

Cairn Homes plc
2024 Long Term Incentive Plan Award Metrics & Targets

Cairn Homes plc (“Cairn” or the “Company”) recently announced the 2024 Long Term Incentive Plan (“LTIP”) awards granted to Executive Directors on 10 April 2024. The 2024 LTIP awards were made at 150% of base salary for the CEO, and at 200% of salary for the CFO, to reflect awards forfeited at his previous employer. From 2025, award levels for the CFO will revert to the normal maximum under the terms of the Remuneration Policy, at 150% of base salary.

In the Remuneration Committee Report within the 2023 Annual Report, the Remuneration Committee (the “Committee”) disclosed the targets for the financial metrics and the biodiversity metric in the Company’s LTIP, while noting that the targets for the Passive Housing / Energy Efficiency metric, introduced in the 2024 review of the Remuneration Policy, would be disclosed at the time of grant. Following a comprehensive review of strategy and forecasts, the Committee confirms that the following metrics and targets will apply to the 2024 LTIP awards:

Metric	Weighting	Threshold Target (25% vesting)	Maximum Target (100% vesting)
Cumulative Basic EPS	55%	51 cents	57 cents
Return on Equity (“ROE”) FY 2026	25%	14%	16%
Biodiversity Net Gain as % of units commencing	10%	49%	55%
Passive Housing / Energy Efficiency as a % of units commencing	10%	24%	30%

*There will be straight line vesting between targets.

Cumulative Basic EPS Metric

The Cumulative Earnings Per Share metric constitutes an important performance metric that underpins the Group’s ability to grow, and effectively encourages participants to deliver sustained growth and profitability. Moreover, the use of basic EPS in Cairn’s Long Term Incentive Plan ensures that LTIP measures are fully aligned with shareholder expectations. The EPS targets will be assessed over a three-year performance period ending 31 December 2026. The threshold and maximum targets have been reviewed by the Remuneration Committee to ensure they remain appropriate and stretching in line with our ambitious growth targets over the next three-year period.

ROE Metric

The ROE target will be calculated based on performance in FY 2026. The ROE metric was first included in Cairn’s LTIP arrangements in 2022, in line with shareholder feedback and to sharpen the alignment between our remuneration framework with the established ROE targets for the business. The changes to the threshold and maximum targets relative to the previous year, are reflective of the macroeconomic environment in which Cairn operates and its ambitious growth strategy, that requires a disciplined approach to balance sheet efficiency and capital allocation. The Committee is satisfied that the targets will incentivise strong returns on equity for the three-year performance period in line with the long-term interests of our shareholders.

ESG Metrics

Cairn has a clear commitment to responsible business practices, as it continues to work towards reducing its carbon footprint while enhancing the biodiversity across its sites. In recognition of the importance of Cairn’s ESG ambitions to the Company’s long-term strategy, material ESG issues have been successfully integrated into remuneration arrangements. ESG considerations represent 20% of the opportunity under Cairn’s LTIP, based on

two metrics – a Biodiversity metric and a Passive Housing metric, each weighted at 10% of the LTIP opportunity, and detailed further below:

Biodiversity Metric

Biodiversity constitutes a key tenet of our sustainability strategy and an area that our stakeholders increasingly understand and value, and was first introduced into our LTIP in 2022. Performance under this metric will continue to be based on independent ecologists' reports that will verify whether sites will achieve biodiversity net gain. The Remuneration Committee has increased the threshold and maximum targets under this metric, in line with our continued focus on biodiversity across our build environment.

Passive Housing / Energy Efficiency Metric

With the focus on reducing the carbon footprint of the homes we build, the Committee agreed on the inclusion of a passive housing / energy efficiency metric in the 2024 remuneration framework that will operate alongside the aforementioned biodiversity metric. Performance under this metric will be determined by the proportion of passive units commenced relative to the total number of units commenced, measured over the three-year performance period.