

CORPORATE REPORTING

Remuneration report 2023

Year ended 31 December 2023

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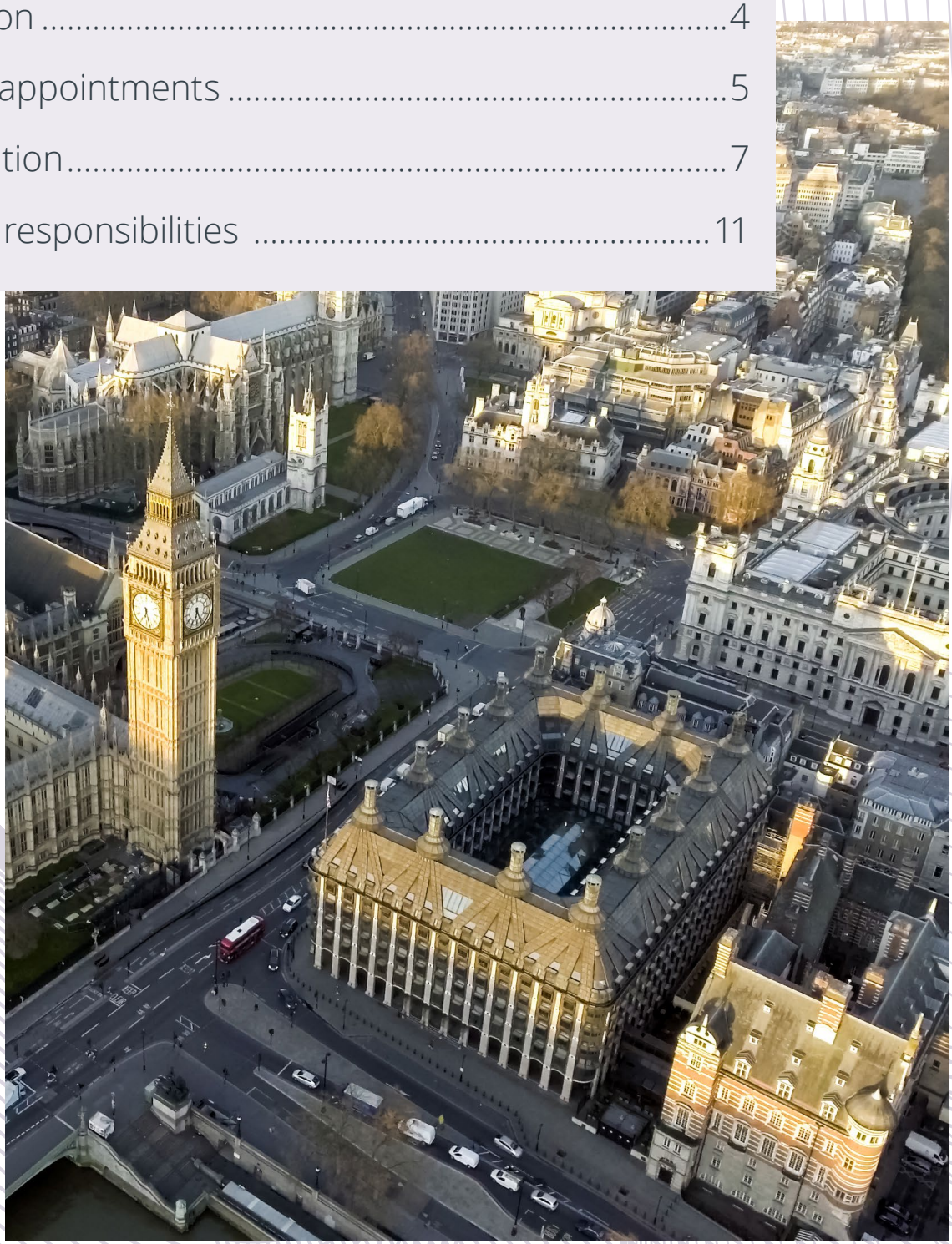
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Introduction from the Chair of the Nominations and Remuneration Committee (NRC)

2023 has been a year of transition for RICS, with the appointment of Justin Young as Chief Executive and the launch of the new three-year RICS strategy, endorsed by Governing Council and developed with RICS members, employees and both member non-executives and independent non-executives. The new strategy provides clarity on RICS' vision, mission and strategic goals, giving a clear sense of the priorities for the year ahead. In addition to the launch of the new strategy, the NRC welcomed and approved the launch of four new values for RICS: **Professional**, **Collaborative**, **Inclusive** and **Ambitious**.

This remuneration report is part of a suite of documents that form the Institution's annual report and accounts, along with the financial statements, governance report and annual review for the year ended 31 December 2023.

As Chair of the NRC, I am responsible for producing the remuneration report because the NRC has been delegated the following duties in relation to remuneration activities set out under the NRC's terms of reference:

- set the remuneration policy for RICS employees at all levels in line with RICS' long-term strategy, and approve the annual budget available for salary review
- determine and review the remuneration strategy for senior RICS employees to recruit, retain, motivate and engage high-calibre senior employees in order to deliver its business objectives globally, and
- set the total remuneration for the CEO and non-executives, and review the remuneration of the executive team and other senior employees that fall within its remit.

The NRC also has delegated responsibility for nomination activity for RICS' governance bodies, which was a significant element of the NRC's activities during 2023. A summary of the work undertaken by the NRC in relation to both nominations and remuneration can be found in the governance report for the year ended 31 December 2023.

The NRC met seven times during the period of 1 January 2023 to 31 December 2023.

The main activities in relation to remuneration during 2023 included the following.

2023 activity	Action
Salary review 2023 and 2024	Approved the salary review effective from April 2023; refer to the **Remuneration** section.
Executive incentive plan 2022–2023	Approved payout on the 5-month incentive plan covering the August–December 2022 period following the change in the financial year end; refer to the **Remuneration** section.
Gender pay gap: snapshot date April 2022	Reviewed the annual gender pay gap report for RICS, reported in April 2023.
Employee engagement	Continued to review employee engagement levels at RICS with the People team.

The members of the NRC from 1 January 2023 to 31 December 2023 were as follows.

Name	Position	Comments
Harriet Kemp	Independent Committee Chair	
Martin Samworth	Chair of RICS Board, RICS member	
Fiona Griffiths	Independent non-executive member	
Mary Robertson	Independent non-executive member	
Nick Crofts	Independent non-executive member	From 15 August 2023
Ashley Hook	RICS non-executive member	
Katie Smith	RICS non-executive member	
Ben Chaston	RICS non-executive member	

As Chair of the NRC, I provide an assurance report to the Governing Council each year on its work. When determining remuneration policies and practices, the NRC considers the requirement of the UK Corporate Governance Code for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture. In addition, the NRC continues to maintain an open and transparent policy with regards to resourcing and remuneration.

My thanks go to all NRC members for their hard work throughout 2023, and in particular for their contributions to working parties outside the usual scheduled NRC meetings. All NRC members, whether RICS members or independent non-executives, bring their skills and experience, and work collaboratively and professionally to make policy decisions for the benefit of RICS and its membership.

Harriet Kemp
Chair, Nominations and Remuneration Committee

Introduction

This report has been prepared by the NRC on behalf of RICS in accordance with good corporate governance and is presented on a voluntary basis. The NRC's membership and responsibilities are shown in the Governance Report for the 12-month accounting period from 1 January 2023 to 31 December 2023.

In addition to attendance by NRC members, the Chief Executive Officer (CEO), Chief People Officer (CPO), Head of Reward and other executives or senior leaders may attend meetings at the invitation of the Committee Chair. No individual is present for discussions on their own remuneration.

The NRC also takes external independent advice from advisors, FIT Remuneration Consultants, who have been the NRC's advisors since 1 August 2023 following a full market review in May 2023. Prior to this, Mercer Limited were appointed from April 2021 until 31 July 2023.

FIT Remuneration Consultants are founder members of the Remuneration Consultants' Group, which is responsible for developing and maintaining the **Code of Conduct** for consultants to remuneration committees of UK-listed companies. Independent advice may be sought on matters related to external benchmarking data, including total remuneration benchmarking, annual market practice updates (including regulatory and governance developments globally) and support on target setting and target measurement, as required.

The NRC is accountable to the RICS Board. The Committee Chair reports to the RICS Board after each meeting on the nature and content of the NRC's discussions, recommendations and actions to be taken. This is formally received at the next available RICS Board meeting, with the Committee Chair raising matters by exception in the meeting.

Executive appointments

Appointment of the Chief Executive Officer

The NRC's terms of reference confirm the Committee shall:

- approve the appointment process for the CEO, and review and update as necessary on an annual basis; the appointment process should specify that the final decision on the CEO appointment should be made by Governing Council, following the recommendation of the Committee, and
- determine the terms of employment and remuneration package for the CEO on appointment.

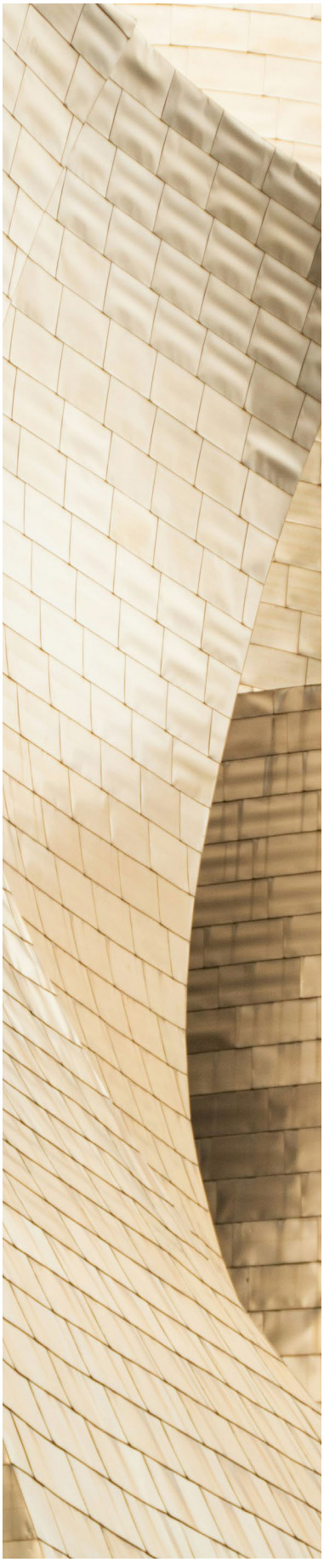
A key appointment for 2023 was the appointment of Justin Young as CEO on 5 July 2023. As set out in the terms of reference, the appointment process was overseen by the NRC, which also determined the terms of employment and remuneration package.

Other senior executive appointments

In addition to the appointment of the CEO, a number of senior executive appointments throughout 2023 were made, both permanent and interim. The NRC also approved 'acting up' allowances for those RICS senior leaders who covered the vacancies created by the departure of the previous executive team.

2023 activity	Role	Effective date	Comments
Andrea Sutherill	Interim Chief People Officer	11 April 2023	
Emma Causer	Interim Markets Director UK&I	1 June 2023	
Lorella Patterson	Interim Markets Director International	1 August 2023	
Luay Al-Khatib	Interim Director of Knowledge and Practice	3 July 2023	
Alison Currie	Chief Operating Officer	1 December 2023	Role confirmed permanent following interim period through 2023
Corinna Alstromer	General Counsel	1 December 2023	Role confirmed permanent following interim period through 2023

Remuneration



Remuneration policy

The NRC shall:

- be responsible for setting the remuneration policy for RICS employees in line with RICS' long-term strategy; the Committee considers and recommends remuneration policy for all employee levels, but will have specific focus on the chief executive, the executive team and senior employees
- advise on the remuneration of non-executive roles, and
- when determining remuneration policies and practices, consider the requirement for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

Annual salary review 2023

The annual salary review date was 1 April 2023.

The NRC approved a recommendation to operate a small budget for necessary salary adjustments or one-off payments. The review in 2023 allowed the NRC to take stock of our employee compensation across RICS since the previous salary review, and to show appreciation and recognition for employees' continued performance and contribution. This was especially necessary in the light of the cost-of-living crisis and elevated levels of inflation following the pandemic.

Detailed analyses and modelling were conducted in order to spend the budget wisely and fairly, ensuring the adopted principles were gender neutral. The NRC welcomed RICS' steps to develop fair and appropriate base pay for the lowest paid employees, towards which £500,000 was allocated in the annual budget.

The following principles for application were approved by the NRC.

- **Principle 1**: comply with the UK national minimum wage/ national living wage effective 1 April 2023.
- **Principle 2**: increase the salary of UK membership support employees to a minimum flat rate, in line with benchmarking data.
- **Principle 3**: where market data was available, adjust salaries to a minimum of 90% of the median salary range midpoint (minimum £500 salary change).
- **Principle 4**: a one-off payment for all other eligible employees, varied by country to account for the latest inflation rate, and a lower or higher amount depending on their existing salary versus the RICS median salary in that country.

Remuneration of executive team and senior employees

The NRC shall:

- be responsible for determining the terms of employment and remuneration packages on appointment
- review and advise on the recommendations for annual salary increases and payments under the corporate incentive arrangements for the executive team and senior employees
- approve the content of any termination package – including compensation – ensuring that all payments made are fair to the individual and in accordance with legal requirements, failure is not rewarded and the duty to mitigate loss is fully recognised, and
- approve any other changes to remuneration packages from time to time.

All remuneration packages for the interim or permanent arrangements listed in Executive appointments were overseen by the NRC.

Executive incentive plan

The NRC is responsible for:

- approving the design of the plan, including award sizes, eligibility and plan rules
- agreeing the performance measures and targets recommended by the RICS executive team, and aligned to the business plan as approved by the RICS Board
- overseeing the assessment by the Chair of the RICS Board of the individual performance of the chief executive
- agreeing the overall level of incentive payments based on the assessment of the achievement of performance targets by the Audit, Risk, Assurance and Finance Committee, subject to final audited numbers and/or review by other relevant stakeholders in the case of non-financial conditions and the NRC's wider assessment of overall performance
- determining individual bonus amounts for the chief executive and other members of the executive team, taking into account any assessments of individual performance provided to the NRC
- deciding how any executive team leavers should be treated, based on the relevant bonus plan rules
- considering the extent, if any, to which the implementation of malus and clawback provisions might be appropriate, based on the provisions of the relevant bonus plan rules, and
- providing to the RICS Board, for information, details of any payment to be made to the chief executive under the plan.

RICS operates a global executive incentive plan, which rewards eligible employees for the achievement of performance against a balanced scorecard of KPIs aligned to the objectives of RICS and its business plan, and their own personal objectives. A financial threshold must be achieved prior to any payment being made. In addition, the NRC retains the discretion to adjust the calculated level of payments up and down, and has previously exercised discretion in both directions.

The corporate and financial measures and targets are reviewed and agreed in conjunction with the RICS Board at the start of each financial year, and are cascaded to all participants.

The KPIs are generally focused on the strategic priorities of RICS.

46 employees were eligible to participate in the 2023 executive incentive plan, and annual bonus potential ranged from 5% to 37.5% of base salary.

Five-month executive incentive plan, 1 August 2022 to 31 December 2022: because of the change in financial year, the NRC agreed to operate a discretionary five-month executive bonus plan for the period 1 August 2022 to 31 December 2022. The plan was designed to motivate and incentivise eligible employees to achieve corporate objectives aligned to the success and reputation of RICS.

The financial underpin of 'positive net surplus' was achieved and triggered the bonus award. The bonus award achieved for eligible participants was calculated against the overall achievement of five objectives of the corporate balanced scorecard agreed. Eligible participants received their payment in June 2023.

Reporting responsibilities

The NRC is accountable to the RICS Board.

The Committee Chair reports to the RICS Board after each meeting on the nature and content of the NRC's discussions, recommendations and actions to be taken. This is formally received at the next available RICS Board meeting, with the Committee Chair raising matters by exception in the meeting.

The NRC makes whatever recommendations to the RICS Board it deems appropriate on any area within its remit where action or improvement is needed. Adequate time should be made available for RICS Board discussion where necessary.

Any papers, reports or information requested by Governing Council; the RICS Board; the Audit, Risk, Assurance and Finance Committee; or the Standards and Regulation Board will be shared promptly with the members of the governance body making the request.

Delivering confidence

We are RICS. As a member-led chartered professional body working in the public interest, we uphold the highest technical and ethical standards.

We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

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