

Remuneration Consultants Group

The Annual Review of the Effectiveness of the Code of Conduct and its Implementation

November 2021

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Dear all

Since its formation in 2009, the aim of the Remuneration Consultants Group has been the development and stewardship of the voluntary Code of Conduct (the “Code”). The Code sets out the role of executive remuneration consultants and describes the professional standards by which they advise their clients. The Code is reviewed every three years, most recently in 2020. In order to ensure the Code continues to achieve its aims and remains fit for purpose, the RCG regularly reviews its content and the effectiveness of its implementation. The RCG sees this as an essential part of its remit and crucial for the success of the Code.

A review of the effectiveness of the Code has been conducted each year from 2011. The process followed in 2021 was similar to the process followed in previous years and included an anonymous survey of consultants engaged in executive pay consulting in the member firms and a questionnaire filled in by member firm Practice Leaders. The Independent Directors also held two focus groups in 2021, one for consultants in member firms with less than three years’ experience and another with consultants with between three and six years’ experience. Finally, there is an analysis of the annual reports of FTSE All Share companies regarding disclosure of Remuneration Committee advisors and their membership of the RCG.

I am pleased to say that the review was productive, helpful and informative. It is reassuring that the Code’s effectiveness has been maintained, and in some areas improved in 2021. This is pleasing given the pressures of Covid-19, and the changing and complex context for executive remuneration decisions, with companies still responding to the changes in the UK Corporate Governance Code and the growing emphasis on ESG. It is also reassuring that the departure of two member firms and the arrival of two new member firms has not had a noticeable impact on the operation of the Code.

The paper below provides a summary of the review process, details of the major themes and recommendations for the future.

In general, the results of the Review were slightly better than in 2020. It is good that almost all consultants think that the Code covers all ethical issues which arise in providing executive remuneration advice and that 93% think the Code significantly or a little influences for the better practices and behaviours in member firms. The firms themselves also do not think there are significant barriers to implementation of the Code.

Communicating with Remuneration Committees about the Code is a key objective and in this respect it is pleasing that a significantly higher percentage of people than last year say that they frequently discuss the Code during client work. It is also gratifying that, despite Covid-19, 80% of consultants say that their firm has one-to-one meetings with client Remuneration Committee Chairs without management at which the Code is discussed (very similar to last year) and that 62% have such meetings at least annually (an increase from 57% in 2020). But there is still more to do.

Training consultants on the Code is an important aspect of implementation of the Code. It was pleasing that Covid does not seem to have affected training, except that meetings were virtual. 91% of consultants received at least one formal training session this year and 91% received some informal training, similar to last year. 9% said they had received no formal training and 9% had not received any informal training, a slight increase from 2020. While 74% thought that training was very effective, 24% thought it was quite effective, but could be improved.

We were pleased to see some continued improvement in the survey scores about encouraging clients to ensure pay is properly linked to long-term performance, encouraging clients to consider fully the implications of complex design, and ensuring advice is linked to the client’s strategy. In addition, 89% said they always ensure that the Remuneration Committee is mindful of pay in the wider organisation, a

significant rise from 76% in 2020. It is also notable that 97% always encourage clients to consider the risks created by excessive rewards (the first time we have asked this question).

Moving forwards, although firms continue to inform clients of their Code obligations in a variety of ways, it appears that there is scope to further improve some Remuneration Committee Chairs' engagement with the Code and we will consider how we can help remedy this. We also received feedback that the widening role of the Remuneration Committee may require more consultant training on the new aspects.

The Code has been in place for many years and is embedded in the way the member firms consult on remuneration. It has shown its relevance and adaptability in what has been an exceptionally difficult year in which consultants have had to work, often remotely, with Remuneration Committees to help them make some very difficult judgements. It is pleasing, therefore, that the Code has continued to show its effectiveness in a highly unusual environment.

I would like to thank all those individuals who took the time to participate in the focus groups with the Independent Directors to share their views on the Code and its implementation, and I would also like to thank all those consultants in the member firms and the Practice Leaders who responded to the surveys.

Yours sincerely,

Alan Giles
Chairman

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A. The RCG and its activities in 2021

Background

The Remuneration Consultants Group ('RCG') was formed in 2009 and represents the overwhelming majority of executive remuneration consultancy firms advising UK listed companies.

The aim of the RCG is the stewardship and development of a voluntary Code of Conduct (the 'Code') which clearly sets out the role of executive remuneration consultants and the professional standards by which they advise their clients. The inception of the Code and the RCG arose after the publication of the final recommendations of the Walker Review in November 2009. In this review, Sir David Walker advocated that it was appropriate for the executive remuneration consultancy industry to form a professional body with the oversight of a Code of Conduct. The objective was to provide greater clarity on the role of executive remuneration consultants and ensure that high professional standards are maintained.

The inaugural RCG Code was included as an annexe to the final recommendations of the Walker Review in November 2009 and the RCG put a formal constitution in place shortly thereafter. Every three years, a review of the Code is conducted by the Board. The next one will be held in 2023.

During the course of 2021, a review of the implementation of the Code was conducted.

The RCG currently has 12 members. Aon and EY withdrew from membership during the year, and we were pleased to welcome two new member firms, Ellason and h2glenfern Remuneration Advisory. The member firms are:

Alvarez & Marsal	h2glenfern Remuneration Advisory	MM&K Limited
Deloitte LLP	Korn Ferry	Pearl Meyer
Ellason LLP	KPMG	PwC
FIT Remuneration Consultants LLP	Mercer	Willis Towers Watson

The Board comprises an independent Chairman, two independent non-executive directors and four directors elected by the Members (who are executive compensation consultants working for the member firms).

The Board met four times in the last 12 months. The attendance record of the Board members at those meetings is summarized below. The Board is also due to meet on 9 December 2021.

Member	8 Dec 2020	17 Mar 2021	8 Jul 2021	21 Oct 2021
Alan Giles	✓	✓	✓	✓
Jane Anscombe (Ind. Director)	*	✓	✓	✓
Sally Cooper (Director)	✓	✓	✓	✓
John Lee (Director)	✓	✓	✓	✓
Simon Neathercoat (Ind. Director)	✓	✓	✓	✓
Paul Townsend (Director)	✓	✓	✓	✓
Andrew Udale (Director)	✓	✓	✓	✓

* Jane Anscombe was appointed a Board member on 1 January 2021. Philippa Hird attended on 8 December 2020 and ceased to be a member on 31 December 2020.

A sub-committee of the Board also met in September 2021 to discuss the drafting of this report.

B. The Review of the Effectiveness of the Code

The objective

In 2011, as part of the review of the Code, the Board agreed to carry out an annual Review of the Effectiveness of its Implementation. The Board agreed to summarise the findings of the evaluation process and make them public on the RCG website. An important aspect of this exercise has been that the Members share good ideas that will improve the effectiveness of the implementation of the Code, as well as sharing experiences on barriers to effective implementation and how these might be overcome. This evaluation has been undertaken every year from 2011.

The process for 2021

There were four main components of the Code effectiveness assessment. This was similar to 2020, except that there were focus group discussions this year.

- An anonymous electronic survey of employees engaged in executive pay consulting in the Member firms. The 2021 survey attracted responses from 187 individuals. In 2020, 218 responses were received. The survey questions and the responses can be found in the Appendix.
- A questionnaire filled in by Practice Leaders. The aim of this element of the review is to discover and share examples of helpful practice in relation to the Code which may be useful across all member firms, and to identify areas for improvement for better implementation of the Code.
- The emphasis of the Practice Leaders survey is on the processes used in member firms to embed the Code within their work, whereas the emphasis of the consultant questionnaires is to provide assurance about how well this works in practice.
- The identification of the number of FTSE All Share companies which disclosed in their Directors' Remuneration Report (i) their Remuneration Consultant and (ii) that their Remuneration Consultant was a signatory to the Code.
- Focus groups to hold a wide-ranging discussion with consultants having between three and six years' experience and a separate group for consultants with less than three years' experience.

1) The main themes from the anonymous survey of consultants at member firms

The Appendix provides detailed results and shows the percentage responses from those who advise remuneration committees of UK Premium Listed companies. A UK Premium Listed company is a company whose shares are listed on the London Stock Exchange's Main Market and complies with the UK's highest standards of regulation and corporate governance. This

includes FTSE 100, FTSE 250 (together the FTSE 350), Small Cap and some other listed companies. It does not include AIM listed companies. In previous years, we have only analysed responses from those advising FTSE 350 companies. Therefore, where it is appropriate we show separately an analysis of responses from those who advise at least one FTSE 350 remuneration committee to allow for an accurate comparison of this year and last year's results. That said, the respondents advising the FTSE 350 and UK Premium Listed companies are very similar. There were only eight consultants who advised a UK Premium Listed company who did not also advise a FTSE 350 company.

The survey is split so that some questions are asked of consultants at all levels of experience and seniority, and other questions are asked of those consultants who have at least six years' experience of executive pay. A small number of respondents said they did not advise either a UK Premium Listed company or a FTSE 350 company and they were not required to complete the rest of the survey. Interestingly, around 40% of respondents have more than nine years' experience of executive pay consulting, and around 60% personally give advice to Remuneration Committees and attend their meetings.

A summary of the responses to the survey questions from consultants irrespective of their experience as a remuneration consultant is set out below.

- 98% of respondents already knew that the Code existed, and 96% had read it, similar to 2020 (99% and 97% respectively).
- Like in 2020, over 90% of consultants received at least one session of formal training in the last 12 months. 9% of individuals received no formal training on the use of the Code, which is slightly more than 7% in 2020, possibly because of Covid-19.
- Respondents have also received informal training, with 36% having received a lot (the same as in 2020) and a further 56% received a little informal training. 9%, however, said that they received no informal training. 74% stated that the training was very effective, a slight increase on last year, but 24% thought it was quite effective but could be improved whilst only around 2% stated it was not effective, like last year.
- 42% thought that the Code was discussed frequently with clients, a significant increase on the 35% recorded in 2020. Correspondingly, around 52% discussed it infrequently, compared to 58% in 2020.
- When asked to what extent the Code influences practices and behaviours within their firms, 50% of respondents felt that the influence was significantly for the better (broadly the same as in 2020) and 43% said that it was a little for the better (similar to 2020).
- 98% of individuals said they are always clear whether they are working for the Remuneration Committee or for management (slightly more than last year).
- Only 1% thought there are ethical issues in providing executive remuneration advice which are not addressed through the Code (the same as in 2020). There were a few comments (see the Appendix for details). Only 2% thought the Code needs further improvement (3% in 2020). Again, there were very few comments (see the Appendix for more detail).

- The great majority had no other comments on the Code, although several respondents did not believe that Covid-19 had made adhering to the Code harder (see Appendix 1 for more detail).
The following responses were provided by consultants with at least six years' experience.
- 80% of respondents stated that their firm has periodic one-to-one meetings with the Remuneration Committee Chair without management present and in which the RCG Code is discussed (very similar to 2020). 62% stated that these meetings took place at least annually, an increase from 57% last year. This seems to indicate that meetings, albeit virtual ones, have occurred despite the disruption caused by Covid-19.
- 72% said they always challenge management at Remuneration Committee meetings when circumstances call for it and a further 20% say they do this mostly or sometimes.
- 95% of individuals state that they always encourage clients to ensure pay is properly linked to the long-term performance of the business whilst 5% stated that it was done mostly. This is an improvement on last year's numbers of 90% and 9% respectively.
- 100% of respondents always or mostly encourage clients to consider fully the implications of complex design both on the motivation of executives and on the transparency of arrangements to shareholders and other stakeholders (the same as in 2020, except that there is a slightly higher percentage who always do this).
- When asked if they ensured advice was suitably linked to client strategy, 99% of respondents felt that always, or mostly, was the case. The remaining 1% of respondents said that they were involved only in a limited aspect such as the provision of data. This is similar to responses provided in 2020.
- When asked if they ensured that the Remuneration Committee was mindful of pay in the wider organisation, 89% felt they always do (a significant increase from 76% in 2020) whilst 11% felt they mostly do (compared to 22% in 2020).
- We asked a new question about whether consultants encourage clients to consider the risks, including reputation, created by what could be judged excessive rewards. 97% said they always do and 3% said they mostly do.
- 95% said that they always make the Remuneration Committee aware of the likely views of shareholders, a similar result to 2020.
- 92% always ensure that their reports are clear on the types of companies comprised within the comparator group(s) used and the rationale for their selection, and summarise the methodology used to value different elements of the remuneration package (95% in 2020).
- Around 96% always ensure that their reports clarify where information is provided by management or from other consulting firms, which is a significant increase on the 2020 result of 87%. 3% said they mostly do (compared to 13% in 2020).
- 95% always ensure that they are clear in their reports what is their firm's opinion and what is management's opinion (92% in 2020).
- 92% always ensure that their written advice is capable of being read and understood by the Remuneration Committee without their presence (94% in 2020).

- No one said that they had been involved in sending unsolicited benchmarking in the past 12 months, the same result as in 2020.
- 100% were clear that reasonable steps have been taken to ensure potential conflicts are appropriately managed in accordance with the Code.
- 99% of respondents stated that on any accounts where they are advising the Remuneration Committee they are not the client's relationship manager for the provision of services not related to remuneration.

2) The main themes from the questionnaire sent to Practice Leaders

All questions asked for a written response to help the RCG better understand how the Code's provisions have been implemented by member firms and to gain insights into training practices on the Code which might be helpful to other member firms. In addition, the RCG hoped to identify any barriers and problems practice leaders may have faced when implementing the Code.

The following key themes were identified:

- Training, typically held at least annually, is a key way of ensuring staff awareness of the Code. Awareness is also created through its inclusion in the staff manual and the firm's terms of business.
- Firms ensure effective implementation of the Code in many ways, including training of staff and new hires, peer reviews of advice, checking for conflicts and holding client portfolio reviews to discuss the firm's independence, ensuring there is no inappropriate cross-selling and maintaining a register of meetings with Remuneration Committee Chairs to discuss the application of the Code. Sometimes, implementation involves working with an internal risk team.
- Covid-19 has not affected training and compliance with the Code, except that meetings have been held virtually. Covid-19 also did not generally introduce any conflicts with the integrity of or compliance with the Code.
- Firms manage conflicts in a variety of ways, including being explicit who the client is, agreeing how the firm should interact with management when advising the Remuneration Committee and not acting as the client relationship manager for unrelated services.
- Firms continue to inform clients about their Code obligations in many ways, typically in proposals for new business, terms of business and in engagement letters. The Code is also discussed at periodic meetings with Remuneration Committee Chairs (or at annual client service reviews), induction of Remuneration Committee Chairs and in one case including a reminder of the Code in an annual letter to Remuneration Committee Chairs.
- Firms take a variety of steps to ensure that no unsolicited benchmarking is ever set out, including training, peer reviews and inclusion in the staff manual.
- Firms generally consider that the Code is useful, ingrained in their methods of business, embodies their behaviors, and there are no significant barriers to implementation. That said, it appears that often clients do not ask questions about the Code or provide feedback to firms about the Code or the firm's compliance with it. It was suggested that it might be useful if internal reward teams and company secretaries were more aware of the Code.
- The Code helps the integrity of remuneration consulting; one respondent said that the Code helps reinforce the need for independence when partners in other areas of the firm wish to be introduced to Remuneration Committee clients.

- There were few changes made last year in how firms have adhered to the Code and few changes are anticipated in the next 12 months.
- Where firms have a separate risk and compliance function mostly it does not assess compliance with the Code.
- Generally, firms apply the Code the same whether or not the client is a UK Premium Listed company or not.
- Overall, the responses were broadly similar to those in 2020.

3. Disclosure

Based on the Directors' Remuneration Report disclosures published in 2021 so far:

- Of the 96 FTSE 100 companies that disclose a named Remuneration Committee advisor, 95 of the lead advisors are signatories to the RCG Code and in 92% of those cases are disclosed as such. (2020-92%).
- Of the 174 FTSE 250 companies that disclose a named Remuneration Committee advisor, all of the lead advisors are signatories to the RCG Code and in 94% of those cases are disclosed as such (2020-94%).
- Of the 96 Small Cap companies that disclose a named Remuneration Committee advisor, 94 of the lead advisors are signatories to the RCG Code and in 87% of those cases are disclosed as such (we did not analyse the Small Cap in 2020).

Note: Investment trusts have been excluded from the analysis

4) Focus Groups

Each member firm was invited to nominate one attendee for each focus group. Separate focus groups were run for consultants with less than three years' experience of remuneration consulting and those with between three and six years' experience. The main purposes of the focus groups were to find out more about the effectiveness of the Code from client-facing staff, consider how well the Code works including from a forward looking perspective, in contrast to the backwards-looking surveys, and for consultants to think more broadly about their roles as remuneration consultants.

The key topics discussed during this year's focus groups were:

- General thoughts on the effectiveness of the Code, including training on it and its effectiveness in helping with communication between the Remuneration Committee, management and consultants.
- The widening role of the Remuneration Committee, including the training consultants require to assist Remuneration Committees.
- The impact of Covid-19 on the working practices of consultants and their ability to learn.

All attendees were aware of the Code and most had received formal training on it, sometimes incorporated into general corporate governance training. Some felt that the role of consultants had changed significantly over the past five years, with more tailoring of remuneration to each company's strategy and circumstances and less reliance on market benchmarking, although it was noted that guidance from investors made tailoring harder in larger companies. The widening role of Remuneration Committees was also cited as a factor, such as the use of ESG and wider workforce pay

and consultants generally felt that they could benefit from more training in these aspects. In addition, some consultants felt that their contribution is enhanced if they are provided with the context in which their advice is sought.

In general, the Code was felt to be fit for purpose and that it should not be prescriptive about the advice given. It was mentioned that the Code is useful in establishing, particularly in smaller companies, the proper roles of the Remuneration Committee, management and consultants. Regarding Covid-19, generally it was felt that consultants had managed to work well out of the office, but most now wished to work at the office for at least part of the week.

Recommendations for the future

As always, the review brings to the fore certain aspects which should form the core of the work of the RCG in future years. This year, the key areas we would highlight for future focus and work would be:

1. Consider further measures to ensure that Remuneration Committee Chairs have greater awareness, understanding and engagement with the Code.
2. Member firms should ensure that consultants have sufficient training to advise Remuneration Committees on all aspects of their widening role.
3. Refresh the way in which Practice Leaders are engaged to give feedback on the Code.

Appendix

Review of the Effectiveness of the RCG's Code – Survey of Consultants

We have analysed responses from those advising remuneration committees of U.K Premium Listed companies and, separately, responses from those advising remuneration committees of FTSE 350 companies, to allow a comparison of results with 2020. Statistics shown in brackets represent the 2020 survey results relating to those advising FTSE 350 remuneration committees (where this is appropriate).

A U.K Premium Listed company is a company whose shares are listed on the London Stock Exchange's Main Market and complies with the U.K's highest standards of regulation and corporate governance. This includes FTSE 100, FTSE 250 (together the FTSE 350), Small Cap and some other listed companies. It does not include AIM listed companies.

It is noted that the survey for all consultants split questions into those for senior consultants and those for consultants of all grades, to ensure relevance.

Total responses: 187 (218 in 2020), but 15 answered 'No 'to Questions 1 and 2 and were excluded from completing the rest of the survey.

Question 1: In your current role do you work on at least one U.K Premium Listed Company RemCo appointment or deliver other services directly to a U.K Premium Listed Company RemCo?

Answer Options	Response %
a. Yes	92.0%
b. No	8.0%

answered question: 187

Question 2: In your current role do you work on at least one FTSE 350 RemCo appointment or deliver other services directly to a FTSE 350 RemCo?

Answer Options	Response %
a. Yes	87.7%
b. No	12.3%

answered question: 187

Question 3: Which member firm do you work for?

We have not provided the answers to this question, for reasons of commercial sensitivity.

Question 4: How many years have you been at your current employer? (New for 2021)

Answer Options	Premium Listed Response %
a. Less than a year	18.2%
b. Between 1 and 3 years	20.6%
c. More than 3 years	61.2%

Answered question: 170

Question 5: How many years of executive pay consulting experience do you have?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Less than 1 year	10.5% (11.0)	10.6%
b. Between 1 and 3 years	16.7% (15.5)	16.5%
c. More than 3 and up 6 years	20.3% (21.0)	20.6%
d. More than 6 and up to 9 years	13.6% (13.3)	13.5%
e. More than 9 years	38.9% (39.2)	38.8%

Answered question: 162 **Answered question: 170**

Question 6: Do you personally provide advice to and attend Remuneration Committee meetings?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes	59.9% (54.1)	60.6%
b. No	40.1% (45.9)	39.4%

Answered question: 162 **Answered question: 170**

Question 7: Prior to this survey, were you aware that a Code of Conduct governing the activities of remuneration consultancies existed?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes	97.5% (99.4)	97.1%
b. No	2.5% (0.6)	2.9%
	Answered question: 162	Answered question: 170

Question 8: Have you read the Code of Conduct?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes	95.7% (97.2)	95.3%
b. No	4.3% (2.8)	4.7%
	Answered question: 162	Answered question: 170

Question 9: How much *formal* training (e.g. induction, webcasts, lunch and learns) have you had on the use of the Code in the last 12 months?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Two sessions or more per annum	37.7% (41.0)	36.5%
b. Only one session	53.1% (52.3)	54.1%
c. None	9.2% (6.7)	9.4%
	Answered question: 162	Answered question: 170

Question 10: How much *informal* training (e.g. discussions with other consultants, references in work) have you had on the use of the Code in the last 12 months?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. A lot	35.8% (36.5)	35.9%
b. A little	55.6% (57.5)	55.9%
c. None	8.6% (6.0)	8.2%
	Answered question: 162	Answered question: 170

Question 11: Do you think the training you received was effective?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Very effective	73.9% (71.1)	73.3%
b. Quite effective but could be improved	23.6% (26.7)	24.3%
c. Not effective	2.5% (2.2)	2.4%
	Answered question: 157	Answered question: 165

Question 12: How often is the Code discussed during the course of your client work?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Frequently	41.9% (35.4)	41.7%
b. Infrequently	52.5% (58.0)	53.0%
c. Not at all	5.6% (6.6)	5.3%
	Answered question: 160	Answered question: 168

Question 13: To what extent do you think the Code influences practices and behaviours in your firm?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Significantly (Significantly for the better)	49.7% (48.9)	49.1%
b. A little (A little for the better)	43.5% (44.5)	44.4%
c. Not at all	2.5% (3.3)	2.4%
d. No view	4.3% (3.3)	4.1%
	Answered question: 161	Answered question: 169

Question 14: When you are working for a client, are you always clear for whom you are doing the work and whether it is for the Remuneration Committee or for management?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes	98.1% (96.7)	97.6%
b. No	1.9% (3.3)	2.4%
	Answered question: 161	Answered question: 169

Question 15: Are there any ethical issues which arise in providing executive remuneration advice which are not addressed through the Code?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes (please specify below)	1.2% (1.1)	1.2%
b. No	98.8% (98.9)	98.8%
	Answered question: 160	Answered question: 168

Responses: Very few thought that there are ethical issues not currently addressed by the Code, but there was a comment that the Code might provide guidance on when it is appropriate to change the advice given on the basis of client feedback. Another response was that the switching of advisors every 3-5 years makes advisors less effective for more of the time.

Question 16: Do you think the Code needs further improvement?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes (please specify below)	1.9% (2.8)	1.8%
b. No	98.1% (97.2)	98.2%
	Answered question: 158	Answered question: 166

Responses: Very few specified anything.

Question 17: Do you have any other comments on the Code? In particular, are there any additional challenges in adhering to the Code as a result of the Covid-19 environment? (Modified question for 2021).

Answered question: 15

The great majority of respondees did not have further comments. However, someone said that the Code should remain pragmatic, and recognize that the consulting firms differ in nature. A few people made the point that Covid-19 has not made adhering to the Code harder-the issues are the same. Finally, one respondee said that Covid-19 has made Remuneration Committees and advisors consider a variety of stakeholders. Another noted that management teams sometimes request a second opinion on advice provided by another firm to the remuneration committee and in such circumstances it should be clear what role the firm giving the second opinion is playing.

***ADDITIONAL QUESTIONS FOR CONSULTANTS WITH 6+ YEARS 'EXPERIENCE
(Consultants with 6+ years 'experience, 51.7% of the total)***

Question 18: In general, does your firm have periodic one-to-one meetings with client Remuneration Committee Chairs without management present in which the RCG Code of Conduct is discussed?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes - at least annually	62.4% (57.5)	61.8%
b. Yes - less often than annually	17.6% (22.3)	18.0%
c. No	5.9% (5.3)	5.6%
d. Don't know	14.1% (14.9)	14.6%
	Answered question: 85	Answered question: 89

Question 19: Do you challenge the views of management at Remuneration Committee meetings (when circumstances call for it)? (Modified question for 2021)

Answer Options	Premium Listed Response %
a. Always	71.6%
b. Mostly	15.9%
c. Sometimes	4.5%
d. No	0%
e. Not applicable	8.0%

Answered question: 88

Question 20: Do you encourage your clients to ensure that pay is properly linked to the long-term performance of the business?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	95.2% (90.3)	95.4%
b. Mostly	4.8% (8.6)	4.6%
c. Sometimes	0% (1.1)	0%
d. No	0% (0)	0%

Answered question: 83

Answered question: 87

Question 21: Do you encourage your clients to consider fully the implications of complex design both on the motivation of executives and on the transparency of arrangements to shareholders and other stakeholders?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	95.2% (92.6)	94.3%
b. Mostly	4.8% (7.4)	5.7%
c. Sometimes	0% (.0)	0%
d. No	0% (0)	0%

Answered question: 84

Answered question: 88

Question 22: When advising a company on its remuneration arrangements generally, do you ensure that your advice is suitably linked to the client's strategy?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	94.1% (92.6)	94.4%
b. Mostly	4.7% (5.3)	4.5%
c. Sometimes	0% (0)	0%
d. I am only involved in a limited aspect such as the provision of data	1.2% (2.1)	1.1%
	Answered question: 85	Answered question: 89

Question 23: When advising a Remuneration Committee, do you ensure it is mindful of pay in the wider organisation?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	89.3% (75.5)	88.8%
b. Mostly	10.7% (22.4)	10.1%
c. Sometimes	0% (2.1)	1.1%
d. No	0% (0)	0%
	Answered question: 85	Answered question: 89

Question 24: Do you encourage clients to consider the risks, including reputation, created by what could be judged excessive rewards? (New for 2021)

Answer Options	Premium Listed Response %
a. Always	96.6%
b. Mostly	3.4%
c. Sometimes	0%
d. No	0%
	Answered question: 89

Question 25: Where you are advising the Remuneration Committee, do you make the Remuneration Committee aware of the likely views of shareholders on your client's executive remuneration?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	95.2% (96.8)	95.5%
b. Mostly	4.8% (3.2)	4.5%
c. No	0% (0)	0%
	Answered question: 84	Answered question: 88

Question 26: Do you ensure that your reports are clear on the types of companies comprised within the comparator group(s) used and the rationale for their selection and summarise the methodology used to value different elements of the remuneration package?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	91.7% (94.6)	92.0%
b. Mostly	8.3% (5.4)	8.0%
c. No	0% (0)	0%
	Answered question: 85	Answered question: 89

Question 27: Do you ensure that your reports clarify where information is provided by management or from other consulting firms?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	96.5% (87.1)	96.6%
b. Mostly	3.5% (12.9)	3.4%
c. Sometimes	0% (0)	0%
d. No	0% (0)	0%
	Answered question: 85	Answered question: 89

Question 28: Do you ensure that you are clear in your report what is your firm’s opinion and what is management’s opinion?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	95.3% (92.5)	95.5%
b. Mostly	4.7% (7.5)	4.5%
c. No	0% (0)	0%
	Answered question: 85	Answered question: 89

Question 29: Do you ensure that your written advice is capable of being read and understood by the Remuneration Committee without your presence?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Always	91.8% (93.6)	92.1%
b. Mostly	8.2% (5.4)	7.9%
c. No	0% (1.0)	0%
	Answered question: 85	Answered question: 89

Question 30: Unsolicited benchmarking means sending out reports which have been modified in some way to refer to the recipient company but not generic surveys such as a FTSE 100 or pharmaceutical survey which has not been modified for that company in any way (bespoke benchmarking as part of a response to an RFP constitutes solicited rather than unsolicited benchmarking).

The Code prohibits sending of unsolicited benchmarking to clients and non-clients. Have you been involved in sending unsolicited benchmarking in the last 12 months?

Answer Options	FTSE 350 Response %	Premium Listed Response %
a. Yes	0% (0)	0%
b. No	100% (100)	100%
	Answered question: 85	Answered question: 89

Question 31: Are you clear that reasonable steps have been taken to ensure that potential conflicts of interest are appropriately managed in accordance with Paragraph 13 of the Good Practice Guidelines appended to the Code? (Modified question for 2021)

Answer Options	Premium Listed Response %
a. Yes	100%
b. No	0%

Answered question: 89

Question 32: The Code prohibits consultants from adopting the role of their firm's client relationship manager for the provision of non-related services while also advising the Remuneration Committee. On any of your accounts where you are advising the Remuneration Committee, are you the client's relationship manager for the provision of services not related to remuneration? (Modified question for 2021)

Answer Options	Premium Listed Response %
a. Yes	1.1%
b. No	98.9%

Answered question: 89