

POLYPIPE GROUP PLC (the "Company")

REMUNERATION COMMITTEE – TERMS OF REFERENCE

CONSTITUTION

- 1.** The Remuneration Committee (the "**Committee**") shall consist of a minimum of 3 members appointed by the board of directors of the Company (the "**Board**"), on the recommendation of the nomination committee and in consultation with the Committee Chairman. A majority of the Committee should be independent non-executive directors.
- 2.** The Chairman of the Committee shall be appointed by the Board on the recommendation of the nomination committee which shall determine the period for which he/she shall hold office. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be eligible to be appointed as Chairman of the Committee but may serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman.
- 3.** Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two further three year periods, provided the members (other than the Chairman of the Board, if he or she is a member of the Committee) continue to be independent.
- 4.** The Company Secretary or his or her nominee shall act as the Secretary of the Committee, and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 5.** The quorum for decisions of the Committee shall be any 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

ROLE

- 6.** The Committee shall, on behalf of the Board and the shareholders of the Company:
 - 6.1** determine and agree with the Board the framework or broad policy for the remuneration (including pension rights and any compensation payments) of the Company's Chief Executive, Chairman, the executive directors, the Company Secretary and such other members of the executive management as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration;

- 6.2** upon the recommendation of the Company's Chief Executive, monitor and approve the level and structure of remuneration for senior executives of the Group;
- 6.3** in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long- term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company and the Group;
- 6.4** when setting remuneration policy for directors, review and have regard to pay and employment conditions across the Company and/or Group, especially when determining annual salary increases;
- 6.5** review the ongoing appropriateness and relevance of the remuneration policy;
- 6.6** within the terms of the agreed policy and upon the recommendation of the Chief Executive, approve the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;
- 6.7** within the terms of the agreed policy, determine the fees for the Chairman;
- 6.8** in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Corporate Governance Code and the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules, as well as guidance published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate;
- 6.9** obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations. The Committee will be at liberty (at the cost of the Company) to draw on outside legal or other independent professional advice in carrying out its tasks and such persons shall be permitted to attend meetings of the Committee but shall not be members of it. Within any budgetary restraints set by the Board, the Committee may appoint remuneration consultants and commission any reports or surveys on information which it deems necessary to help fulfil its duties;
- 6.10** be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;

- 6.11** review and note annually the remuneration trends across the Company or Group;
 - 6.12** approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the UK Corporate Governance Code);
 - 6.13** review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;
 - 6.14** determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
 - 6.15** ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised. The Committee should ensure that notice periods should be set at one year or less;
 - 6.16** oversee any major changes in employee benefits structures throughout the Company or Group;
 - 6.17** agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
 - 6.18** ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled; and
 - 6.19** work and liaise as necessary with all other Board committees.
- 7.** The Committee shall not consider the remuneration of any non-executive director which shall be a matter for the Board or, where required by the articles of association, the shareholders who shall determine the remuneration within the limits set in the articles of association.

REPORTING RESPONSIBILITIES

- 8.** All decisions of the Committee shall be reported formally to the Board by the Committee Chairman. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.** The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Corporate Governance Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 10.** Through the Chairman of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.

PROCEDURE

- 11.** Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.
- 12.** Meetings of the Committee shall be held not less than twice each year and at such other times as the Chairman of the Committee requires, normally immediately before or after regular meetings of the Board but formal meetings (particularly in relation to the formal grant of employee share options) may also be held by conference telephone. Meetings may also be called by the Secretary of the Committee at the request of any member of the Committee.
- 13.** At least 5 working days' notice of any meeting of the Committee shall be given, although such notice period may be waived or shortened with the consent in writing of all the members of the Committee for the time being. Notice of the meeting should confirm the venue, time and date together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee, any other person required to attend and all other non-executive directors. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 14.** The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

15. The draft minutes of the meetings of the Committee shall be circulated to all members of the Committee and, once agreed, to all members of the Board unless, in the opinion of the Committee Chairman, it would be inappropriate to do so.
16. The Chairman of the Committee shall be available at the Annual General Meeting of the Company to answer questions arising from the Committee's annual report of the Company's remuneration policy and practices which will form part of the Company's annual report to shareholders and generally on the Committee's activities. He should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.
17. The Company's Chief Executive and/or Finance Director may be invited to attend and speak at meetings (or parts thereof) of the Committee. Other persons may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
18. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
19. References in these terms of reference to the "**Group**" mean the Company, its subsidiaries and its subsidiary undertakings.

These terms of reference should be made available on the Company's website:
www.polypipe.com