

# Governance report

## Governance statement and arrangements

We apply our own corporate governance framework, that is based upon the same principles of good governance and long-term sustainable success as those reflected in the UK Corporate Governance Code 2018 (the “Code”).

A governance framework is also in place for subsidiary companies in the Group to ensure that our values, policies and processes are adhered to, and that our members and business act in a clear, accountable and consistent manner.

## Roles and responsibilities

### The Board

The Board ensures the Group’s long-term success, financial stability, unity, wellbeing, and sustainability. Directors are listed in the Directors’ report.

Most Board members come from senior management, bringing diverse experience from across the Group’s operations and sectors but without representing their operational areas. Two non-executive directors (“NED”s) offer external perspectives and constructive challenges; they are briefed on key topics by the Chair before meetings to ensure active participation.

All directors are expected to contribute actively, and ensure no single individual or group dominates decision-making, in line with the Code’s principles. All directors also engage with individual offices and join the annual senior management meeting.

NEDs must dedicate sufficient time to their roles to fulfil their responsibilities effectively. The table below shows Board and committee membership and NED attendance for FY 2023/24.

#### Non-executive director board and committee attendance from 1 April 2023 – 31 March 2024

| Member         | Board | Assurance committee | Audit committee | Risk committee |
|----------------|-------|---------------------|-----------------|----------------|
| Cordelia Chung | 8/8   | 6/6                 | -               | 4/4            |
| Hilde Tonne    | 7/8   | -                   | 5/5             | -              |

The Chair manages the Board and acts on its behalf between meetings, fostering discussion, decision-making, and identifying strategic issues and ensures Board directors are appropriately informed on key matters. The COO handles many operational duties and chairs the Operations Executive, see the strategic report for further information.

The operational companies in the Group have delegated the day-to-day management of their operations to defined management teams including the region management boards and senior management. Certain matters are reserved for the Board only. Further information on how the directors of Arup Group Limited execute their responsibilities under Section 172(1) of the 2006 Companies Act is described in the Strategic report.

## Board appointments and succession planning

The Trustees ensure the Board’s composition aligns with our values and strategy.

Potential executive director candidates are identified from the senior management population that is kept under regular review as part of succession planning. Candidates are discussed by the Board and the Trustees, and those short-listed are interviewed by a Nominations committee in order to make a recommendation for appointment by the unanimous decision of the Trustees.

NED candidates are identified through an external consultant and interviewed by the Trustees, who check their availability and potential conflicts of interest.

Board directors are normally appointed on three-year terms, the same timeframe as applied throughout the Group for individuals taking on a broad range of senior leadership responsibilities. Annual re-election is not required. It is expected that directors will typically serve for six to nine years, but with shorter or longer terms agreed as appropriate to balance fresh thinking with continuity and Board experience.

Chair appointments are handled by a Nominations committee of the Trustees. The Nominations committee consults with all Board directors and Trustees, and the Trustees discuss the outcome of that consultation and shortlist candidates for interview and formal assessment. The Nominations committee makes recommendations for appointment by the unanimous decision of the Trustees. The Chair is appointed for an initial three-year term, extendable up to five years. Alan Belfield completed his term on 31 March 2024, with Jerome Frost taking over on 1 April 2024.

Re-appointments are decided by the Trustees and based on performance appraisals and discussions, considering current and future Board composition.

## Recent director changes

Alan Belfield, Tristram Carfrae and Dervilla Mitchell stepped down from the Board on 31 March 2024. Yuk Nin Andy Lee (Andy Lee) and Hilde Tonne were appointed on 1 April 2023. Andy Lee resigned on 24 April 2024.

## The Trustees

The Trustees are current and former members drawn from two sources in broadly equal proportion, i.e.: former Board directors, one of whom is elected Trustee Chair; and current or (by exception) retired members of senior management nominated by our members. The composition of the Trustees reflects the diversity of the Group, but individual Trustees do not represent any particular part of the firm. Appointment terms are managed on a staggered basis to ensure some continuity of membership to provide both stability and efficiency.

David Whittleton resigned as Chair of the Trustees on 31 March 2024 on conclusion of his five-year term as Chair. Mahadev Raman, a current Trustee, took over as Chair on 1 April 2024.

## Board activity

The Board holds four full meetings annually, along with two joint sessions with the Trustees. Additional short interim meetings are scheduled to handle urgent decisions, maintain momentum between full meetings, and set priorities. All Board directors are expected to attend every meeting throughout the year.

Key matters addressed by the Board include monitoring strategy progress, market outlook, key client and project issues, significant and emerging risks and their mitigation, oversight of operations and performance, investment funding and allocation, and profit-sharing arrangements and distribution. See section 172(1) Companies Act 2006 in the Strategic report.

## Senior management succession planning

Senior management succession plans, providing a future pipeline of potential successors to key termed roles, are reviewed annually. Many of these appointments have been made on a termed basis which will continue to allow for flexibility, resilience and broader career development.

## Board evaluation

Board directors are formally appraised by the Chair on an annual basis following the same process undertaken for all our members including feedback from a number of sources including the external evaluation and Trustees' review. Further to the appraisal, plans are agreed to address any individual skills development and / or training needs that will contribute towards more effective Board composition. The Chair is formally appraised by the Trustee Chair in the same way.

The Chair provides Trustees with feedback on individual Board directors' performance, and the Trustee Chair attends appraisals for directors nearing the end of their term. The appraisals, along with other inputs, are considered by the Trustees when deciding on potential re-appointments.

Every two to three years, the Trustees conduct a formal review of the Board to ensure effectiveness. In light of the significant external challenges and organisational changes in recent years, the Trustees decided to focus the 2023 review on the wellbeing of our members. The review was informed by a firm-wide wellbeing survey followed by focus group discussions with members. The results of the review were discussed with the Board at the July 2023 joint boards' meetings, and the actions proposed by the Group Board in relation to each of the recommendations made were reported at the January 2024 joint boards' meeting.

The Board intends to establish a regular evaluation of itself, and a pilot process started to be trialled during 2023.

## Audit, risk and internal control

### Governance

Arup's risk management framework is described in the Strategic report under Risk management. The Assurance committees (outlined below) support the Board in the management of risk and compliance focused activities and in identifying cross-dependencies, efficiencies and sharing of best practice across our compliance and internal control activities. Each of the constituent committees is responsible for ensuring that the key functions within their remit are discharged to a high standard, and for escalating relevant matters to the Board as appropriate.

Miriam Staley, Head of Risk and Assurance, is leading a three-year project to scope out a new internal audit function.

### Assurance committee

The Assurance committee supports the Board in the management of risk and compliance focused activities and in identifying cross-dependencies, efficiencies and sharing of best practice across our compliance and internal control activities.

The Assurance committee engages with four primary committees – the Audit committee, the Ethics committee, the Health, Safety and Wellbeing committee and the Risk committee – to ensure that these key functions are discharged to a high standard. Each of these

committees reports to the Assurance committee on the matters within its scope on a quarterly basis. Each of the constituent committees also reports to the Board on matters warranting direct escalation.

The committee is Chaired by Board member Fergal Whyte. Other members included Cordelia Chung (NED) and officers of the Board.

### Audit committee

The committee is responsible for oversight and assurance of our statutory financial reporting and the external audit process; it receives a detailed report from the independent auditors on significant matters arising from the audit; and it recommends the Group Financial Statements and Reports to the Board for approval.

In FY 2023/24 the committee was chaired by David Thomlinson, who took on the role in July 2023. Alan Belfield acted as interim Chair, following the period between the resignation of the previous committee Chair, Tim Stone, on 31 March 2023, and David's appointment in July 2023. The committee's other members during the year included Hilde Tonne (NED), the Chair and COO, officers of the Board and senior members of the Finance team.

The Audit committee members have significant financial expertise and statutory reporting experience combine with extensive knowledge of the operations and finances of the Group and its constituent parts over many years, as well as hands on experience as project directors in delivering our professional design and engineering services earlier in their careers.

No member of the committee has direct responsibility for the management of professional services projects, the performance of which forms the core of the financial statements. The Chair of the committee holds meetings as appropriate with the auditors without members of senior management or the finance teams being present, to ensure that there are no barriers to the free disclosure of all relevant matters.

The committee met five times during the year of reporting allowing the committee to confirm the audit programme and agree audit approaches in key areas, to agree the principal accounting policies and accounting procedures, and to review the auditors' report and the Group Financial Statements and Reports. The committee also receives briefings on key matters relevant to its remit; this year these covered enhanced ESG reporting, including NFSIS compliance, and progress on the implementation of more systematically evidencable controls for work in progress.

A retendering process of the Company's auditors was undertaken in 2021 and concluded in early 2022, and the committee concluded to reappoint the Company's auditors, PricewaterhouseCoopers LLP ("PwC") (originally appointed in 2010). The appointment of the auditors is reviewed annually by the committee, and PwC were formally reappointed in October 2024 for the upcoming financial year. Given the unusual trust ownership structure of the firm, an extended tenure of external auditors can contribute to a more comprehensive understanding of our business, and therefore a more effective audit process, subject to maintaining an appropriately independent relationship. The performance and tenure of the auditors is kept under regular review by the committee and the CFO.

The committee receives a formal report from the auditor each year on its independence, covering corporate, business and individual relationships as well as identifying non-audit services, and confirms that there are no matters that would compromise an objective evaluation of the financial statements. The primary non-audit services are in relation to tax compliance and advisory work. There are no contingent fee arrangements in place, and the lead audit engagement partner is rotated at least every 10 years. The committee formally considered the position and confirmed that it was satisfied that the auditors remain sufficiently independent. All potential joint business relationships are reviewed to ensure that those which proceed are limited in size, thereby maintaining objectivity and independence.

### Ethics committee

The committee is responsible for maintaining oversight of business integrity and ethical behaviours, including raising awareness and sharing experiences across all regions to enhance our ability to address ethical issues.

The committee was chaired by Dervilla Mitchell until her retirement from the Board in March 2024. Since April 2024 the committee has been chaired by Fergal Whyte (Global Ethics director), and its membership includes senior leadership representatives from across the firm.

The committee meets quarterly to receive reports on any ethical matters arising, to monitor mandatory training completion rates and to discuss topical ethical issues. The committee reports both to the Assurance committee and to the Board. The committee members engage with members periodically to raise awareness and reinforce the importance of this area. This includes global and regional communications, and hosting townhalls and discussion groups in our offices.

Ethics training is mandatory for all our members; this is monitored by the committee and non-compliance is followed up directly. Arup members are actively encouraged to raise any ethics-related queries and issues with their line manager; group leader; their regional ethics representative; the Ethics committee Chair; the business integrity team; their regional legal team; or the General Counsel. A 'Speak Up' procedure is fully operational across Arup and provides an additional mechanism for ethical concerns to be raised on a confidential (and if chosen, anonymous) basis. The volume and nature of Speak-Up disclosures are reported to the Ethics committee, see further details on this procedure in the Strategic report.

### Health, safety and wellbeing committee

The committee is responsible for the leadership and development of our global approach to health, safety and wellbeing. It oversees the effectiveness of the firm's policies, strategies, initiatives and targets, ensuring that appropriate controls and mitigations are established. The

committee conducts in depth reviews of specific risks. During the year of reporting, the committee conducted an in-depth review of our safety culture and our arrangements for design safety, training and competency and wellbeing.

The committee has been chaired during the year by James Pomeroy, Global Health and Safety Leader, and its other members include senior Leaders from the Health & Safety team, People team, Legal team, Corporate Services team, and region boards.

The committee meets six times a year, reviewing the implementation of the health, safety and wellbeing programme.

### Risk committee

The Risk committee is responsible for oversight and assurance of our risk management process areas as identified and prioritised by the Board, together with the related control and mitigation measures, as well as in-depth reviews of specific risks arising from time to time. It regularly reviews and updates the framework to ensure a dynamic approach to risk management. Further details can be found under Risk management in the Strategic report.

Throughout the year, the committee has been chaired by the Group General Counsel, Margot Day. Its members also include Board members, the Head of Risk and Assurance, and senior managers from the Group.

The committee meets quarterly to review the implementation of the evolving group risk management framework and to address any concerns, whether escalated through management channels or otherwise. Reports from the committee are reviewed by the Assurance committee and the Board at their respective quarterly meetings.

### Project delivery environment

Our global Arup Management System (“AMS”) project delivery environment is our primary quality management tool providing a comprehensive set of procedures and checks to enable compliance and quality assurance. The AMS integrates our Quality, Health and Safety, and Environmental policies within our project delivery environment. Adherence to the AMS is overseen by the regional management teams, and its operation is audited annually by external bodies in each location. The AMS is certificated to ISO 9001, ISO 14001 and ISO 45001. The AMS is also regularly audited internally, and lessons learned and opportunities for improvement are incorporated, in line with the requirements of the standards.

### Remuneration

The remuneration policy for the Board, including the Chair, and senior management is set in accordance with our global approach to reward for all of our members. It reflects our values and in particular our aim for reasonable prosperity of members.

The Trustees oversee and set the total remuneration of the Board, which includes salary, benefits and profit-share. A committee of the Trustees, the Board remuneration committee, develops policy and advises on Board remuneration for decision by the Trustees. The Board remuneration committee report provides further details of the responsibilities of the committee and our policies for Board remuneration.

The Senior Staff Remuneration executive is a committee of the Board that determines the remuneration of the senior management (excluding the Board itself).

The remuneration of the NEDs of the Board is determined by the Chair on the advice of the Global People Leader and is based on current market rates and the time commitment required. Reasonable expenses are also reimbursed but there are no additional benefits, and the NEDs are not beneficiaries of the profit-share.

The Board conducts an annual firm-wide review of gender pay parity, in addition to the gender pay gap reporting requirements in various countries in which we employ members. This enables the Board to assess the overall picture of gender pay parity across the Group and raise any areas of concern with senior management for further investigation, and correction of any disparities as appropriate.

During our annual pay review process, leaders across all offices reference a dashboard showing gender pay parity data for their teams. This enables them to see how the salary decisions they take will impact gender pay parity, helping to reduce unconscious bias in the process. Real-time data is supplemented with guidance and support from their local People support teams and all decisions are ultimately approved by the leader at the next level up.

## Reviewing our governance

In September 2023 the Board and the Trustees agreed to work together to review and evolve our governance arrangements with the intent of clarifying leadership roles and the separation of responsibilities, enabling independent oversight and effective execution. Recommendations are being currently finalised, and are expected to be implemented in 2025.

On behalf of the Board



Martin James Ansley-Young

Company Secretary

31 October 2024

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom

# Board remuneration committee report

## Committee Chair's introduction

On behalf of the Board remuneration committee (the "committee"), I am pleased to introduce our remuneration report for the financial year ended 31 March 2024. I welcome this opportunity to share with you an overview of the committee's activities during the past year, as well as the remuneration principles and policies that apply to the executive directors of the board of Arup Group Limited (the "Board" of "the Company"). As part of the firm's ongoing commitment to governance best practice, we are committed to making disclosures in relation to Board remuneration, using as a basis the provisions of the UK Corporate Governance Code 2018 (the "Code") as a recognised benchmark.

Over the past year we have experienced a changing business climate. Despite a challenging backdrop of geopolitical events, increasing inflation and a declining market for services in some geographies, the Group has been resilient in sustaining trading performance.

When determining the remuneration of the Board's executive directors, the committee continues to prioritise ensuring alignment to the same general principles applied to the broader membership. As per previous years, the salary review for the executive directors in April 2023 considered performance, external market benchmarking and salary forecasts, economic conditions and internal pay relativity, with increases awarded at a more moderate level compared to average Arup member pay rises within the relevant country.

A profit-share payment was delivered to eligible members in June 2023, relating to the second half of the 2022/23 financial year, and ratified by the Trustees for executive directors of the Board. However, in line with the Board's decision not to deliver an interim profit-share payment to members in November 2023, relating to the first half of the 2023/24 financial year, the Trustees also agreed that no profit-share payment should be made to the executive directors of the Board.

The committee continues to seek opportunities to ensure the remuneration policy for executive directors is clear, transparent and understood; and I am pleased to present our voluntary CEO pay ratio disclosure, building upon the disclosures made previously.

Ensuring our remuneration is free from discrimination continues to be a priority for Arup and for the committee. In addition to the actions taken to ensure pay is not affected by protected characteristics across our wider workforce, the committee also reviews the remuneration of the executive directors to ensure equity. Where we have men and women in the same country on the Board, they continue to receive the same level of pay.

### The Committee

The Trustees determine Board remuneration. The Trustees are advised by the committee whose overarching purpose is to ensure the remuneration structure and policies reward the executive directors fairly, responsibly, and in line with our values. The Chair of the committee, Peter Bailey, was appointed to the committee in April 2020, and has served as its Chair since April 2021. As such, his experience fulfils the requirement under the Code of having 12 months' experience as a director on a remuneration committee, before acting as its Chair. The other members of the Committee during the year of reporting were: Tim Stone (Trustee), Trent Lethco (Trustee) and Diane Thornhill (People Leader). Tim Stone ceased to be a member of the committee upon his resignation on 22 May 2024. David Whittleton acted as an advisor to the committee until the conclusion of his term as Trustee Chair on 31 March 2024.

The committee operates within agreed terms of reference that are freely available to Group members, and without influence from the executive directors or other senior management. Its main responsibilities are to:

- Ensure the Group adheres to the highest standards of governance and best practice in remuneration matters.
- Design and administer the remuneration policy for executive directors.
- Implement such policies to ensure that remuneration: promotes the Group's values and culture; aligns with the delivery of its strategic goals and purpose; and helps to attract, motivate and retain high calibre individuals.

### Remuneration outcomes

The Committee met three times in the year ended 31 March 2024 with full attendance at each meeting. Activities included:

- Reviewing internal pay relativities and gathering external market data for benchmarking executive director pay levels.
- Making proposals regarding the annual review of remuneration for the executive directors.
- Reviewing the effectiveness of the pay structure introduced to enable the Group to manage the unique nature of the Board role.
- Continuing to review the broader context for executive director remuneration decisions to ensure that:
  - The remuneration of our members, related policies, and the alignment of rewards with our values, are all appropriately reflected in executive director remuneration.
  - Overall reward levels are in line with, and appropriately competitive against, relevant local market practice.

### Looking ahead to next year

During the coming year, the Committee's focus is expected to include the following areas:

- Ensuring that executive director remuneration continues to support our overall strategy, as well as the firm's values and purpose.
- Consideration of the implications on remuneration of changes to the composition of the Board as termed appointments end.
- Continuing to align our remuneration policy, practices and governance, more closely with the Code (or explaining why we choose not to).

The committee continues to engage with the Board in its work to ensure that the approach to remuneration taken across the Group is simple, coherent and consistent; and aligned with our aims, in particular *straight and honourable dealings and reasonable prosperity* of members.

On behalf of the Board remuneration committee.



Peter Anthony Bailey

Chair, Board remuneration committee

31 October 2024



Mahadev Raman

Chair, Trustees

31 October 2024

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom

## CEO equivalent pay ratio

Regulations for listed companies require them to publish the ratio of the pay of the CEO to that of United Kingdom employees. Arup Group Limited is not obliged to comply with these regulations; however, the committee has, since 2021, chosen to consider the regulations and provide a disclosure. The following table shows the ratio between the total pay and benefits of the Chair of Arup Group Limited and the members of the Group in the United Kingdom at the lower quartile, median and upper quartile pay level.

In general, we expect any variation in the total pay and benefits ratio year-on-year to be the result of the profit-share award received by the Chair. Members in less senior positions continue to have a greater portion of their pay delivered as fixed base salary, which allows for greater predictability when planning day to day finances. Our senior management, including the executive directors and the Chair, have a higher portion of their total remuneration structured as variable pay, given their role and ability to influence strategy and performance. The committee has therefore chosen to provide a total salary ratio as helpful context in addition to the total pay and benefits ratio.

### Pay ratios

| Year | Method         |                                     | 25th percentile ratio | 50th percentile ratio | 75th percentile ratio |
|------|----------------|-------------------------------------|-----------------------|-----------------------|-----------------------|
| 2024 | B <sup>1</sup> | Total pay and benefits <sup>2</sup> | 15:1                  | 11:1                  | 8:1                   |
|      |                | Total salary                        | 14:1                  | 11:1                  | 8:1                   |
| 2023 | B <sup>1</sup> | Total pay and benefits <sup>2</sup> | 19:1                  | 14:1                  | 11:1                  |
|      |                | Total salary                        | 15:1                  | 11:1                  | 8:1                   |
| 2022 | B <sup>1</sup> | Total pay and benefits <sup>2</sup> | 23:1                  | 16:1                  | 13:1                  |
|      |                | Total salary                        | 15:1                  | 11:1                  | 9:1                   |
| 2021 | B <sup>1</sup> | Total pay and benefits <sup>2</sup> | 20:1                  | 15:1                  | 11:1                  |
|      |                | Total salary                        | 13:1                  | 10:1                  | 7:1                   |

1. The calculation methodology used reflects Option B, as defined under the relevant regulations. This uses the most recently published gender pay gap information to identify and select the Group members at the three quartiles on 5 April 2023, with the effective date of the calculation 31 March 2024. To ensure that the results are representative of the pay and benefits at these quartiles, the values for members immediately above and below the identified member at each quartile were also reviewed.
2. Total pay and benefits for our United Kingdom members includes base salary, any guaranteed cash allowance; profit-share payments; and the value of health, insurance and pension benefits on a full-time equivalent basis, taken across the full financial year ending 31 March 2024. The single total figure of remuneration for the financial year ended 31 March 2024 has been used for the Chair. No broadly applicable components of pay or benefits have been omitted. Overtime pay, where received by any of the members considered in this analysis, has been excluded from the calculation as it was not deemed to be material or guaranteed.

### Total pay and benefits used to calculate the ratios

| Year | UK members             | 25th percentile | 50th percentile | 75th percentile |
|------|------------------------|-----------------|-----------------|-----------------|
| 2024 | Total pay and benefits | £43,327         | £57,125         | £76,406         |
|      | Total salary           | £37,500         | £50,000         | £67,000         |

There has been a reduction in the total pay and benefits ratio between 2023 and 2024. The primary reason for this is the lower profit-share in 2024 which impacts the total pay and benefits of the Chair to a greater extent due to the higher proportion of variable pay within their overall total pay and benefits. Over time the total pay and benefits ratio remains low.

The committee is satisfied that the median pay ratio reflects the total pay and benefit values for the Chair and the median United Kingdom member respectively. Also, it is consistent with the pay, reward and progression policies for our United Kingdom members, considering the diverse mix of roles, the levels of fixed and variable pay applicable to each grade, and our objective of delivering market competitive remuneration.



## Board remuneration policy

This section of the report summarises the Board remuneration policy that is currently in operation. In line with the underlying principles for remuneration across Arup Group more broadly, the aim of the Board remuneration policy is to promote our values and culture, and long-term success through strong and sustainable performance.

The Committee keeps this policy under periodic review and once again, assessed the policy against the six themes set out in paragraph 40 of the Code: clarity; simplicity; risk; predictability; proportionality; and culture. The Committee concluded that:

- The policy is simple, appropriately designed and clear. It effectively reinforces the Group’s culture, its aim of *straight and honourable dealings*, and long-term sustainable success. Importantly, it is also consistent with the remuneration policies in place across the Group as a whole.
- Fixed pay is predictable and calibrated to support our aim of *reasonable prosperity*. The Board allowance, payable during an individual’s termed appointment to the Board, ensures that remuneration is proportionate to the additional responsibilities of this role. Eligibility for the global profit-share ensures an appropriate balance between pay certainty and driving behaviours that promote sustainable growth for the benefit of all stakeholders, without encouraging or rewarding excessive risk-taking.
- The Committee retains appropriate discretion to ensure that poor performance is not rewarded.

The Committee also reviewed the application of this policy during the financial year ended 31 March 2024 and confirmed that it operated as intended, particularly in the application of measures to protect the financial position of the firm and to ensure that we have a healthy, sustainable business into the future.

Whilst we do not consult directly with our broader membership on the remuneration policy, our members may discuss remuneration matters with the Trustees at any time.

### Remuneration policy table

The table below summarises the main components of the reward package for executive directors of the Board:

| Purpose and link to strategy   | Operation   | Opportunity  | Performance metrics |
|--|---|--|---------------------|
| Base pay: annual base salary and Board allowance   |   |  |                     |
| To attract and retain high calibre individuals, and to recognise their responsibility to deliver our values, culture and strategy over the term of their appointment to the Board. | <p>Base pay consists of annual base salary, plus an additional Board allowance. This allowance is paid in monthly instalments over the term of an individual’s membership of the Board. After an individual’s termed appointment to the Board ends, the allowance reduces, and annual base salary is reviewed and set in relation to the role to which they are subsequently appointed.</p> <p>Base pay is reviewed annually with any changes, if appropriate, effective in April. Factors considered include overall business performance; economic climate and market conditions; general increases awarded to the Group members and in the relevant market more broadly.</p> | <p>Average base pay increases are normally in line with those of Arup members in the relevant market.</p> <p>Larger increases may be given in situations where the committee considers this necessary, such as when there is a material change in the scope or responsibility of a role, where market conditions indicate a level of under-competitiveness that requires correction, or there is considered a risk to the attraction or retention of executive directors of the Board.</p> <p>The committee does not consider it appropriate to set a maximum pay level.</p> | Not applicable.     |

| Purpose and link to strategy   | Operation   | Opportunity   | Performance metrics   |
|--|---|---|---|
| <b>Benefits</b>  |   |   |   |
| <p>To provide market competitive health and wellbeing benefits consistent with the role, driving engagement and providing security for the individual and their family.</p>  | <p>Executive directors of the Board are entitled to benefits which may include the following, based on country of employment: private healthcare; annual health checks; insurances covering accident, income protection and life; and paid annual leave.</p> <p>The benefits offered may change from time to time to reflect changing circumstances, market practice, or consistency with other members in the relevant market.</p> | <p>Benefits will be provided at levels commensurate with market practice in the country of employment.</p> <p>We expect the value of benefits to fluctuate due to individual circumstances, insurance premiums and other external factors.</p> <p>There is no specific maximum benefit spend.</p>   | <p>Not applicable.</p>  |
| <b>Pension</b>   |   |   |   |
| <p>To provide an income after retirement through the provision of retirement savings during employment.</p>  | <p>The Group offers executive directors of the Board:</p> <ul style="list-style-type: none"> <li>- Participation in the local pension plan in the country of their employment, or</li> <li>- The equivalent employer contribution to be taken as a cash allowance and paid in instalments, or</li> <li>- A combination of these arrangements to the same total value.</li> </ul>  | <p>All executive directors of the Board receive employer pension contributions in line with the rest of the members in the country of their employment.</p>   | <p>Not applicable.</p>  |
| <b>Profit-share</b>  |   |   |   |
| <p>To embody the principles of our ownership structure, where our members are the drivers and the beneficiaries of our success.</p> <p>To reinforce the truly global nature of Arup Group, by being based on our collective success.</p> | <p>Eligible members in all Group locations participate in the profit-share.</p> <p>Any payments made to executive directors of the Board are determined based on base pay, allocated 'profit-shares' and the Group's financial performance. These payments are typically made twice per year in June and November, after review of full and half-year performance.</p>  | <p>Consistent with all eligible members, executive directors of the Board are allocated 'profit-shares'. The level of allocation is subject to periodic review, both in the context of the operation of the profit-share across the Group, and to ensure an appropriate mix of fixed pay and pay at risk for executive directors of the Board reflecting their role in delivering the Group strategy.</p> | <p>Following each profit-share period, the Board determines the available profit-share fund for distribution to eligible members.</p> <p>The Trustees review the payments for the executive directors of the Board and have full discretion to vary or award no payment depending upon performance of the Board as assessed by the Trustees in the prior performance period.</p> <p>In the event of an overpayment the rules make provision for awards to be corrected and recouped as necessary.</p> |

## Service contracts

Executive directors of the Board have signed rolling contracts in respect of their ongoing employment by the Group, terminable on six-months' notice by either the Group or the individual (unless local employment legislation requires a different duration, or in a limited number of instances due to a legacy 12 months' notice period). An executive director may be required to undertake 'garden leave' (where local employment legislation permits) during all or part of their notice period and may receive their base pay during the notice period. The firm may alternatively pay an equivalent amount of base pay in lieu of the executive director being required to work their notice period.

Eligibility for a payment under the profit-share upon termination of employment is not automatic and varies depending upon the basis of the termination. No payment will be made where an executive director resigns or is terminated for cause. In the event of retirement, redundancy or death in service, any payment will be pro-rated reflecting eligible service up to and including the date of termination. The approach for executive directors follows the same rules as for members, notwithstanding that any payment to the executive directors remains at the discretion of the Trustees.

As described in the base pay section of the table above, an individual's appointment as an executive director of the Board is a termed role, terminable at any time with immediate effect and without compensation for loss of office.

## Summary of remuneration for other Group members

The approach to remuneration for the executive directors of the Board follows the same fundamental principles as for all members throughout the Group, aligned to our values, and supporting the right outcomes and our unique ownership structure, as outlined in the following table:

| Base salary   | Benefits and pension   | Profit-share  |
|---|--|---|
| <p>We conduct an annual review of base salary for all members.</p> <p>In determining any increase to base salary, we consider comparable market rates, the contribution, skills, knowledge and experience of each individual, and the pay budget for each country in which we employ members.</p> <p>In setting pay budgets we assess how our pay levels are positioned relative to the market, review economic conditions and forecasts for market and wage growth, and consider the business context and affordability.</p> | <p>All members are eligible for benefits reflecting competitive market practice in the country in which they are employed. Typically, this includes a combination of health, wellbeing, insurance and retirement benefits.</p> | <p>All permanent members of the Group are eligible to participate in the profit-share.</p> <p>The profit-share reflects the importance of our highly collaborative culture to our ongoing success and enables all members to share in the financial success of the Group.</p> |