

## Remuneration policy

The Group's remuneration policy (the Policy) is set out in this section. The Policy was approved by shareholders at the 2018 AGM, held on 1 November 2018, and is effective until the 2021 AGM. The table below provides detail on each key element of remuneration, including the maximum potential value of each element, a brief summary of how it works and details of any performance metrics.

### Remuneration policy for executive directors

Element and maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
<b>Base salary</b>	<ul style="list-style-type: none"> <li>Salary is the core reward for the role and enables the Group to recruit and retain individuals of the calibre required to deliver its strategic objectives and lead its management team, without paying more than is necessary</li> <li>Base salary also reflects the individual's skills, expertise, experience and role within the Group</li> </ul>	<ul style="list-style-type: none"> <li>Paid monthly in cash</li> <li>Salaries are set by the committee which reviews all the relevant factors, including: <ul style="list-style-type: none"> <li>The scope of the role and responsibilities</li> <li>Experience in post, skills and potential</li> <li>Sustained performance in the role</li> <li>Pay and conditions elsewhere in the Group</li> <li>Appropriate market data</li> </ul> </li> <li>Salaries are normally reviewed annually</li> <li>The committee may also review salaries on an ad hoc basis if an executive director is promoted and/or there is an increase in their responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Annual salary increases for executive directors will not normally exceed the average increase awarded to other UK based employees</li> <li>However, larger increases may be awarded in certain circumstances, including but not limited to: <ul style="list-style-type: none"> <li>Increase in scope of responsibilities of the role</li> <li>To apply salary progression for a newly appointed director</li> <li>Where a director's salary has fallen significantly below market position</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Performance-related bonus</b>	<ul style="list-style-type: none"> <li>Focuses on the key strategic objectives for the year ahead</li> <li>Deferral of half of bonus into Group shares aligns executive directors' interests with those of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Normally, annual non-pensionable payments made after the AGM</li> <li>Half of any bonus is normally paid in cash following the AGM and half is paid in shares deferred for a period of three years</li> <li>Based on the achievement of specific financial and non-financial objectives</li> <li>Subject to recovery and withholding provisions for three years following the award<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Maximum of 150% of salary</li> </ul>	<ul style="list-style-type: none"> <li>The committee will review performance measures and targets at the start of the year. Performance criteria will be aligned to the Group strategic objectives at that time. The majority of the bonus will be subject to challenging financial targets</li> <li>Performance below threshold results in zero payment, with no more than 25% bonus available at threshold. Payments rise from 0% to 100% of the maximum opportunity levels for performance between threshold and maximum targets</li> <li>A quality of earnings review applies to the full bonus</li> <li>A health and safety underpin applies to the full bonus which enables the committee to exercise its discretion to reduce or not pay a bonus if health and safety performance is not satisfactory</li> </ul>
<b>Long Term Incentive Plan (LTIP)</b>	<ul style="list-style-type: none"> <li>Aligned to the strategic objectives of the Group to deliver long term returns to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Annual grant of performance shares that vest three years after grant (subject to the satisfaction of performance conditions)</li> <li>Participation and individual award levels will be determined at the discretion of the committee within the Policy</li> <li>Vested awards must be retained (other than to pay tax or national insurance contributions due on receipt of the shares) for two further years</li> <li>Subject to recovery and withholding provisions, for three years following vesting<sup>1</sup></li> <li>The committee has the discretion in certain circumstances to grant and/or settle an award in cash. In practice this will only be used in exceptional circumstances for executive directors</li> <li>Dividend equivalents may be paid</li> </ul>	<ul style="list-style-type: none"> <li>Maximum of 150% of salary for the Group Chief Executive and 100% of salary for other executive directors</li> <li>Exceptional circumstances maximum (e.g. on recruitment) of 200% of salary</li> </ul>	<ul style="list-style-type: none"> <li>Awards will be granted subject to a combination of financial and/or non-financial measures, tested over a period of at least three years. Performance conditions will measure the long term success of the Group</li> <li>In respect of each performance measure, performance below the threshold results in zero vesting. The starting point for the vesting of each performance element will be no higher than 25% and rises on a straight-line basis to 100% for attainment of levels of performance between threshold and maximum targets. There is no opportunity to retest</li> <li>The committee may introduce or reweight performance measures so that they are directly aligned with the Group's strategic objectives for each performance period</li> <li>Performance metrics currently include compound annual growth in adjusted earnings per share (EPS<sup>2</sup>) and relative total shareholder return (TSR) with each accounting for at least 25% of the award. The committee has the discretion to vary the weighting and choice of metrics including the comparator groups prior to each award. However, it would consult with shareholders before introducing significantly different metrics</li> </ul>
<b>Pension allowance<sup>3</sup></b>	<ul style="list-style-type: none"> <li>Provides a cash alternative to pension contributions in line with market practice</li> </ul>	<ul style="list-style-type: none"> <li>Monthly, non-pensionable payment, normally paid in cash</li> </ul>	<ul style="list-style-type: none"> <li>Up to 15% of salary may be provided</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Other benefits</b>	<ul style="list-style-type: none"> <li>Ensures package is competitive with market practice and employees have a minimum level of insured benefits</li> </ul>	<ul style="list-style-type: none"> <li>Incorporates various cash/non-cash benefits which may include: family private healthcare, death in service and life assurance cover (4x base salary), free travel on the Group's services and professional membership subscriptions</li> <li>Any reasonable business-related expense (including tax thereon) can be reimbursed if determined to be a taxable benefit</li> <li>Executive directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms</li> </ul>	<ul style="list-style-type: none"> <li>Benefits are intended to be market competitive but are not subject to a maximum as the cost of providing the insured benefits is set by third party providers and can vary from year to year</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>All employee share plans</b>	<ul style="list-style-type: none"> <li>Executive directors are eligible to participate in all employee schemes which encourage share ownership</li> </ul>	<ul style="list-style-type: none"> <li>Executive directors may participate in these plans in line with HMRC guidelines currently prevailing (where relevant), on the same basis as other eligible employees</li> </ul>	<ul style="list-style-type: none"> <li>Participation levels operate in accordance with HMRC limits as amended from time to time</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Share ownership</b>	<ul style="list-style-type: none"> <li>To align the financial interests of the executive directors with those of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Executive directors are required to retain 50% of the post-tax gain on vested LTIP and deferred share awards until such time as the executive directors have a holding of 200% of base salary</li> </ul>	<ul style="list-style-type: none"> <li>No maximum</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

1. Recovery and withholding provisions may be applied as a result of misconduct, material misstatement or error in calculation of performance. For deferred share bonus and LTIP awards granted from 2019, the additional malus and clawback triggers of corporate failure, serious downturn in financial or operational performance and serious reputational damage will also apply.

2. In line with our commitment to transparent reporting, EPS is reported on a statutory basis. Where targets have been based on adjusted EPS (EPS before exceptional items), vesting will be determined by a calculation on an adjusted basis, based on reported Group operating profit adding back any exceptional items, which is consistent with prior years.

3. Pension provision for executive directors has been aligned with the majority of the workforce who are eligible to participate in the Workplace Savings Section of The Go-Ahead Group Pension Plan. Under her remuneration package, the Group Chief Financial Officer is eligible to participate in the Workplace Savings Section, with an employer contribution of 3% of qualifying earnings or receive an equivalent cash allowance.