

# **The Triennial Review of the Code of Conduct and the Annual Review of its Effectiveness and Implementation**

December 2023

# Introduction

Dear all

The aim of the Remuneration Consultants Group (the “RCG”) is the stewardship and development of a voluntary Code of Conduct (the “Code”) which sets out the role of executive remuneration consultants and describes the professional standards by which they advise their clients.

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.

The review of the Code during 2023 was the sixth since the Code’s inception. The process followed the approach used in 2020 and included interviews with Remuneration Committee Chairs, institutional shareholders and other relevant parties.

A review of the effectiveness of the Code has been conducted each year from 2011. The process followed in 2023 was similar to the process followed in previous years and included an anonymous survey of all 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, one for consultants in member firms with less than three years’ experience and another for consultants with between three and six years’ experience. Finally there is an analysis of the annual reports of FTSE All Share and AIM 100 companies regarding disclosure of Remuneration Committee advisors and their membership of the RCG.

I am pleased to say that the consultation was productive, helpful and informative. It was reassuring to have confirmation that the Code is recognised as playing an important role in making clear the professional standards of remuneration consulting in the UK.

The paper attached provides a summary of the review process, details of the major themes, and outlines the specific amendments to the Code which were approved at the Annual General Meeting on 7 December 2023.

Overall, the review of the Code found that it remains fit for purpose and continues to fulfil an important role in ensuring high standards of professionalism in remuneration advice. The Code has now become embedded in the way member firms operate, and provides important reassurance to Remuneration Committee Chairs that they are receiving informed, independent and objective advice. For the first time we have examined the provision of advice to UK organisations outside the premium listed market, and are pleased to have concluded that there is no significant difference in the behaviours of consultants who offer advice to such organisations, or the perceptions of their Remuneration Committee Chairs.

In an ever more complex landscape for Remuneration Committee decisions, the role of the consultant can be challenging, particularly in navigating the differing interests and perspectives of their Remuneration Committee clients, and executive management. The Code is designed to provide a useful framework for client relationships, particularly where conflicts of interest arise. Training in general, and on the Code in particular, plays an important role in preparing consultants for these challenges, and there is scope for further improvement here. Some fourteen years after its inception, the Code is well embedded in how member firms work with their clients, and that effectiveness may have led to the Code not being at the front of mind for stakeholders. Nevertheless we, and member firms, can do more to raise awareness levels.

Since the Code is perceived by Remuneration Committee Chairs and other stakeholders to be working well, our review has led to few changes. We have responded to requests to improve the presentation of the Code by introducing an executive summary to supplement the full Code. In addition, to remind clients about the Code and what it does, and increase the awareness of Remuneration Committee Chairs, we are making a change to the Code to encourage member firms to provide a summary of the Code to their Remuneration Committee Chair Clients each year.

I would like to thank all those individuals who took the time to meet either me or another RCG independent board member to share their views on the Code, and to all those who responded to the questionnaire. The improvements to the Code could not have been achieved without this valuable input.

I would also like to thank all those consultants and Practice Leaders in the member firms who responded to the surveys on the review of the effectiveness of the Code and to those who took part in the focus groups.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan Giles', with a stylized, flowing script.

Alan Giles

Chair

*December 2023*

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# The RCG and its activities in 2023

## Background

The Remuneration Consultants Group 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 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, published in the wake of the global financial crisis. 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.

Every three years, a review of the Code is conducted by the Board. The next one will be held in 2026.

During the course of 2023, the Code was reviewed and an extensive consultation process carried out. In addition, a review of the effectiveness of the Code was conducted.

The RCG currently has 12 members. The member firms are:

Alvarez & Marsal	h2glenfern Remuneration Advisory	MM&K Limited
Deloitte LLP	Korn Ferry	PwC
Ellason LLP	KPMG	Remuneration Associates
FIT Remuneration Consultants LLP	Mercer	WTW

The Board comprises an independent Chair, two independent non-executive directors and four directors elected by the Members (who are executive remuneration 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 7 December 2023.

Board Member	13 Dec 2022	16 Mar 2023	6 Jul 2023	19 Oct 2023
Alan Giles (Ind. Chair)	✓	✓	✓	✓
Jane Anscombe (Ind. Director)	✓	✓	✓	✓
Sally Cooper (Director)	✓	✓	P	✓
Lorna Dodson (Director)	✓	✓	✓	✓
Alun Griffiths (Ind. Director)	✓	✓	✓	✓
John Lee (Director)	✓	✓	✓	✓
Andrew Udale (Director)	✓	✓	✓	P

P = proxy. Sally Cooper was unable to attend the Board on 6 July 2023 and her colleague, Katie Kenny, attended as her proxy. Andrew Udale was unable to attend the Board on 19 October 2023 and his colleague, Helen Mussen, attended as his proxy.

# The Review of the Code

## The objective

On publication of the Code in November 2009, the RCG committed to undertake a review during 2011 and once every two years thereafter (which was increased to every three years from 2017 in recognition of the greater maturity of the Code).

As part of this commitment, a consultation process is used to invite comments to inform decisions on whether the Code is (i) achieving its aims, (ii) remains fit for purpose in its current form and (iii) can be improved to help better achieve its goals.

## The process in 2023

The process followed had two main elements:

- An email was sent by the members to their clients who were Chairs of Remuneration Committees of FTSE UK Premium Listed companies, AIM listed companies, UK Mutuals or Co-operatives and large UK private companies asking them to answer some short questions on the Code. Respondents were able to complete the questionnaire on Survey Monkey (the web-based tool) – see Appendix 1. There were 80 responses to the survey, up from 73 received in the 2020 review of the Code.
- A consultation process was held with a selection of Remuneration Committee Chairs on the boards of large and small companies, as well as institutional shareholders, investors and Heads of Reward who were interviewed either by the Chair or one of the independent non-executive directors. They were asked about their awareness and understanding of the Code, how it is implemented in practice and if they had any suggestions to improve the Code. In total there were 21 interviewees.

The major themes that emerged from the survey and the responses to the consultation process are summarised below. The RCG expresses its thanks to all those individuals who took the time and trouble to participate in the consultation.



## The main themes from the anonymous survey of Remuneration Committee Chairs

Appendix 1 provides detailed results, but the main findings are summarised below:

- 71% of respondents completed the survey for UK Main List companies, with the balance mainly AIM companies.
- 75% of respondents were aware of the Code prior to the survey and 58% had read it or been briefed on it, a slight decrease on 2020.
- Comfortingly, 100% of Remuneration Committee Chairs are happy that their remuneration advisor provides independent and objective advice.
- Remuneration Committee Chairs believe that the Code is helpful in many ways, and in particular 86% said that they are reassured by the fact that the advisor is a member of the RCG and adheres to the Code.
- When asked if they are comfortable and clear that their advisors are able to resist management pressure as and when necessary, 98% agreed.
- When asked which of nine considerations their advisor ensures the Remuneration Committee is mindful of when assessing executive pay, each consideration got a score of between 80% (impact on talent management and succession) and 97% (the relationship between executive pay and strategy and the company's legal and regulatory obligations including the Corporate Governance Code or equivalent).
- 94% said that the Remuneration Committee Chair and/or the committee as a whole meets alone with the advisors at least annually.
- 88% thought that the Code is helpful in establishing working practices with advisors.
- 96% had not received any unsolicited benchmarking in the last 12 months.
- In the light of the widening role of the Remuneration Committee 23% felt that some additional skills or input, such as pay in the wider workforce, gender pay, and ESG, are needed compared with the historic position.
- 96% believed that there are no additional matters which need to be reflected in the Code.

There were few other comments on the Code, but one respondent thought that the Code could be better known and promoted.

In addition to analysing responses from all survey participants, we compared the responses from Remuneration Committee Chairs of FTSE Main List companies with the responses from Remuneration Committee Chairs of other companies, in particular AIM companies. There were no significant differences between the groups.

## The main themes from the consultation process with Remuneration Committee Chairs and others

The key points raised in the consultation process were:

- Awareness varies on the Code but there were very few criticisms, with widespread support for it being principles based. There are few, if any, worries about ambiguity on who the consultant is working for, and the accuracy of advice.
- There is considerable dissatisfaction with risk-averse “one size fits all” outcomes on remuneration — although views vary on why this is. Some interviewees felt that consultants could show more courage, including being more robust with management.
- There is a greater role of internal expertise in larger companies; at smaller FTSE and AIM listed companies the external remuneration consultant is almost the sole source of information.
- There is recognition of a more complex landscape for Remuneration Committee decisions, particularly around the relationship with rewards throughout the organisation and ESG considerations, with some feeling that those developments are more challenging for advisors.
- There is some opportunity for greater formality around a member’s annual renewal of commitment to the Code and the RCG.
- Some interviewees thought it would be helpful for consultants to provide a brief summary of the principles of the Code to clients at least once a year (as typically provided by auditors).
- A number of interviewees thought the Code should be shorter, crisper and better presented or should at least have a summary.

- Some interviewees considered that it might be helpful if the Code addressed induction processes for new Remuneration Committee Chairs and other Non-Executive Directors, to ensure the processes include the Code and the company's remuneration history.

## Amendments to the Code

As a result of the review of the Code and the Board's consideration of the Code, it is proposed to amend the Code as set out below. The Code incorporating the amendments to be approved at the Members Meeting on 7 December 2023 is set out in Appendix 2.

The proposed amendments to the Code are:

- Include an executive summary to the Code.
- Encourage consultants to provide a brief summary of the principles of the Code to their clients annually.

In addition, while not requiring an amendment to the Code, we plan to introduce greater formality regarding each member firm's commitment to the Code and the RCG.

# The Review of the Effectiveness of the Code

As part of the review of the Code, the Board carries out an annual Review of the Effectiveness of its implementation, and summarises 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 2023

There were four main components of the assessment. This was similar to the approach taken in 2022:

- An anonymous online survey of employees engaged in executive pay consulting in the Member firms. The 2023 survey attracted responses from 197 individuals from member firms. In 2022, 204 responses were received. The survey questions and the responses can be found in Appendix 3.
- A questionnaire filled in by Practice Leaders in all of the Member firms. 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.
- Focus groups to hold a wide-ranging discussion with consultants with between three and six years' experience and a separate group for consultants with less than three years' experience.

- The identification of the number of FTSE All Share companies and AIM 100 companies which disclosed in their Directors' Remuneration Report (i) their Remuneration Consultant and (ii) that their Remuneration Consultant was a signatory to the Code.

## 1. The main themes from the anonymous survey of consultants at Member firms

Appendix 3 provides detailed results and shows the percentage responses from those who advise remuneration committees of UK Premium Listed companies and AIM listed companies. In 2022 we only analysed responses from those advising UK Premium Listed companies. Therefore, where appropriate we show separately an analysis of responses from those who advise at least one UK Premium Listed company Remuneration Committee to allow for an accurate comparison of 2023 with 2022 results. That said, the respondents advising UK Premium Listed Companies and those advising UK Premium and AIM companies is very similar. There were only four consultants who advised only an AIM 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 an AIM company and they were not required to complete the rest of the survey. Of the 197 respondents, 61% have been with their current employer for more than three years, 41% have more than nine years' experience of executive pay consulting, and 55% personally give advice to Remuneration Committees and attend their meetings.

A summary of the main findings from the 2023 survey responses from consultants irrespective of their experience as a remuneration consultant is set out below:

- 97% of respondents already knew that the Code existed, and 93% had read it, similar to 2022 (99% and 95% respectively).
- 85% of consultants received at least one session of formal training in the last 12 months (85% in 2022).
- 93% of consultants also received some informal training on the Code (95% in 2022), with 24% of consultants reporting that they received a lot of informal training (down from 36% in 2022).

- 64% of consultants felt that the training they received on the Code was very effective (down from 77% in 2022); 32% believed that the training was quite effective but could be improved (22% in 2022) and 4% said training was not effective, up from 0.5% in 2022. Suggestions for improvement in training by those who said training was not very effective included making it more interactive, using real life case studies and quizzes, more regular reminders of the Code's importance and introducing formal training where it does not already exist.
- 96% are always clear whether they are working for the Remuneration Committee or management (97% in 2022).
- 98% said that the Code covers all ethical issues in providing executive remuneration advice (100% in 2022).
- 99% of respondents said that the Code needs no further improvement, (100% in 2022).

The following are additional findings from the responses provided by consultants with at least six years' experience:

- 94% of respondents stated that their firm has periodic one-to-one meetings in person or virtually with Remuneration Committee Chairs without management present. 91% said that the meetings occur at least annually and 65% have meetings at which the Code is discussed.
- 87% of respondents stated that that they felt able to challenge management at Remuneration Committees when circumstances call for it, with 71% responding that they always did so.
- 93% of individuals stated that they always encourage clients to ensure pay is properly linked to the long-term performance of the business (91% in 2022) while 7% stated that it was done mostly (9% in 2022).
- 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 2022).
- When asked if they ensured advice is suitably linked to client strategy, 95% said they always do this (97% in 2022).

- When asked if they ensured that the Remuneration Committee was mindful of pay in the wider organisation, 89% said always, while 10% said that was mostly so, a similar result to 2022.
- When asked whether consultants encourage clients to consider the risks, including reputation, created by what could be judged excessive rewards, 95% said they always do (99% in 2022).
- 97% said that they always make the Remuneration Committee aware of the likely views of shareholders (the same as in 2022).
- 95% 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 and 5% say they mostly do this (98% and 2% respectively in 2022).
- 96% always ensure that their reports clarify where information is provided by management or from other consulting firms and 4% say they mostly do this, a very similar result to 2022.
- 95% always ensure that they are clear in their reports what is their firm's opinion and what is management's opinion, the same result as in 2022.
- 97% always ensure that their written advice is capable of being read and understood by the Remuneration Committee without their presence (95% in 2022).
- As in previous years, all respondents said that they had not been involved in sending unsolicited benchmarking in the past 12 months.
- 100% were clear that reasonable steps have been taken to ensure potential conflicts of interest are appropriately managed in accordance with the Code (99% in 2022).
- 98% 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 (a very similar result to 2022).
- In addition to analysing the responses from all consultants, we compared the responses from those who only advise UK Premium Listed companies with the responses from those who only advise AIM companies or advise both AIM companies and Premium Listed companies. There were no significant differences between the groups.

## 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:

- As in prior years, consultants become aware of the Code mainly through training. This includes training on induction as well as ongoing training, usually annually. Generally, this takes the form of an internal training session but in some cases this is augmented by the requirement to pass a multiple choice test or take part in an interactive survey. In one case, the firm uses a purpose-built online training module. In some cases, the quarterly RCG Board minutes are shared with the consulting team. Some firms make it practice policy to complete the annual RCG consultants survey.
- Firms ensure internal adherence and implementation of the Code in a variety of ways. In addition to training, typically, partners leading assignments are responsible for supervising consultants to ensure the Code is implemented and there is also often partner peer review. Other methods specified included aligning the Code's principles with the firm's internal Code of Conduct, mandatory training, conducting client portfolio reviews, not incentivising partners to cross-sell other services and making sure that they cannot be a client relationship partner for the provision on non-related services. One firm mentioned periodic contact with the internal risk team to monitor compliance with the Code.
- The responses about actions to manage conflicts included (in addition to those mentioned above) not accepting contingent fees (other than on an IPO), incentivising partners on the performance of the executive pay practice and not the wider firm and, where appropriate, putting in place ethical walls between client teams. In some firms there is a dedicated risk management team (outside the executive pay team) which assesses potential conflicts.



- Firms communicate to clients their obligations under the Code and raise awareness of the Code in many ways. Some firms annually contact Remuneration Committee Chairs to remind them of the Code and offer a meeting without management present. That said, discussion about the Code is usually part of a wider meeting. Communication about the Code also tends to occur when taking on a new client by including information about the RCG and the Code in pitch materials, proposals and engagement letters. In addition, where there is a new Remuneration Committee Chair, the Code is usually covered in the induction. This can sometimes also apply to management, such as Heads of Reward or Company Secretaries. Clients are encouraged by their advisers to disclose in the Directors' Remuneration Report that their advisor is a signatory to the RCG Code. Finally, no firms specified anything that could be done to improve communication with clients and the Remuneration Committee Chair and two firms said that they did not think that there is much room to improve communication.
- Firms ensure that unsolicited benchmarking is never done by methods including making it clear in training that this is not allowed and does not fit with the firm's culture and is not part of their marketing strategy, treating any breach as a disciplinary matter. One respondent said that this does not happen in the industry anymore.
- While some firms say that the Code has limited influence on their practices and behaviours because it has become embedded in the way that they carry on business and it dovetails with their internal Code of Conduct, most firms felt that it still matters. Examples given include acting as a reminder of the standards required around independence and objectivity, especially for new recruits who may not have experience in a professional services environment, acting as a reinforcer of messages given in-house and providing a broader industry-wide assurance which benefits all firms. There were no suggestions about how the Code could have more influence.
- Firms generally did not think there are barriers to the effective implementation of the Code, although one firm said that because it is common sense there could be a danger of complacency. Some firms said that Remuneration Committee Chairs are sometimes not fully engaged with the Code. One firm commented that they would try to do more to communicate about the Code more with Reward Directors and Company Secretaries in smaller FTSE companies.
- Most firms did not specify any particular items they will focus on to ensure improvement in awareness and compliance with the Code. A few firms said, however, that they would continue to focus on improving training.

- While Remuneration Committee Chairs and clients are happy the Code exists and that their adviser is a signatory, they do not tend to ask questions about it or the firm's compliance with it and do not provide feedback on it. However, they show more interest when there is a Request for Proposal and where there is an RFP companies wish to know that the advisor is a signatory to the Code.
- A few firms gave examples when the Code has helped resolve a situation with a client. In one case, the firm used the Code to facilitate seeing all the papers. It can also be a useful way of explaining independence issues to colleagues outside the executive pay team. An example was given where there was a difference of view between the client and adviser, and the company secretary asked the adviser to amend their commentary. The adviser told him that management should submit their own paper or should make it clear in the paper what was the adviser's opinion and what was management's opinion.
- Many firms do not have a risk and compliance function as such, but where there is one it seems that they often assess compliance with the Code and take account of the Code requirements when setting the framework for engagements.
- Firms do not apply the Code differently whether the client is a UK Premium Listed company or not, although one firm said that it would apply the Code in full where appropriate, such as larger AIM Listed companies or large private companies.

### 3. Disclosure

Based on the Directors' Remuneration Report disclosures in companies with a year-end between 1 June 2022 and 31 May 2023:

- Of the 95 FTSE 100 companies that disclose a named Remuneration Committee advisor, all of the lead advisors are signatories to the RCG Code and in 97% of those cases are disclosed as such (2022 survey – 95%).
- Of the 153 FTSE 250 companies that disclose a named Remuneration Committee advisor, all of the lead advisors are signatories to the RCG Code and in 93% of those cases are disclosed as such (2022 survey – 92%).
- Of the 92 FTSE Small Cap companies that disclose a named Remuneration Committee advisor, 99% of the lead advisors are signatories to the RCG Code and in 91% of those cases are disclosed as such (2022 survey – 91%).

- Of the 41 companies in the AIM 100 that disclose a named Remuneration Committee advisor, 95% of the lead advisors are signatories to the RCG Code and in 62% of those cases are disclosed as such (2023 is the first time we have analysed AIM companies).

*Note: Investment trusts have been excluded from the analysis.*

## 4. Focus Groups

As in previous years, two focus groups were held as part of the Review of the Effectiveness of the Code, one for consultants with less than three years' experience of remuneration consulting and the other for those with between three and six years. Each member firm was invited to nominate one attendee for each focus group. The main purpose of the focus groups was 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:

- Awareness of the Code, including training on it.
- The application of the Code and its effectiveness.

All the consultants were aware of the Code and most were very familiar with it, with initial training and regular updates. The kind of training varied between firms, but most participants said that they received formal training on the Code at least once a year. In addition, training on issues covered by the Code was often embedded into wider training. The consultants agreed that the Code 'came to life' in real life situations, making case studies, workshops and working with more senior colleagues very important. Some consultants felt the Code could be presented better and were interested to hear that similar feedback from last year's focus groups had been taken into consideration for the 2023 Review of the Code.

Participants generally felt that the Code was effective and some felt that it was especially useful for understanding their roles and the relationship between consultants, remuneration committees and management. Participants also felt that the Code was helpful where there are potential conflicts of interest and for managing clients.

Overall, the consultants said that the Code was fit for purpose and embedded in their firm's working practices and culture. It was felt that the Code works well as a set of principles, making it more flexible as new remuneration challenges arise (e.g. ESG, windfall gains, cross-border clients, AI) rather than trying to be too prescriptive.

## 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:

- Member firms to ensure all consultants receive at least one annual session of formal training on the Code, and consider how to improve the effectiveness of that training, such as making it more interactive or using case studies.
- Member firms to contact Remuneration Committee Chairs annually to remind them of the Code.
- Continue to raise awareness of the Code among member firms' clients and other stakeholders.

# Appendix 1 | Review of the RCG Code of Conduct 2023 – Main Consultation Survey of Remuneration Committee Chairs

Total responses: 80 (73 in 2020 survey). Please note that in some cases the responses to the question add to more than 100% because some individuals ticked more than one response

Question 1: Which types of organisation are you a Remuneration Committee Chair for? (tick all that apply)

Answer options	All responses %
a. FTSE 100	17.5
b. FTSE 250	41.2
c. FTSE SmallCap	26.2
d. Other UK Main list company	8.7
e. AIM listed company	28.8
f. UK Mutual or Co-operative	3.7
g. Large UK private company	10.0
Answered question	80

**Question 2: Which type of organisations are you completing this survey for? (tick once only).** Where an individual had more than one Remuneration Committee Chair appointment, he or she was asked to answer the survey questions for what he or she considered their primary appointment.

Answer options	All responses %
a. FTSE 100	16.2
b. FTSE 250	32.7
c. FTSE SmallCap	17.5
d. Other UK Main list company	5.0
e. AIM listed company	21.1
f. UK Mutual or Co-operative	2.5
g. Large UK private company	5.0
<b>Answered question</b>	<b>80</b>

*Note: If none of the answer options to Question 1 applied to him/her the individual was not asked to answer any further questions.*

**Question 3: Prior to this survey, were you aware that a Code of Conduct governing the activities of remuneration consultants existed?**

Answer options	All responses %
a. Yes	74.6
b. No	25.4
<b>Answered question</b>	<b>71</b>

**Question 4: Have you read the Code itself, been briefed on it or neither of these?**

<b>Answer options</b>	<b>All responses %</b>
a. Read and/or been briefed	57.7
b. Neither	42.3
<b>Answered question</b>	<b>71</b>

**Question 5: Overall, are you happy that your remuneration consultant provides you with independent and objective advice?**

<b>Answer options</b>	<b>All responses %</b>
a. Yes	100
b. No	0
<b>Answered question</b>	<b>71</b>

**Question 6: The Code sets out the role of executive remuneration consultants and the professional standards by which they advise their clients, whether their clients are Remuneration Committees or the executive management of the company. Has the Code been helpful in the following respects? (tick all that apply).**

<b>Answer options</b>	<b>All responses %</b>
a. It provides the basis for a conversation with the advisor to agree protocols.	31.9
b. I take reassurance from the fact that our advisor is a member of the RCG and adheres to the Code.	82.6
c. Being advised of other types of work being done by the firm or the company and on the advisor's own protocols to ensure independence and objectivity.	36.2
d. It helps to assess the performance of the advisors to the Remuneration Committee	26.1
e. Other (please describe)	8.7
<b>Answered question</b>	<b>69</b>

**Question 7: Are you comfortable and clear that your advisors to the remuneration committee are able to resist pressure from management on an issue as and when necessary?**

<b>Answer options</b>	<b>All responses %</b>
a. Yes	53.5
b. Yes (and have seen this in practice)	43.7
c. Sometimes	2.8
d. No	0.0
<b>Answered question</b>	<b>71</b>



**Question 8: Which of the following considerations does your remuneration advisor ensure the Committee is mindful of when assessing executive remuneration?**  
(tick 'yes', 'no' or 'not applicable' for each consideration)

Answer options	All responses %
<b>a. The relationship between executive pay and strategy</b>	
i. Yes	97.1
ii. No	2.9
iii. Not applicable	0.0
<b>b. The relationship between executive pay and the company's specific culture</b>	
i. Yes	87.9
ii. No	10.6
iii. Not applicable	1.5
<b>c. Likely shareholder and proxy advisors reaction</b>	
i. Yes	95.7
ii. No	0.0
iii. Not applicable	4.3
<b>d. Impact on talent management and succession</b>	
i. Yes	80.3
ii. No	12.1
iii. Not applicable	7.6
<b>e. The wider pay arrangements at the company</b>	
i. Yes	89.9
ii. No	4.3
iii. Not applicable	5.8

Answer options	All responses %
<b>f. The motivational impact on management</b>	
i. Yes	92.7
ii. No	5.9
iii. Not applicable	1.4
<b>g. The inflationary impact of benchmarking and the need to choose appropriate benchmarks</b>	
i. Yes	83.8
ii. No	10.3
iii. Not applicable	5.9
<b>h. The company's legal and regulatory obligations including the Corporate Governance Code or equivalent</b>	
i. Yes	97.1
ii. No	2.9
iii. Not applicable	0.0
<b>i. The ESG implications on pay</b>	
i. Yes	84.9
ii. No	10.6
iii. Not applicable	4.5
<b>Answered question</b>	<b>67</b>

**Question 9: What particular areas would you highlight where you see pressure placed on the independence of the advisor?**

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**Answered question**

**35**

*Comments: Most did not highlight any particular areas. Where they did, a variety of areas were mentioned, including where there is a need to motivate management, recruit and retain them, where advising on the likely reaction by shareholders to proposals, the design of equity awards and benchmarking.*

**Question 10: How often does the remuneration committee chair and/or the committee as a whole meet alone with the committee's advisors?**

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**Answer options**

**All responses %**

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a. At least annually

94.1

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b. Sometimes, but less than every year (please specify below)

5.9

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c. Never

0.0

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**Answered question**

**68**

*Comments: Where meetings are less than every year, respondents mentioned a meeting might happen in a policy review year or on an "as needs" basis.*

**Question 11: Overall, is the Code helpful in establishing working practices with your advisors?  
If the Code is not helpful, please say why.**

Answer options	All responses %
a. Yes	88.2
b. If the Code is not helpful, please say why	11.8
<b>Answered question</b>	<b>68</b>

*Comments: Among the very small number of respondents who said the Code is not helpful were a few who had not been aware of the Code and one who said that the Code principles are taken as given.*

**Question 12: 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 the sending of unsolicited benchmarking to clients and non-clients. Have you received any unsolicited benchmarking from a member of the RCG in the last 12 months?**

For ease of reference, the member firms are: Alvarez & Marsal, Deloitte, FIT, Remuneration Consultants, h2glenfern Remuneration Advisory, Korn Ferry, KPMG, Mercer, MM&K, PwC, Remuneration Associates and WTW.

Answer options	All responses %
a. Yes	4.3
b. No	95.7
<b>Answered question</b>	<b>70</b>

**Question 13a: Given the widening role of the remuneration committee, are there additional skills or inputs you need from your advisor compared with the historic position?**

Answer options	All responses %
a. Yes (please specify)	23.2
b. No	76.8
<b>Answered question</b>	<b>69</b>

*Comments: The additional skills or inputs cited include pay in the wider workforce, ESG, measurement of non-financial metrics, gender pay and assessing the risk that proposals will be voted down by investors.*

**Question 13b: Are there additional matters which need to be reflected in the Code?**

Answer options	All responses %
a. Yes (please specify)	4.4
b. No	95.6
<b>Answered question</b>	<b>68</b>

*Comments: Very few thought that there are additional matters which need to be reflected in the Code, although one respondent said that it might be helpful if there is an obligation on consultants to be transparent on who will be doing the work for the client.*

**Question 14: Do you have any other comments regarding the Code?**

<b>Answered question</b>	<b>18</b>
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*Comments: There were few other comments, although one respondent thought the Code could be better known and promoted.*

# Appendix 2 | Voluntary Code of Conduct in relation to Executive Remuneration Consulting in the United Kingdom (December 2023)

## Executive Summary

This Code of Conduct (the “Code”) clarifies the scope and conduct of the role of Remuneration Consultants when advising UK Listed companies. This executive summary serves as a brief reference point for the Code, which should be read in full and is set out below.

Executive remuneration in listed companies is set by Remuneration Committees made up of independent non-executive directors. The subject can be complex and technical which is why companies usually consult professional advisors for market knowledge and industry insight. Remuneration Consultants do not make decisions on pay – their advice is designed to support robust and informed decision making by the company and to help promote the long-term success of the company. It should take into account the company’s purpose, values and strategy; financial situation; the views of all relevant stakeholders; good practice; and the Board’s statutory duties (including those set out in the UK Corporate Governance Code). Remuneration Committees need to apply judgement in determining what is appropriate in all the circumstances and often need to balance competing viewpoints.

The Code has four fundamental principles: Transparency; Integrity; Objectivity; and Competence and due care. Good practice guidelines are provided to illustrate how the Code’s principles may be followed:

- **Transparency:** clear and transparent advice with relevant data presented objectively; initial and annual disclosures to the Remuneration Committee Chair on the scope and cost of work and information on internal protocols to mitigate any conflicts of interest.
- **Integrity:** Consultants should be straightforward and honest in all professional relationships; they have a duty to deal with matters fairly and openly.

- **Objectivity:** the Consultant should provide objective and impartial advice. It should be clear who the consultant is providing advice to (for example, whether it is the Committee or executive management) and there should be protocols in place to manage any conflicts of interest arising from other client relationships.
- **Competence and due care:** Consultants must maintain their knowledge at an appropriate level and carry out their work in a careful, thorough and timely manner.

The Code is voluntary but every Remuneration Consultants Group (“RCG”) member is required to provide training on it for all Consultants, and to write to the Chair of the RCG annually confirming their firm’s compliance with this requirement. The RCG carries out a formal review of the effectiveness of the Code once a year, and publishes a summary of its findings on its website.

## The Code: Background, Purpose and Scope

This Code of Conduct sets out the role of executive remuneration Consultants, the manner in which they conduct business and the standards of behaviour expected of them. It recognises that all substantive executive remuneration decisions are made by the appropriate governance bodies in the company, primarily Remuneration Committees and their Chairs. The Code was first published in 2009 and has been reviewed biennially until 2017 and triennially thereafter.

## The Role of Remuneration Consultants

Executive remuneration Consultants (“Consultants”) are business advisors who provide a professional and independent service to client companies (“Clients”), and in particular Remuneration Committees, by providing information, analysis and advice on the structure and levels of remuneration for senior executives. Their advice should support robust and informed decision making by the company on remuneration matters. It should be appropriate and in the best interests of the company, having due regard to the organisation’s purpose, values and strategy, financial situation, pay philosophy and culture; the views of all relevant stakeholders; and the Board’s statutory duties (including but not limited to those set out in the UK Corporate Governance Code and those referred to in Section 172 of the Companies Act 2006).

Their advice should fully take into account good practice and promote the UK Corporate Governance Code principle that pay should be designed to promote the long-term success of the company. The purpose of their input is to support robust and informed decision making by the company on remuneration matters. This is the case regardless of whether these are decisions of the Remuneration Committee or executive directors. Under the UK's unitary board structure, both share a common duty to promote the success of the company.

## Purpose

This Code is concerned primarily with the way in which Consultants, whether they be firms or individual practitioners, provide advice to UK listed companies on executive remuneration matters. For the purpose of this Code, these are matters which are recommended by the UK Corporate Governance Code to fall within the terms of reference of a company's Remuneration Committee. By definition, they include all elements of executive directors' remuneration, but those terms of reference may cover a much wider population and pay and conditions of the wider workforce.

It is recognised that, in the area of executive remuneration, there is the potential for real or perceived conflicts of interest in that:

- executive directors may have personal interests which the Remuneration Committee may consider out of line with the broader interests of stakeholders or the company as a whole.
- where advice is provided by Consultants to both the Remuneration Committee and management – whether in the area of executive remuneration or in other areas – it might be considered as being compromised (by the Consultant's own commercial interests or the potentially different interests or perspectives of those to whom the Consultant is providing advice).

This Code sets out ways in which these potential and/or perceived conflicts of interest can be minimised and thereby fosters shareholder and Remuneration Committee confidence in the integrity and objectivity of Consultants.

## Scope

It should be recognised that Clients and their Board committees will have their own governance codes and processes to assess quality and minimise conflicts.



This is a voluntary Code of conduct and statement of good practice. All firms which are signatories to the Code are expected to build it into their terms of business with clients and ensure that they and their consultants adhere to those terms.

The rest of this Code expands upon these fundamental principles and contains in the Appendix good practice guidelines on the ways in which these principles should apply.

As with the UK Corporate Governance Code, the principles and processes set out in this Code are intended to apply to work carried out for UK premium listed companies and, particularly, the FTSE 350. It is recognised that other organisations (for example AIM, larger unlisted companies and mutuals) may have different governance structures which means that not every aspect of this Code may be relevant. However, it is expected that the same values will be applicable when work is conducted for other organisations which are either not fully listed or do not have a primary listing in the UK.

The authors of this Code recognise that other professional advisors may give advice to Remuneration Committees from time to time (such as solicitors, executive search consultants and actuaries). The Code is not primarily concerned with firms acting in that capacity.

While the primary focus of the Code is on the provision of advice to Remuneration Committees, the fundamental principles of the Code should equally apply to Consultants advising on executive remuneration but not formally appointed by the Remuneration Committee (e.g. where advice is provided to the company's management rather than the Committee).

## Fundamental Principles

Consultants should comply with the fundamental principles of transparency, integrity, objectivity, competence, due care and confidentiality. They should also ensure that, whether or not part of a larger consulting group providing a wider range of services, their internal governance structures promote the provision of objective and independent advice. This Code is designed to be complementary to such governance structures and any other Codes relating to the professional bodies of which individual Consultants may be members.

## Transparency

The role of Consultants is not to make decisions for their clients but to assist them in making fully informed decisions. To that end, all substantive advice should be clear and transparent with relevant and appropriate data presented objectively.

Where the Consultant is formally appointed to advise the Remuneration Committee, there should be a clear commitment for the Consultant to make available to the Chair of that Committee an agreed set of disclosures at the outset of the engagement and then annually thereafter. This will include information on the scope and cost of work provided by the Consultant's firm to the company in addition to work provided to the Remuneration Committee. It will also include information on the internal protocols to mitigate any potential conflicts of interest.

## Integrity

Consultants should be straightforward and honest in all professional and business relationships. This implies a duty to deal with matters fairly and openly.

## Objectivity

It is important that the Remuneration Committee advisor is objective and impartial as the role of the Remuneration Committee Chair is challenging with many interested parties whose objectives and interests may differ. The Remuneration Committee Chair relies heavily on the Remuneration Committee advisor who can often be the only source of wholly independent advice.

Consultants should not allow conflict of interest or influence of others to override professional or business judgements and should ensure that they provide the best and most appropriate advice to the Client as possible. A key to managing such conflicts is to ensure clarity in identifying to whom the Consultant is providing advice, establishing the role expected of the Consultant and agreeing the processes and protocols to be followed.

Where the Consultant is appointed as principal advisor to the Remuneration Committee, the Consultant should have direct access to the Remuneration Committee Chair during the course of the engagement.

When the Consultant is appointed as a principal advisor to the Remuneration Committee, it is important to agree with the Chair of that committee and record, at the outset of the engagement, supporting protocols in order to safeguard objectivity. These are likely to cover the lines of communication between the Consultant and executive management at the Client.

The Consultant should also be mindful of the potential conflict arising from other client relationships, and draw these to the attention of the Remuneration Committee Chair as appropriate.

In addition, to manage potential conflicts of interest effectively:

- Consultants will not accept fees contingent on the introduction of new remuneration arrangements, or the remuneration package (s) agreed for executives.
- Consultants will not adopt the role of their firm's client relationship manager for the provision of non-related services while also advising the Remuneration Committee.

## Competence and Due Care

The principle of competence and due care means that Clients are entitled to have confidence in a Consultant's work and imposes an obligation on Consultants to maintain their knowledge at an appropriate level and carry out their work in a careful, thorough and timely manner.

## Confidentiality

Consultants should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose.

## Compliance

To ensure that all individual consultants within a firm comply with the Code, each firm will provide training and professional development for all Consultants which ensures that they are competent to consult within the framework of this Code. The lead Consultant at each member firm will write to the Chair of the RCG (“the Remuneration Consultants Group”) annually confirming his or her firm’s compliance with this requirement.

Each year the RCG will carry out a formal review of the effectiveness of the Code. This will be presented and discussed at the RCG’s AGM and a summary of the findings will be published on the RCG’s website. In carrying out the annual review the RCG will undertake a confidential survey of the individual Consultants in the member firms and assess any comments and complaints that have been brought to its attention during the year.

Where any person believes that a Consultant has breached the Code, they should report this to the member firm concerned. If they feel that the response is unsatisfactory, a complaint may be made to the Chair of the RCG who would then raise it at an appropriate level with the relevant firm. If the Board of the RCG is not satisfied with the response it receives from the firm, it may judge the firm to be in breach of the Code and where, in the opinion of the Board, the firm has failed to meet the standards of behaviour which it is reasonable to expect under the Code and has failed to make appropriate remediation, it may determine that membership of the RCG should terminate.

# Appendix: Good Practice Guidelines

These guidelines are provided to illustrate how the Code principles may be followed.

## General

1. The role of Consultants is to ensure that Clients are appropriately informed on remuneration matters. In fulfilling this role, Consultants should encourage Clients to:
  - ensure that pay is properly linked to the long-term performance of the business.
  - consider the full implications of their decisions. This should include but not be limited to helping Clients reach a rounded and balanced view and to be sensitive to the potentially inflationary impact of market data.
2. Consultants should 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.
3. Consultants should make the Remuneration Committee aware of the likely reaction to a company's proposed remuneration arrangements of shareholders and other key stakeholders and should encourage Clients to consider the risks created by what could be judged as excessive rewards.
4. Consultants should encourage the Remuneration Committee to take into account the wider company pay policy when taking decisions on executive remuneration.
5. Where appropriate, Consultants should seek to help Remuneration Committees to take into account talent and succession planning when making decisions on pay.

## Transparency

6. Reports prepared by Consultants should explain the context in which advice is provided and, when advising on potentially significant changes in policy, they should comment on how any proposals compare with good practice and published guidance.

7. Selection of an appropriate comparator group for benchmarking purposes requires careful judgement. Any report should be 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. It should also include commentary as to the Consultant's view regarding the appropriateness of the comparator group selected and any weaknesses of the data (both in terms of the comprehensiveness and the inclusion of potentially larger and/or more complex companies).
8. Reports and other written documents should identify the sources of information used.
9. It should be made clear where the Consultant is relying on information provided by management or elsewhere. Where the Consultant contributes to a joint report with management, it should be clear in the report what the Consultant's opinion is and what management's opinion is. Where there has been significant management input to proposals outside the Remuneration Committee, this should be made clear in the report.
10. Consultants should be careful to ensure that written advice is capable of being read and understood by the Remuneration Committee without the Consultant being present.
11. All appointments should be governed by an engagement letter between the Consultant and the Client which makes clear to whom the Consultant is providing advice, i.e., whether to the Remuneration Committee or the executive management of the company or otherwise.
12. There should be a clear understanding of the role the Consultant is expected to play when appointed to advise the Remuneration Committee and, specifically, whether the role is to be a principal advisor to the Remuneration Committee on a range of remuneration-related issues (as opposed to providing data or advice on an ad hoc basis or just on specific topics).
13. In order to be aware of and mitigate any potential conflicts of interest, when the Consultant is appointed as a principal advisor to the Remuneration Committee, the Committee Chair should agree with the Consultant a set of disclosures at the outset of the engagement and annually thereafter. The precise nature and frequency of the information to be provided should be agreed by the Consultant with the Chair of the Remuneration Committee. Information should be available on:

- the areas on which the Consultant is engaged to advise the Remuneration Committee and any areas where it has been agreed that the Consultant should not provide advice.
- the scope and cost of work provided by the Consultant's firm to the company, or senior executives of the company, in addition to work performed directly for the Remuneration Committee. The Consultant should report on an annual basis the approximate split of the value of the work done for the Remuneration Committee and for executive management to the Remuneration Committee.
- at least at a high level, of all the work that the Consultant's firm carries out for the Company.
- the safeguards in place to ensure that information provided by the Client are kept confidential and separate both from information of other clients and from other departments within the Consultant's wider firm.
- the Consultant's Code regarding ownership of, and dealing in, the shares of the Client companies.
- the way in which the personal remuneration of the principal Consultants engaged in advising on executive remuneration issues is affected, if at all, by the cross-selling of non-related services.
- the process for maintaining quality assurance, ensuring that work covered by this Code is kept independent of any other services provided by the Consultant's firm and for dealing with complaints.

In addition, Consultants are encouraged to send their Remuneration Committee Chair Clients a summary of the Code each year.

14. Consultants should encourage their Clients to include in their Directors' Remuneration Report a statement of whether they are using Consultants who are members of the RCG. Where a Client has more than one advisor to the Remuneration Committee, Consultants should also encourage their Client to disclose the role and the nature of advice provided by each.

## Integrity

15. When they are appointed as principal advisors to the Remuneration Committee, Consultants should alert the Chair of the Remuneration Committee when they become aware that their advice is being presented in the context of reports, communications or other information where they believe that the information is false or misleading or omits or obscures required information where such omission or obscurity could be misleading.
16. In relation to shareholders' engagement, the Remuneration Committee is responsible for explaining the Company's pay arrangements to shareholders and its Chair would normally be the principal point of contact for shareholders. Where Consultants are involved in this process, their primary responsibility should be to assist in the communication process, to set out the Remuneration Committee's proposals to shareholders and to represent fully to the Remuneration Committee all the views expressed to the Consultant in their capacity as agent for the Committee.
17. Consultants should market their services to both current and prospective clients in a responsible way and should maintain the professional standards set out in this Code in their marketing activities. In particular, bespoke pay benchmarking reports should not be sent to clients or non-clients on an unsolicited basis (although firms may send their general published surveys, including industry surveys, which do not specifically identify pay at a targeted company).

## Objectivity

18. When the Consultant is appointed as a principal Remuneration Committee advisor, there are a number of protocols and processes which should be established from the outset to ensure that the Consultant is able to provide best advice in a manner which meets the Remuneration Committee's requirements. These include:
  - agreeing a process to ensure that the Consultant has sufficient information to provide advice in context (which may be achieved by providing for the Consultant to receive copies of all or most Remuneration Committee papers and minutes, not just those relating to matters upon which he or she is specifically being asked for advice).



- advising the Remuneration Committee that it is expected that the Consultant would meet periodically privately with the Remuneration Committee Chair and/ or the Remuneration Committee as a whole, in order to review remuneration issues and any implications of business strategy development and market change, and to clarify appropriate arrangements for this company.
  - clarify the extent to which the Consultant should have access to and/ or provide advice to management (whether on remuneration matters or more generally and the protocols in place to avoid any conflicts from arising).
  - confirmation of the process by which any information and recommendations relating to the Chief Executive Officer and other executives are to be communicated to the Remuneration Committee and the manner and extent to which such information and recommendations should also be communicated to executive management.
  - agreement on the flow of papers and, in particular, whether draft papers may be sent to management to check facts and understanding of context prior to being sent to the Remuneration Committee Chair. In the absence of confirmation to the contrary, Consultants should not provide directly to an individual benchmark data relating to his or her own package.
  - agreement of an annual review of the Consultant's performance and of roles and responsibilities. This should be led by the Chair of the Remuneration Committee but may be initiated by the Consultant. The review of performance should also include an assessment of the extent to which there is a potential conflict of interest which may be perceived to affect the independence and objectivity of the advice provided, where, for example, the Consultant's firm provides other services to the Company or the work provided by the Consultant accounts for a significant proportion of the firm's total revenue.
19. When the Consultant is appointed as a principal Remuneration Committee advisor, management should be made aware that, as advisor to the Remuneration Committee, it would be expected that the Consultant should have direct access to the Committee Chair.

20. These protocols should be reviewed annually to ensure that any perceived or real conflicts of interest are dealt with. The Consultants and the Remuneration Committee Chair should also discuss whether and how the procedures and protocols in place should be described in the Directors' Remuneration Report. The Consultant (or another member of his or her firm) should offer to discuss the protocols with the Remuneration Committee Chair at least annually.

## Competence and Due Care

21. The right for Clients to have confidence in a Consultant's work means that if work which a Consultant considers necessary is precluded by cost or time constraints, then they should either decline to act or qualify the advice.
22. Where a Consultant is aware of any limitations in their advice, they should make their Client aware of such limitation.
23. Where a firm is the lead advisor to a client its Consultants should ensure that their Clients are kept informed about developments relevant to the field of executive remuneration.

# Appendix 3 | Review of the Effectiveness of the RCG's Code – Survey of Consultants

This survey is about how consultants at RCG's member firms advise Remuneration Committees of UK Premium Listed companies and AIM listed companies. Statistics shown in brackets represent the 2022 survey results where it is possible to compare the responses.

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. AIM listed companies may take a less stringent regulatory approach specifically tailored to the needs of growing companies. AIM companies are required to apply a 'recognised corporate governance code' and most apply the Quoted Companies Alliance Governance Code. Consultants were asked to answer the survey questions in the context of their current employer and in relation to advising UK Premium or AIM listed companies whichever type of company is more typical of the clients they advise.

The survey for all consultants splits questions into those for senior consultants and those for consultants of all grades, to ensure relevance.

**Total responses: 197** (204 in 2022), but a small number answered 'Neither (a) or (b)' to Question 1 and were excluded from completing the rest of the survey.

**Question 1: In your current role do you work on?**

<b>Answer options</b>	<b>All responses %</b>
a. At least one UK Premium listed company Remuneration Committee appointment	55.8
b. At least one AIM listed company Remuneration Committee appointment	2.0
c. Both a and b (at least one UK Premium listed and at least one AIM listed Remuneration Committee appointment)	39.1
d. Neither a or b	3.1
<b>Answered question</b>	<b>197</b>

**Question 2: Does your practice (the clients you advise) relate more to:**

<b>Answer options</b>	<b>All responses %</b>
a. UK Premium listed companies	95.1
b. AIM listed companies	4.9
<b>Answered question</b>	<b>184</b>

**Question 3: Are you the lead advisor on at least one Remuneration Committee appointment?**

<b>Answer options</b>	<b>All responses %</b>
a. Yes	32.6
b. No	67.4
<b>Answered question</b>	<b>184</b>

**Question 4: Did you complete this survey in 2022?**

<b>Answer options</b>	<b>All responses %</b>
a. Yes	77.7
b. No	22.3
<b>Answered question</b>	<b>184</b>

**Question 5: Which member firm do you work for?**

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

**Question 6: How many years have you been at your current employer?**

Answer options	Premium listed responses %	All responses %
a. Less than a year	17.2 (13.3)	17.5
b. Between 1 and 3 years	21.7 (25.5)	21.9
c. More than 3 years	61.1 (61.7)	60.6
Answered question		180
Answered question		183

**Question 7: How many years of executive pay consulting experience do you have?**

Answer options	Premium listed responses %	All responses %
a. Less than 1 year	13.4 (9.6)	13.7
b. Between 1 and 3 years	15.6 (15.4)	15.4
c. More than 3 and up to 6 years	12.9 (20.2)	13.2
d. More than 6 and up to 9 years	17.3 (11.7)	17.0
e. More than 9 years	40.8 (43.1)	40.7
Answered question		179
Answered question		182

Question 8: Do you personally provide advice to and attend Remuneration Committee meetings?

Answer options	Premium listed responses %	All responses %
a. Yes	55.6 (59.4)	55.2
b. No	44.4 (40.6)	44.8
Answered question		180
Answered question		183

Question 9: Prior to this survey, were you aware that a Code of Conduct governing the activities of remuneration consultancies existed?

Answer options	Premium listed responses %	All responses %
a. Yes	97.2 (99.5)	97.3
b. No	2.8 (0.5)	2.7
Answered question		181
Answered question		184

Question 10: Have you read the Code of Conduct?

Answer options	Premium listed responses %	All responses %
a. Yes	93.3 (95.2)	93.4
b. No	6.7 (4.8)	6.6
Answered question		180
Answered question		183

**Question 11: 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	Premium listed responses %	All responses %
a. Two sessions or more per annum	31.7 (32.6)	31.7
b. Only one session	53.3 (51.9)	53.0
c. None	15.0 (15.5)	15.3
Answered question 180		Answered question 183

**Question 12: 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	Premium listed responses %	All responses %
a. A lot	23.5 (36.2)	24.2
b. A little	69.3 (58.5)	68.7
c. None	7.3 (5.3)	7.1
Answered question 179		Answered question 182



**Question 13: Do you think the training you received was effective?**

Answer options	Premium listed responses %	All responses %
a. Very effective	63.1 (77.1)	63.7
b. Quite effective but could be improved	32.4 (22.4)	31.8
c. Not effective	4.5 (0.5)	4.5
Answered question 176		Answered question 179

*Those who answered (a) above were asked to say what made the training particularly effective. Those who answered (b) or (c) above were asked to explain their answer and how training could be improved. There were 61 responses.*

*Among the factors mentioned which made training particularly effective were real life examples (mentioned many times), clear and concise training on the Code and an online quiz to test knowledge. In contrast, respondents said that training could be improved by introducing such features, formal training (in the small number of cases where it does not already exist) and more regular reminders of the Code's importance, such as an additional refresher course during the year.*

**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	Premium listed responses %	All responses %
a. Yes	96.1 (97.3)	96.2
b. No	3.4 (2.7)	3.8
Answered question 179		Answered question 182

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

Answer options	Premium listed responses %	All responses %
a. Yes (please specify)	1.7 (0.0)	1.6
b. No	98.3 (100)	98.4
Answered question		181
Answered question		184

*Comments: There were only three responses, including the comment that consultants might have views on executive pay which are not shared by the client.*

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

Answer options	Premium listed responses %	All responses %
a. Yes (please specify)	0.6 (0.0)	0.5
b. No	99.4 (100)	99.5
Answered question		180
Answered question		183

*Comments: One respondent said that Remuneration Committee Chairs might find the Code too long and detailed.*

**Question 17: Do you have any other comments on the Code?**

Answered question	34
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*Comments: The vast majority did not have other comments on the Code, although one respondent wondered if the Code's reach might be extended outside the UK.*

## Additional questions for consultants with 6+ years' experience

(Consultants with 6+ years' experience, 54.8% of the total)

Question 18: In general, does your firm have periodic one-to-one meetings in person or virtually with client Remuneration Committee Chairs without management present (modified question for 2023)?

Answer options	All responses %
a. Yes – at least annually	90.5
b. Yes – less often than annually	3.8
c. No	0.0
d. Don't know	5.7
Answered question	105

**Question 19: Does your firm have periodic meetings with the Remuneration Committee (in person or virtually) in which the RCG Code of Conduct is discussed? (new question for 2023)**

<b>Answer options</b>	<b>All responses %</b>
a. Yes – at least annually	27.0
b. Yes – less often than annually	37.5
c. No	10.6
d. Don't know	24.9
<b>Answered question</b>	<b>104</b>

**Question 20: Do you feel able to challenge the views of management at Remuneration Committee meetings (when circumstances call for it) (modified question for 2023)?**

<b>Answer options</b>	<b>All responses %</b>
a. Always	70.5
b. Mostly	16.2
c. Sometimes	0.0
d. No	0.0
e. Not applicable	13.3
<b>Answered question</b>	<b>105</b>

**Question 21: Do you encourage your clients to ensure that pay is properly linked to the long-term performance of the business?**

Answer options	Premium listed responses %	All Responses %
a. Always	93.3 (91.3)	93.3
b. Mostly	6.7 (8.7%)	6.7
c. Sometimes	0.0 (0%)	0.0
d. No	0.0 (0%)	0.0
Answered question 104		Answered question 105

**Question 22: 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	Premium listed responses %	All responses %
a. Always	93.3 (96.1)	93.3
b. Mostly	6.7 (3.9)	6.7
c. Sometimes	0.0 (0.0)	0.0
d. No	0.0 (0.0)	0.0
Answered question 104		Answered question 105

**Question 23: 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	Premium listed responses %	All responses %
a. Always	95.2 (97.1)	95.2
b. Mostly	4.8 (1.9)	4.8
c. No	0.0 (0.0)	0.0
d. I am only involved in a limited aspect such as the provision of data	0.0 (1.0)	0.0
Answered question		104
Answered question		105

**Question 24: When advising a Remuneration Committee, do you ensure it is mindful of pay in the wider organisation?**

Answer options	Premium listed responses %	All responses %
a. Always	89.3 (90.3)	89.4
b. Mostly	9.7 (8.7)	9.6
c. Sometimes	1.0 (1.0)	1.0
d. No	0.0 (0.0)	0.0
Answered question		103
Answered question		104

Question 25: Do you encourage clients to consider the risks, including reputation, created by what could be judged excessive rewards?

Answer options	Premium listed responses %	All responses %
a. Always	95.2 (99.0)	95.2
b. Mostly	4.8 (1.0)	4.8
c. Sometimes	0.0 (0)	0.0
d. No	0.0 (0)	0.0
Answered question		104
Answered question		105

Question 26: 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	Premium listed responses %	All responses %
a. Always	97.1 (97.0)	97.1
b. Mostly	2.9 (3.0)	2.9
c. No	0.0 (0.0)	0.0
Answered question		104
Answered question		105

Question 27: 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	Premium listed responses %	All responses %
a. Always	95.2 (98.0)	95.2
b. Mostly	4.8 (2.0)	4.8
c. No	0.0 (0)	0.0
Answered question		104
Answered question		105

Question 28: Do you ensure that your reports clarify where information is provided by management or from other consulting firms?

Answer options	Premium listed responses %	All responses %
a. Always	96.2 (97.1)	96.2
b. Mostly	3.8 (2.9)	3.8
c. Sometimes	0.0 (0)	0.0
d. No	0.0 (0)	0.0
Answered question		104
Answered question		105



**Question 29: Do you ensure that you are clear in your report what is your firm's opinion and what is management's opinion?**

Answer options	Premium listed responses %	All responses %
a. Always	95.2 (95.1)	95.2
b. Mostly	4.8 (4.9)	4.8
c. No	0.0 (0.0)	0.0
Answered question 103		Answered question 104

**Question 30: Do you ensure that your written advice is capable of being read and understood by the Remuneration Committee without your presence?**

Answer options	Premium listed responses %	All responses %
a. Always	97.1 (95.1)	97.1
b. Mostly	2.9 (4.9)	2.9
c. No	0.0 (0.0)	0.0
Answered question 103		Answered question 104

Question 31: 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	Premium listed responses %	All responses %
a. Yes	0.0 (0.0)	0.0
b. No	100.0 (100.0)	100.0
Answered question 104		Answered question 105

Question 32: 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?

Answer options	Premium listed responses %	All responses %
a. Yes	100.0 (99.0)	100.0
b. No	0.0 (1.0)	0.0
Answered question 103		Answered question 104

Question 33: 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?

Answer options	Premium listed responses %	All responses %
a. Yes	1.9 (1.1)	1.9
b. No	98.1 (98.9)	98.1
	Answered question 104	Answered question 105

