
Kier Group plc (the “Company”)

Remuneration Committee (the “Committee”)

Terms of Reference

Role

The role of the Committee is to provide the Company with a formal and transparent procedure for developing its policy on executive remuneration and determining director and senior management¹ remuneration and for deciding on the remuneration packages of individual directors, all as more particularly described below.

Duties

The Committee shall:

- have delegated responsibility for **determining the policy for directors’ remuneration** and **setting remuneration for the Chair of the Board² and Executive Directors and senior management**, in accordance with the Principles and Provisions of the UK Corporate Governance Code (the Code) and within the scope of the directors’ remuneration policy as approved by the Company’s shareholders;
- **design remuneration policies and practices** to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company’s purpose and values, clearly linked to the successful delivery of the Company’s long-term strategy;

¹ ‘Senior management’ means the Executive Committee or the first layer of management below Board level, including the Company Secretary.

² The remuneration of the Non-Executive Directors shall be decided by the Board, following agreement between the Chair and the Chief Executive (on behalf of the Executive Directors).

- **establish (i) remuneration schemes** (for example, a long-term incentive plan) that (a) promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests, (b) provide the Committee with discretion to override formulaic outcomes and (c) enable the Company to recover and/or withhold sums or share awards in specified circumstances, with share awards subject to a total vesting and holding period of at least five years, and (ii) **a formal policy for post-employment shareholding requirements**, encompassing both unvested and vested shares;
- within the terms of the agreed policy and in consultation with the Chair of the Board and/or Chief Executive, as appropriate, **determine the total individual remuneration package of each Executive Director, the Chair of the Board and senior management** including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances;
- ensure that remuneration schemes and policies for Executive Directors contain, where appropriate, **malus and clawback provisions** in prescribed circumstances, such as payments based on erroneous or misleading data, misconduct, misstatement of accounts, serious reputational damage and corporate failure;
- **review workforce remuneration and related policies** and the alignment of incentives and rewards with culture and take into account the reward, incentives and conditions available to the workforce when deciding the remuneration of the Executive Directors and senior management;
- approve the design of, and determine targets for, any **performance-related annual bonus schemes** applicable to the Executive Directors and senior management and approve the total payments to be made under such schemes;
- review the design of all **share or share-based incentive plans** applicable to the Executive Directors and senior management for approval, where required, by the Board and/or shareholders;
- determine the **policy for pension arrangements** for the Executive Directors and senior management which will, as far as practicable, be aligned with those available to the workforce;

- approve and review the Directors' Share Ownership Policy and monitor the achievement of ownership requirements annually;
- **ensure that the terms on which an Executive Director's employment is terminated, and any payments made to the Executive Director in connection with or following such termination, are within the remuneration policy**, are fair to the individual and the Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
- **select, appoint and set the terms of reference for any remuneration consultants** to advise the Committee at the expense of the Company;
- **undertake discussions or consultations with institutional investors and proxy voting advisers** (as appropriate) with respect to the remuneration policy or any elements or aspects of executive remuneration; and
- work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

No director or senior manager shall be involved in any decisions as to their own remuneration outcome. The Board itself or, where required by the articles of association, the shareholders, should determine the remuneration of the non-executive directors of the Company within the limits set in the articles of association.

Committee governance and protocols

The following matters are dealt with in the Committee's Governance and Protocols document included as an appendix to this document:

- membership/secretary;
- frequency, quorum and attendee of meetings;
- notice of meetings;
- minutes of meetings;
- engagement with shareholders;
- reporting responsibilities; and
- resources and advice.

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APPENDIX – REMUNERATION COMMITTEE GOVERNANCE AND PROTOCOLS

Membership/Secretary

The Committee shall consist of a minimum of three (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 Chair of the Committee. All members of the Committee shall be independent non-executive directors of the Company.

The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair. The Chair of the Board shall not be appointed as the Chair of the Committee.

The Chair of the Committee shall be appointed by the Board from amongst the members of the Committee. The Chair of the Committee should have served on a remuneration committee for at least 12 months. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present will elect one of themselves to chair the relevant meeting, who would qualify under these terms of reference to be appointed to that position by the Board.

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

Frequency, attendee and quorum of meetings

The Committee shall meet at least two (2) times per annum and at such other times as it sees fit. The quorum for meetings of the Committee shall be any two (2) members. Meetings may be held by conference call. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief People Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

Notice of meetings

Meetings of the Committee shall be called by the secretary of the Committee at the request of the Chair of the Committee or any of its members.

Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be forwarded to each member of the Committee and any other person required to attend in advance of the meeting (in sufficient time to enable consideration of the issues).

Minutes of meetings

The secretary shall minute the proceedings and resolutions of all Committee meetings.

Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

Engagement with shareholders

The Chair of the Committee will attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

Reporting responsibilities

The Chair of the Committee shall report to the Board on the proceedings after each Committee meeting on the nature and content of its discussion, recommendations and action to be taken.

The Committee shall produce a report, to be included in the Company's annual report, describing its activities during the preceding financial year, addressing the issues referred to in section 5 of the Code and having regard to the requirements of relevant legislation and regulations which prescribe the contents of such report.

If the Committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.

Resource and advice

The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- have access to training, both in the form of an induction programme for new members and on an ongoing basis for all members, to assist members of the Committee to discharge their obligations;
- give due consideration to the Companies Act 2006, the Code, the FRC's Guidance on Board Effectiveness, the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules, UK Market Abuse Regulation and any other applicable laws, regulations and guidance/recommendations; and
- arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

The Committee is authorised by the Board to obtain, at the Company's expense, legal or other professional advice on any matters within its terms of reference.