annual bonus opportunity. The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards (including down to zero) to ensure alignment of pay with performance, e.g., in the event of one of the targets under the bonus being significantly missed or unforeseen circumstances outside management control. The Committee also considers measures outside the bonus framework (e.g. H&S) to ensure there is no reward for failure. For 2021, financial metrics and non-financial metrics will make up 70% and 30% of the total annual bonus opportunity respectively. Further details of the measures, weightings and targets applicable are provided on page 143.

Function	Operation	Opportunity	Performance metrics
LTIP To drive sustained long-term performance that supports the creation of shareholder value.	The LTIP comprises a Performance Share Plan (PSP) and an Approved Employee Share Option Scheme (ESOS). The ESOS is used to deliver a proportion of the LTIP in a tax-efficient manner, and is subject to the same performance conditions as awards made under the PSP. Award levels and performance conditions are reviewed before each award cycle to ensure they remain appropriate and no less stretching than the first cycle. Awards under the LTIP are subject to malus and clawback provisions, further details of which are included as a note to the policy table.	The LTIP provides for an award up to a normal aggregate limit of 200% of salary for Executive Directors, with an overall limit of 300% of salary in exceptional circumstances. The current intention is to grant each Executive Director awards equivalent to 200% of salary. Awards may include a grant of HMRC approved options not exceeding £6k per annum, valued on a fair value exchange (currently 50-60% of a PSP award). A payment equal to the value of dividends which would have accrued on vested shares will be made following the release of awards to participants, either in the form of cash or as additional shares. It is the Committee's current intention to make any future dividends payments from the 2020 financial year onwards in the form of shares.	Vesting of LTIP awards is subject to continued employment and performance against relevant metrics measured over a period of at least three years. The Committee will select performance measures ahead of each cycle to ensure that they continue to be linked to the delivery of the Company strategy. Under each measure, threshold performance will result in up to 25% of maximum vesting for that element, rising on a straight-line to full vesting. If no entitlement has been earned at the end of the relevant performance period, awards will lapse. A proportion of vested awards may, at the discretion of the Committee, be subject to a holding period following the end of a three-year vesting period. The Committee's current intention is that all awards will be required to be held for an additional two-year period post-vesting. As under the Performance Related Annual Bonus, the Committee has discretion to adjust the formulaic LTIP outcomes to ensure alignment of pay with performance, ie to ensure the outcome is a true reflection of the performance of the Company. Details of the measures and targets to be used for 2021 LTIP awards are included in the Annual Report on Remuneration on page 144.

Notes to the policy table

The Committee is satisfied that the above remuneration policy is in the best interests of shareholders and does not promote excessive risk-taking.

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the vesting or exercise of past share awards).

Performance measure selection and approach to target setting

Measures used under the Performance Related Annual Bonus and LTIP are selected annually to reflect the Group's main short- and long-term objectives and reflect both financial and non-financial priorities, as appropriate.

The Committee considers that EPS (currently used in both the short- and long-term incentive) is an objective and well-accepted measure of the Company's performance which reinforces the strategic objective of achieving profitable growth, whilst a focus on Total Accounting Return (also currently used in both the short- and long-term incentive) is consistent with one of our stated objectives and a key indicator of Company performance in the real estate sector. The use of relative TSR is strongly aligned with shareholders and ensures that executives are rewarded only if they exceed the returns which an investor could achieve elsewhere in our sector.

Targets applying to the Performance Related Annual Bonus and LTIP are reviewed annually, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year. Under the bonus, target performance typically requires meaningful improvement on the previous year's outturn, and, for financial measures, targets are typically in line with the upper end of market consensus.

Remuneration policy for other employees

Unite's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels in comparable companies. The Company is now a fully accredited Living Wage employer.

In terms of variable incentives, all employees are eligible to participate in an annual bonus scheme with business area-specific metrics incorporated where appropriate. Senior managers are eligible to participate in the LTIP with annual awards currently up to 100% of salary. Performance conditions are consistent for all participants, while award sizes vary by level. Specific cash incentives are also in place to motivate, reward and retain staff below Board level.

All employees are eligible to participate in the Company's SAYE scheme on the same terms.

Shareholding guidelines

The Committee continues to recognise the importance of Executive Directors aligning their interests with shareholders through building up a significant shareholding in the Company. Shareholding guidelines are in place that require Executive Directors to acquire a holding (excluding shares that remain subject to performance conditions) equivalent to 250% of base salary for the Chief Executive and 200% of base salary for each of the other Executive Directors. Until the relevant shareholding levels are acquired, up to 50% of the annual bonus payable to the relevant Director will be subject to deferral into shares. Details of the Executive Directors' current shareholdings are provided in the Annual Report on Remuneration.

In order to provide further long-term alignment with shareholders and ensure a focus on successful succession planning, Executive Directors will normally be expected to maintain a holding of Unite shares for a period after their employment as a Director of the Group. This shareholding guideline will be equal to the lower of a Director's actual shareholding at the time of their departure and the shareholding requirement in effect at the date of their departure, with such shares to be held for a period of at least two years from the date of ceasing to be a Director. The specific application of this shareholding guideline will be at the Committee's discretion.

Malus and clawback

Awards under the Performance Related Annual Bonus and the LTIP are subject to malus and, from 2016, clawback provisions which can be applied to both vested and unvested awards. Malus and clawback provisions will apply for a period of at least two years post-vesting. Circumstances in which malus and clawback may be applied include a material misstatement of the Company's financial accounts, gross misconduct on the part of the award-holder, error in calculating the award vesting outcome and, from 2019 awards onwards, corporate failure as determined by the Remuneration Committee.

Non-Executive Director remuneration

NED	Date of service contract
P White	10 January 2009
E McMeikan	13 November 2013
R Paterson	21 September 2017
R Akers	20 July 2018
I Beato	20 July 2018
S Pearce	14 October 2019
T Jackson	29 November 2019
S Smith	14 October 2019
R Huntingford	26 October 2020

Subject to annual re-election by shareholders, Non-Executive Directors are appointed for an initial term of approximately three years. Subsequent terms of three years may be awarded. The appointment, re-appointment and the remuneration of Non-Executive Directors are matters reserved for the full Board.

The Non-Executive Directors are not eligible to participate in the Company's performance-related bonus plan, long-term incentive plans or pension arrangements.

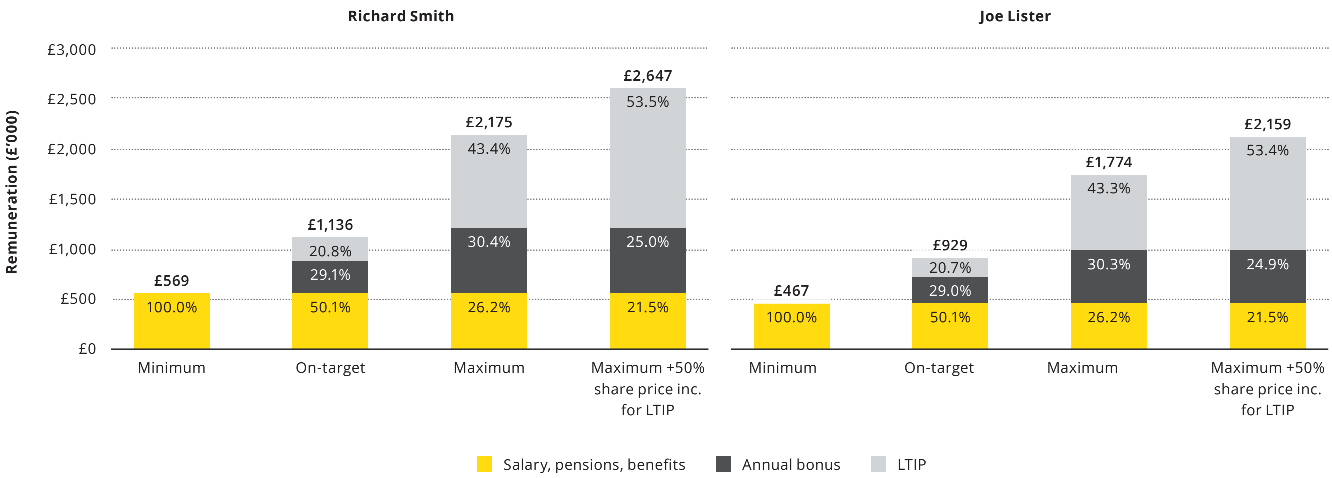
Details of the policy on fees paid to our Non-Executive Directors are set out in the table below:

Function	Operation	Opportunity	Performance metrics
Fees To attract and retain Non-Executive Directors of the highest calibre with broad commercial and other experience relevant to the Company.	Fee levels are reviewed annually, with any adjustments effective 1 January in the year following review. The fees paid to the Chairman are determined by the Committee, whilst the fees of the Non-Executive Directors are determined by the Board. Additional fees are payable for acting as Senior Independent Director and as Chairman of any of the Board's Committees (Audit, Remuneration, Nomination, Health & Safety and, from 2021, Sustainability). Fee levels are benchmarked against sector comparators and FTSE-listed companies of similar size and complexity. Time commitment and responsibility are taken into account when reviewing fee levels. Expenses incurred by the Chairman and the Non-Executive Directors in the performance of their duties (including taxable travel and accommodation benefits) may be reimbursed or paid for directly by the Company, as appropriate.	Non-Executive Director fee increases are applied in line with the outcome of the annual fee review. Fees for the year commencing 1 January 2021 are set out in the Annual Report on Remuneration. Fee levels will be next reviewed during 2021, with any increase effective 1 January 2022. It is expected that increases to Non-Executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.	None.

Pay for performance scenarios

The charts below provide an illustration of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'On-target', 'Maximum' and 'Maximum including the impact of a 50% share price appreciation on LTIP awards'.

Potential reward opportunities are based on Unite's remuneration policy, applied to the base salaries effective 1 January 2021. Pension contributions reflect the agreed reduction to a maximum of 17% of salary effective 1 January 2021. The annual bonus and LTIP are based on the maximum opportunities set out under the remuneration policy, being 140% of salary under the annual bonus and a 2021 LTIP grant of 200% of salary. Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant, and the projected value is based on the face value at award rather than vesting (ie the scenarios exclude the impact of any share price movement over the period). The exception to this is the last scenario which, in line with the requirements of the UK Corporate Governance Code, illustrates the maximum outcome assuming 50% share price appreciation for the purpose of LTIP value.



DIRECTORS' REMUNERATION REPORT CONTINUED

The 'minimum' scenario reflects base salary, pension and benefits (ie fixed remuneration) which are the only elements of the Executive's remuneration packages not linked to performance.

The 'on-target' scenario reflects fixed remuneration as above, plus bonus payout of 70% of salary and LTIP threshold vesting at 25% of maximum award.

The 'maximum' scenario is shown on two bases: excluding and including the impact of share price appreciation on the value of LTIP outcomes. In both cases, the scenario includes fixed remuneration and full payout of all incentives (140% of salary under the annual bonus and 200% of salary under the LTIP), with the final scenario also including the impact of a 50% increase in Unite's share price on the value of the LTIP (in effect valuing this element of pay at 300% of salary).

Approach to recruitment remuneration

External appointment to the Board

In the cases of hiring or appointing a new Executive Director from outside the Company, the Remuneration Committee may make use of all the existing components of remuneration, as follows:

Component	Approach	Maximum annual grant value
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of two to three years subject to the individual's development in the role.	
Pension	New appointees will receive Company pension contributions or an equivalent cash supplement aligned to that offered to a majority of employees across the Group at the time of appointment (currently 11% of salary).	
Benefits **SAYE**	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a company car or cash alternative, private medical insurance and any necessary relocation expenses. New appointees will also be eligible to participate in all-employee share schemes.	
Performance Related Annual Bonus	The structure described in the policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year. Targets for the individual element will be tailored to each executive.	140% of salary
LTIP	New appointees will be granted awards under the LTIP on the same terms as other executives, as described in the policy table. The normal aggregate limit of 200% of salary will apply, save in exceptional circumstances where up to 300% of salary may be awarded.	300% of salary

In determining appropriate remuneration, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Unite and its shareholders. The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer on a like-for-like basis, which may be awarded in addition to the remuneration structure outlined in the table above. In doing so, the Committee will consider relevant factors including time to vesting, any performance conditions attached to these awards and the likelihood of those conditions being met. Any such 'buy-out' awards will typically be made under the existing annual bonus and LTIP schemes, although in exceptional circumstances the Committee may exercise the discretion available under Listing Rule 9.4.2 R to make awards using a different structure. Any 'buy-out' awards would have a fair value no higher than the awards forfeited.

Internal promotion to the Board

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee and Board will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements. With regards to pension contributions, as above, this would be aligned to that offered to a majority of employees across the Group at the time of promotion to the Board. The Remuneration Policy for other employees is set out on page 130. Incentive opportunities for below Board employees are typically no higher than Executive Directors, but measures may vary to provide better line-of-sight.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Remuneration Committee will utilise the policy as set out in the table on page 131. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director and /or as Chairman of the Board's Committees.

Service contracts and treatment for leavers and change of control

Executive	Date of service contract
J Lister	28 March 2002
R Smith	28 September 2011

Executive Director service contracts, including arrangements for early termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract requiring 12 months' notice of termination on either side. Such contracts contain no specific provision for compensation for loss of office, other than an obligation to pay for any notice period waived by the Company, where pay is defined as salary, benefits and any other statutory payments only. Where a payment is made in equal monthly instalments, the Committee will expect the Director to mitigate his/her losses by undertaking to seek and take up, as soon as reasonably practicable, any suitable/similar opportunity to earn alternative income over the period in which the instalments are to be made. The instalment payments will be reduced (including to zero) by the amount of such income that the employee earns and/or is entitled to earn over the applicable period. Executive Director service contracts are available to view at the Company's registered office.

The Remuneration Committee will exercise discretion in making appropriate payments in the context of outplacement, settling legal claims or potential legal claims by a departing Executive Director, including any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by them in connection with the termination of employment, where the Company wishes to enter into a settlement agreement and the individual must seek independent legal advice.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the annual bonus and LTIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion.

DIRECTORS' REMUNERATION REPORT CONTINUED

	Calculation of vesting / payment
Annual bonus	
Cash element	In the event of retirement, ill health, death, disability, redundancy or any other circumstance at the discretion of the Remuneration Committee, or in the event of a change of control, Executive Directors may receive a bonus payment for the year in which they cease employment. This payment will normally be pro-rated for time and will only be paid to the extent that financial and individual objectives set at the beginning of the plan year have been met. Otherwise, Executive Directors must be employed at the date of payment to receive a bonus.
Deferred element	Deferred bonus shares will normally be retained and will be released in full following completion of the applicable two- or three-year deferral period.
LTIP	
Leavers before the end of the performance period	In the event of retirement, ill health, death, disability, redundancy or any other circumstance at the discretion of the Remuneration Committee, or in the event of a change of control, the Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved and the proportion of the vesting period worked. This determination will be made as soon as reasonably practical following the end of the performance period or such earlier date as the Committee may agree (within 12 months in the event of death). In the event of a change of control, awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate. If participants leave for any other reason before the end of the performance period, their award will normally lapse.
Leavers after the end of the performance period	Any awards in a holding period will normally vest following completion of the holding period.

External appointments

With the approval of the Board in each case, and subject to the overriding requirements of the Group, Executive Directors may accept external appointments as Non-Executive Directors of other companies and retain any fees received. Joe Lister was appointed as a Non-Executive Director on the Board of Helical Plc effective 1 September 2018 and received a fee of c.£57k in respect of his service for 2020. Richard Smith was appointed as a Non-Executive Director on the Board of Stenprop Limited effective 4 November 2020 and received a fee of c.£6k in respect of his service for 2020.

Consideration of conditions elsewhere in the Company

When making decisions on Executive Director remuneration, the Committee considers pay and conditions across Unite. Prior to the annual salary review, the Group People Director provides the Committee with a summary of the proposed level of increase for overall employee pay. Currently the Remuneration Committee does not formally consult with employees on the executive remuneration policy and framework.

Consideration of shareholder views

During 2018, the Remuneration Committee consulted with investors representing around two-thirds of Unite's issued share capital and with proxy advisors (Glass Lewis, the Investment Association and ISS) to seek their views on the proposed changes to the Remuneration Policy, as well as remuneration at Unite more broadly. The Committee was grateful for investors taking the time to participate in the consultation and we welcomed the positive and constructive feedback received. The Committee used the direct feedback, along with updates to investor body principles published around the time of the review, to refine and further develop the final proposals. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of the executive remuneration remains appropriate. The Committee is planning to conduct a full review of the existing remuneration arrangements during 2021, ahead of the triennial policy shareholder vote, and will look to engage major shareholders as appropriate to seek their input in due course.

The following section provides details of how Unite's remuneration policy was implemented during the financial year ended 31 December 2020 and how it will be implemented in 2021.

Remuneration Committee membership in 2020

The primary role of the Committee is to:

- Review, recommend and monitor the level and structure of remuneration for the Executive Directors and other senior executives
- Approve the remuneration packages for the Executive Directors and ensure that pay outcomes reflect the performance of the Company
- Determine the balance between base pay and performance-related elements of the package so as to align Directors' interests to those of shareholders.

The Committee's terms of reference are set out on the Company's website. As of 31 December 2020, the Remuneration Committee comprised five independent Non-Executive Directors.

- Elizabeth McMeikan (Committee Chair)
- Phil White
- Ross Paterson
- Richard Akers
- Dame Shirley Pearce

Certain Executives, including Richard Smith (Chief Executive) and Ruth George (Group People Director), are invited to attend meetings of the Committee, and the Company Secretary, Christopher Szpojnarowicz, acts as secretary to the Committee. Thomas Jackson is also invited to attend meetings and Richard Huntingford was invited to attend the December meeting following his appointment as Chairman Designate. No individuals are involved in decisions relating to their own remuneration. The Remuneration Committee convened four times during the year and details of members' attendance at meetings are provided in the Corporate Governance section on page 99.

Key activities of the Remuneration Committee in 2020 included:

- Reviewed and approved the Executive Directors' performance against 2019 annual objectives and 2017 LTIP targets; determined bonuses payable, and approved LTIP vesting;
- Approved the Directors' Remuneration Report for 2019;
- Reviewed and approved salary increases for the Executive Directors and senior management for 2020;
- Determined the Executive Directors' bonus and LTIP performance targets for 2020 in line with the strategic plan and approved grant of awards under the LTIP in April 2020;
- Discussed and approved remuneration actions in respect of Covid-19, including temporary reductions to salaries and pensions for Executive Directors, and temporary reductions to fees for the Chairman and Non-Executive Directors;
- Considered remuneration market trends and corporate governance developments;
- Reviewed and approved the new Chairman's fee with effect from 1 April 2021;
- Reviewed the CEO pay ratio and gender pay data and disclosures; and
- Commenced preparation of the 2021 Directors' Remuneration Report.

Advisors

Mercer | Kepler ('Mercer') was appointed as the Committee's independent advisor following a competitive tender process in 2014, and was retained during the 2020 financial year. The Committee undertakes due diligence periodically to ensure that Mercer remains independent and that the advice provided is impartial and objective. During 2020, Mercer provided independent advice including support on the review of executive remuneration arrangements for 2020, updates on the external remuneration environment, performance testing for long-term incentive plans and Directors' Remuneration Report drafting support. Mercer reports directly to the Chair of the Remuneration Committee and does not advise the Company on any other issues. Their total fees for the provision of remuneration services to the Committee in 2020 were £36,788 (2019: £60,830) on the basis of time and materials.