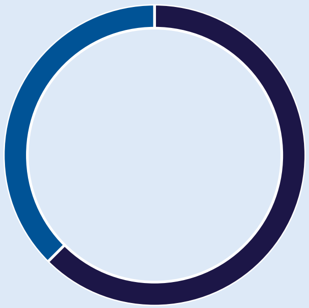
Governance report

Board of Directors

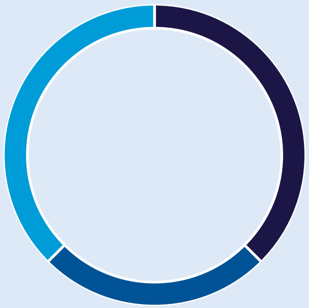
Our board at a glance

Gender[(1)]



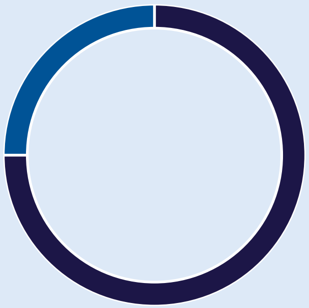
Male	5
Female	3

Tenure[(1)]



1-3 years	3
4-5 years	2
6+	3

Independence[(1)]



Independent	6
Non-independent	2

Board and committee attendance

Board member	Board	Audit Committee	Responsible Business Committee	Nomination Committee	Remuneration Committee	AGM
Mark Clare	●●●●●●●	●●●●	●●	●●	●●●●	●
Graham Ritchie	●●●●●●●	●●●●	●●	●●	●●●●	●
Judith Cottrell	●●●●●●●	●●●●	●●	●●	●●●●	●
Russell King	●●●●●●●	●●●●	●●	●●	●●●●	●
Malin Persson	●●●●●●○	●●●○	●●	●○	●●●●	●
Jack Boyer OBE	●●●●●●○	●●●●	●●	●●	●●○○	○
Bill Spencer	●●●●●●●	●●●●	●●	●●	●●●●	●
Laurie Bowen	●●●●●●⚪	●●●●	●●	●●	●●●●	●
Ian Gibson	●●⚪⚪⚪⚪⚪	●●⚪⚪	⚪⚪	●⚪	●●⚪⚪	⚪

● = attended   ○ = did not attend   ⚪ = not applicable

(1) Chart includes Laurie Bowen, who resigned 31 May 2024, and excludes Ian Gibson, who resigned from the board in September 2023, and the General Counsel and Company Secretary.

Mark Clare

Chair

Appointed November 2022

B N R

Mark brings to Ricardo substantial plc-level experience. He is currently Non-Executive Chair of Grainger plc, a UK-based residential property business listed on the London FTSE 250 index and is a Senior Independent Director of Wickes Group plc and a Non-Executive Director of Premier Marinas Holdings Limited.

Graham Ritchie

Group Chief Executive Officer

Appointed October 2021

E B

Graham started his career with PwC, going on to hold a number of senior financial positions at T-Mobile, BT Group plc and Intertek.

Immediately prior to joining Ricardo, Graham was a member of the Intertek Group plc Executive Committee responsible for its operations in Europe, including Russia, and Central Asia.

Graham has no external appointments.

Board of Directors continued

Judith Cottrell

Chief Financial Officer

Appointed September 2023

E B

Judith has over 20 years' experience working in senior financial and operational roles. She was previously the Group Finance Director for RPS and, prior to that, she held various senior roles within the company, including Chief Executive of RPS's UK & Ireland consulting business and Group Strategy Director.

Judith has no external appointments.

Russell King

Non-Executive Director

Appointed September 2019

A B N **R**

Russell served as Chief Strategy Officer at Anglo American plc where he had global responsibility for strategy, business development, government relations, safety and sustainable development. He was also a member of its Executive Committee for eight years. Russell is currently a Non-Executive Director at J Murphy and Sons Ltd.

Malin Persson

Non-Executive Director, Senior Independent Director

Appointed 2016

A **B** N R

Malin is the nominated Non-Executive Director for Workforce Engagement and Responsible Business. She has held a number of senior executive roles at Volvo Group and is an elected member of the Royal Swedish Academy of Engineering Sciences. Malin is currently a Non-Executive Director of Peab AB, Getinge AB, Hexpol AB, OX2 AB, and Absolent Air Care Group.

Jack Boyer OBE

Non-Executive Director

Appointed September 2019

A B N R

Jack is a Non-Executive Director and Senior Independent Director of TT Electronics plc and member of the Audit, Remuneration and Nomination Committees. Jack is also a Non-Executive Director of Bela Holdings AG, and a non-executive board member at the Department for Education.

Jack resigned from the board in July 2024.

Bill Spencer

Non-Executive Director

Appointed April 2017

A B N R

Bill served as CFO of Intertek Group plc. Since then he has developed a varied non-executive career. His former Non-Executive Director roles, where he also chaired the Audit Committee, include UK Mail plc, Exova Group plc and Northgate plc.

Laurie Bowen

Non-Executive Director

Appointed July 2015

A B N R

Appointed Non-Executive Director in July 2015 and stepped down from the board in May 2024 after nine years.

Harpreet Sagoo

General Counsel and Company Secretary

Appointed 2023

E

Harpreet is Group General Counsel and Company Secretary for Ricardo plc. She began her career with Marconi Telecommunications, where she qualified as a lawyer in 2002. She has held several senior legal positions internationally, primarily within the technology sector, from listed companies to the start-ups.

Read the full biographies of our board members on our website.

www.ricardo.com/en/who-we-are/our-leadership

Key to committee membership

A Audit Committee N Nomination Committee B Responsible Business Committee R Remuneration Committee E Executive Committee ■ Chair of the Committee

Corporate governance statement

On behalf of the board, I am pleased to present the Ricardo governance report for the financial year 2023/24

Mark Clare | Chair

Board overview

As a board, our role is to ensure effective leadership of the Company and to ensure its long-term success.

This report sets out our approach to corporate governance and how the board contributes to the development and delivery of Ricardo's strategy.

The board provides leadership by approving the strategy of the Company and by overseeing its implementation by management. It also monitors the culture within the Company to ensure that it supports the agreed purpose and values. The board has responsibility for managing risk and monitoring financial and operational performance against targets set.

Strategy and operations

FY 2023/24 has been a busy year across the Company as we continue to execute our strategy and reshape the organisation to achieve our ambition and optimise operations. This has not been without its challenges and in the past 12 months we have seen the Company make hard choices as we improve operational performance and align the businesses to the agreed strategy. We are pleased with the performance of the acquisitions made in FY 2023/24 and continue to believe that a combination of organic growth and acquisitions will deliver the longer-term ambitions of the Group.

Engaging with our stakeholders

With every decision we make as a board, we consider the impact that this could have on all our stakeholders and see effective engagement with these groups as a critical part of our business success. Our key stakeholders include our colleagues, clients, shareholders, suppliers and the communities in which we operate.

Our stakeholder engagement (page 42) and Section 172 statement (page 84) explain how the Company and the board have engaged with these groups throughout the year and discharged their duties.

Our people and culture

Ensuring a strong and consistent culture is an important part of achieving our ambition and making sure that Ricardo is a fulfilling place to work. The board consistently monitors culture through our annual colleague survey, ad hoc engagement with team members, and through our 'Meet the board' sessions. Through my interactions, I am continually impressed by the passion and the clear drive of our team members to see Ricardo succeed. The board is firm in its belief of the importance of two-way communication to improve culture and ways of working and it will continue to encourage open and frank conversations as we transform the Company.

Responsible business

Thinking and acting sustainably is central to who we are at Ricardo. This year has seen progress in our environmental, social and governance sustainability agendas, driven by the board's Responsible Business Committee. In FY 2024/25 we are expecting to see further development in this area, led by the Committee. We have also seen a significant amount of engagement with community groups, with a focus on encouraging the next generation of STEM professionals. As a science and engineering-based business, we understand the importance of encouraging STEM careers, and hope through our community actions and DEI strategy to encourage people from diverse backgrounds to enter this field.

For more information on our approach towards responsible business please see page 44.

Corporate governance statement continued

Board evolution

We're fortunate to have a board that is constructed of people with a wide range of backgrounds and experiences, who are dedicated to the success of the Company as well as creating long-lasting impactful change. This breadth and depth of knowledge and experience is something that we will continue to expand upon as the board evolves, ensuring diversity of thought as well as the right experiences and values.

In the past year we have said farewell to Laurie Bowen after nine years of service, and have announced the departure of Jack Boyer who has served for five years. Bill Spencer also announced his retirement in FY 2023/24, finishing with the board at the FY 2024/25 AGM in November.

To these board members, I would once again like to give my thanks, for their commitment and significant contribution over their time with the Company. I am delighted to have welcomed Carol Borg to the board from July 2024, and to have announced Sian Lloyd Rees's appointment to the board, starting 1 October 2024, and look forward to working with them and the other board members to ensure the Company delivers on its strategy.

Looking ahead

The path ahead is an exciting one for Ricardo; we are transforming the Company in response to the challenges of our time and bringing value to all our stakeholders whilst achieving our vision of creating a safer, more sustainable world. Into the third year of our strategy, we will continue to optimise our operations, increase our services and deliver excellence to our clients whilst taking the actions necessary to achieve our ambition for the Company.

To our colleagues

On behalf of myself and the board, I would like to finish with a sincere note of thanks to our colleagues at every level of the organisation. This year has seen many successes and challenges, and your effort, passion and resilience has enabled the Company to make the progress it has.

Mark Clare
Chair

10 September 2024

The structure of the board

The board

Responsible for defining the Company's purpose, setting a strategy to deliver it, and monitoring values and behaviours that shape how the Company conducts its business and its culture. The board has several matters reserved for its consideration and delegates other responsibilities to its board and management committees as appropriate.

Board committees

Audit Committee

Responsible for overseeing the financial reporting process, significant accounting judgements and estimates, the Company's ethics and compliance programme, financial and compliance controls, and risk management.

Nomination Committee

Responsible for advising on succession matters and talent management for the board, Executive Committee and senior management.

Remuneration Committee

Responsible for recommending the policy for the remuneration of the Chair, Executive Directors and the Executive Committee members, in the context of considering the pay and conditions of the wider workforce.

Responsible Business Committee

Responsible for promoting the long-term sustainable success of the Company with regard to environmental, social and governance matters.

The Disclosure Committee was closed on 31 January 2024. All events requiring disclosure or possible disclosure were discussed by the board and the General Counsel through emergency meetings held throughout the year.

Management committee

The board has the following management committee:

Executive Committee
Responsible for the day-to-day management of the Company's operations.

Corporate governance statement continued

Corporate Governance Code statement of compliance

As a UK premium listed company, Ricardo plc is expected to comply or explain any non-compliance with the 2018 UK Corporate Governance Code, published by the FRC and available on its website, **www.frc.org.uk**.

The board considers that the Company complied fully with the provisions and principles as set out in the Code throughout the year ended 30 June 2024.

Reporting in accordance with the 2018 UK Corporate Governance Code

The 2018 UK Corporate Governance Code (the Code) sets out the Company's approach to governance. The following table shows where shareholders can evaluate how the Company has applied the principles of the Code and where key content can be found in this report.

Board leadership and division of responsibilities

Board and Executive Committee structure

The board and its committees oversee and manage the governance of the Company, and provide a mechanism to approve, review, challenge and monitor the strategies, policies and codes of conduct and behaviours through which the Company operates. The terms of reference of the committees, and the matters reserved to the board, can all be found at **www.ricardo.com/en/investors/corporate-governance.** The structure and responsibilities of the boardand its committees are set out below.

Board and committee attendance in FY 2023/24

	Board (scheduled)	Audit Committee	Nomination Committee	Remuneration Committee	Responsible Business Committee	AGM
Laurie Bowen(1)	6/7	4/4	2/2	4/4	2/2	Y
Jack Boyer(2)	6/7	3/4	2/2	2/4	2/2	N
Mark Clare	7/7	4/4	2/2	4/4	2/2	Y
Judith Cottrell	7/7	4/4	2/2	4/4	2/2	Y
Ian Gibson(3)	2/7	2/4	1/2	2/4	n/a	n/a
Russell King	7/7	4/4	2/2	4/4	2/2	Y
Malin Persson	6/7	3/4	1/2	4/4	2/2	Y
Graham Ritchie	7/7	4/4	2/2	4/4	2/2	Y
Bill Spencer	7/7	4/4	2/2	4/4	2/2	Y

(1) Laurie Bowen resigned from the board on 31 May 2024.
(2) Jack Boyer resigned from the board on 31 July 2024.
(3) Ian Gibson departed Ricardo in September 2023.

Directors who are unable to attend meetings continue to receive papers in advance of the meeting and have the opportunity to discuss them with, and provide comments to, the relevant Chair or General Counsel and Company Secretary and feedback is provided on any decisions made at the meeting.

Corporate governance statement continued

Board activity

Other key areas of focus for the board and the stakeholders that it considered in its discussions and decisions.

People and culture

Stakeholders considered

- Received regular updates on workforce matters including health and wellbeing, recruitment and attrition rates, gender pay gap, and employee engagement activity. Reviewed the results of the employee engagement survey
- Succession planning for the board, the Executive Committee and senior management including the approval of the succession of the Chief People Officer. The board has invested in recruiting new Non-Executive Directors who are able to bring industry expertise and diversity of thought to its current composition
- Supported management with the further development of a Company-wide diversity, equity and inclusion programme

Financial performance

Stakeholders considered

- Received regular updates on the Group's financial performance including its cash management and conversion, working capital, profits and costs, and the management of clients, suppliers and operations
- Considered and approved the FY 2023/24 and FY 2024/25 budget following review of progress against the prior year budget
- Approved the Annual Report, interim and full/half-year results presentations
- Considered and approved the Group's going concern and viability statements
- Considered and approved dividend payments
- Considered and assessed the efficacy of the Group's capital allocation model

Strategy review

Stakeholders considered

- Received regular updates from the CEO on progress executing the Group's strategy, to become a leading environmental and energy transition consultancy, including reviews of the market and updates on investor relations
- Reviewed progress against the 2022-27 five-year plan. Carried out strategy reviews of the businesses within the Group
- Oversight of M&A activity: including updates on acquisition and divestiture activities at each scheduled board meeting
- The board continues to prioritise investment on decarbonisation and the net zero agenda with a focus on electrification and hydrogen, whilst continuing to support the transition away from fossil fuel-based internal combustion engines. The board plans to achieve this through a combination of organic growth and a programme of focused acquisitions
- The board considers that this renewed focus on strategy will positively impact all of our stakeholders and the long-term health of the business

M&A

Stakeholders considered

- Received updates on the progress made to become a leading environmental and energy transition consultancy and to prioritise investment on the decarbonisation and net zero agenda and ensured that the Group's stakeholders were considered during this process
- Considered and assessed each of the Group's M&A activities where board approval was required
- Received regular updates on integration progress in respect of previous acquisitions into relevant business units to drive synergy savings and expertise

Governance and ethics

Stakeholders considered

- Established a clear framework for the RBC ensuring the promotion of long-term environmental, social, health and safety, and governance matters
- Reviewed and approved the appointment of an external third-party board evaluation to build upon the agreed deliverables of the 2023 internal board evaluation. The conclusion of the board evaluation is still pending at the point of publishing
- Reviewed and approved the matters arising to the board
- Received updates on ongoing litigation matters and key legal and regulatory topics
- Received updates on the ethics and compliance programme and reviewed concerns raised through the Group's confidential Speak Up helpline

Key to board activity

Clients Communities Shareholders Colleagues Suppliers and partners

Corporate governance statement continued

Overseeing the Group's culture

Purpose and culture

The board is committed to maintaining an open and ethical culture at Ricardo and believes this is of significant importance to the success of the Group. Our Code of Conduct and our values – Create Together, Be Innovative, Aim High and Be Mindful – provide the framework within which we expect all of our employees to operate ethically and with integrity and provide solutions for our clients and other stakeholders.

Our purpose is to enable our clients to solve the most complex and dynamic challenges to help achieve a safe and sustainable world. Our values focus on the right behaviours to support our vision and purpose:

Create together	Aim high
Be innovative	Be mindful

The board and culture

The board has continued to consider the culture at Ricardo and the activities of the board during FY 2023/24, which includes:

- Engaging with employees at Meet and Greet board events
- Employee engagement workshops led by Malin Persson, which are discussed and reviewed in the Responsible Business Committee
- Reviewing the feedback from the annual Group employee engagement survey
- Regular reviews with the Group People Director to understand employee retention and the reasons why employees join and leave the Company
- Regular reviews of ethics cases reported to the Company's confidential Speak Up helpline
- Reviews of the Company's diversity, equity and inclusion programme
- Reviews of feedback from clients and suppliers including through Voice of the Client and feedback from the annual client engagement survey

Board effectiveness

Informed decision making

The Chair is supported by the General Counsel and Company Secretary in ensuring the dissemination of accurate, timely and clear information to the board, allowing it to function effectively and efficiently. The General Counsel and Company Secretary is responsible for compliance with appropriate laws and regulations and is available to support all of the Directors.

Directors may solicit independent professional advice at the Company's expense where specific expertise may be required to effectively discharge their duties. The board has undertaken Directors training sourced through its legal external advisors to ensure that their skill set remains relevant for the Group's activities. The board includes the CEO and the CFO as Executive Directors who are directly responsible for business operations. The Non-Executive Directors use their independent and objective judgement in making informed board decisions.

Training and development

The development of Directors is essential to Ricardo, and new Directors receive a formal induction plan ensuring access to the business leadership team. The General Counsel and Company Secretary works closely with the Chair to understand any specific training requirements. In FY 2023/24, two formal training sessions were held, focusing on Directors' roles and responsibilities and horizon scanning.

Board evaluation

An effective board is critical to the success of Ricardo. To ensure that the board continues to operate as effectively as possible, this year the board undertook an external evaluation of its capabilities carried out by Board Alchemy and facilitated by the General Counsel and Company Secretary. In summary, it was concluded that notwithstanding the extent of change, the board and its committees operated effectively. The retirements from the board have provided an opportunity to review and revise board composition to support the strategic growth goals of Ricardo. In line with the values of Ricardo it was noted that the meetings were chaired in an inclusive way, enabling open discussions.

The evaluation made several minor suggestions, and some specific recommendations which are now being taken forward by the board of which the most significant were:

1. To continue providing opportunities for board members to build upon relationships given the changes in the past 12 months
2. To continue the focus on ethnic diversity for future Non-Executive Director recruitment
3. To ensure board discussions continue to strike the right balance between driving short-term performance and longer-term strategy

In response, the Nomination Committee will continue to evaluate diversity of skills on an annual basis and address any gaps through training or recruitment opportunities.

Workforce engagement activity

The Company activity for workforce engagement is part of a programme to establish meaningful and regular dialogue with the workforce to capture key insights and bring the employee voice into the boardroom; the programme supports the requirement of the UK Corporate Governance Code in this area.

Corporate governance statement continued

Workforce engagement activity continued

Malin Persson is the board member responsible for workforce engagement and was appointed to this role in September 2020. The board recognises the importance of having clear lines of communication with the workforce and is pleased with how the Workforce Engagement Director continues to strengthen these links and the role that she plays in doing so. Ricardo promotes a transparent feedback culture which it believes facilitates growth for both employees and the Company.

The workforce engagement activities undertaken in FY 2023/24 were varied and included the following:

- Members of the board meeting with senior leadership teams of the business units at board dinners
- Members of the board presenting at business unit senior leadership team meetings
- Members of the board presenting at the Company's leadership conference and awards ceremony
- Malin Persson attended the Company's DEI forums for fireside chats. It is planned that Mark Clare will be invited to similar sessions in FY 2024/25
- Malin Persson conducting on-site workshops with employees at various business locations
- The board being kept updated on feedback received from the Group employee engagement survey
- The board receiving regular feedback from those Directors who had taken part in workforce engagement activity throughout the year

Board Connections experience

"It was good to know that the higher management wants to understand more about their business from junior employees who recently joined. We were asked questions on favourite part of working with Ricardo, what the company can improve on and if we see ourselves working here in the long run. It was nice to know that our opinions and voices matter too."

Shaifali Sood, Analyst Consultant

Board composition

As at 30 June 2024, the board had seven Directors – following the departure of Laurie Bowen in May 2024 – comprised of four Non-Executive Directors, in addition to the Chair and two Executive Directors. The charts on pages 86-87 and the table to the right provide details of each of the Directors, as well as some information on gender and nationality split and also on overboarding scores. There were no related party transactions involving any board member in FY 2023/24.

Board changes

Ian Gibson retired from the board at the end of September 2023, with Judith Cottrell joining the board on 1 July 2023 as Chief Financial Officer. Laurie Bowen retired from the board on 31 May 2024. Jack Boyer retired from the board on 31 July 2024. Bill Spencer announced his retirement from the board and will stand down following the AGM in November 2024.

Ricardo welcomed Carol Borg to the board on 1 July 2024, and looks forward to welcoming Sian Lloyd Rees on 1 October 2024.

Directors' overboarding scores[1]

	Number of board members	Percentage of the board
1 mandate	2	25%
2 mandates	1	13%
3 mandates	3	36%
4 mandates	—	— %
5 mandates	1	13%
6 mandates	1	13%

(1) Based on the 2021 ISS Guidance, which classifies any person with more than five mandates at a listed company as being overboarded. A Non-Executive Directorship counts as one mandate, a Non-Executive Chairmanship counts as two mandates and a position as an Executive Director (or comparable role) counts as three mandates.

Board representation[1]

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number of executive leaders	Percentage of executive leaders
Sex/gender representation					
Men	5	75%	2	6	55%
Women	3[2]	25%	2	5	45%
Not specified/prefer not to say	—	—	—	—	—
Ethnicity representation					
White British or other White (including minority-white groups)	8	100%	4	10	89%
Mixed/Multiple Ethnic Groups	—	—	—	—	—
Asian/Asian British	—	—	—	1	11%
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

(1) The gender and ethnicity data for the board and other management groups was captured through a combined process of self-report where the data is not already captured in our HR systems.

(2) Laurie Bowen resigned 31 May 2024.

Corporate governance statement continued

Election and re-election of Directors

The Nomination Committee considered a number of factors in considering the election and re-election of Directors, including:

- The tenure and independence of each of the Directors
- The results of the individual evaluation process
- The skills, capabilities and relevant market experience of the Directors
- The other external appointments held by the Directors

Any potential or actual conflicts of interest were also considered which allowed the board to assess if any circumstances are likely to, or could, impair a Non-Executive Director's independence. Following the Nomination Committee's recommendation, the board has concluded that all Non-Executive Directors being recommended for election and re-election are considered to be independent.

Time commitments and external appointments

On appointment, Directors declare external directorships and any actual or potential conflicts of interest and these are reviewed annually by the Committee. Any external appointments are considered and approved by the Chair following careful consideration of the impact on the individual Director's ability to meet the necessary time commitments. The Company reviews and records any conflicts of interest, evidence of any situational or transactional conflicts, and Directors' shareholdings.

Diversity

The board continues to actively encourage the promotion of diversity in its composition as per the recommendations issued by the FTSE Women Leaders Review and the Parker Review.

The FTSE Women Leaders Review has set the following targets for FTSE 350 boards and leadership teams:

- 40% of FTSE 350 board and leadership positions should be held by women by the end of 2025
- FTSE 350 companies should have at least one woman appointed as chair, senior independent director (SID), CEO or CFO by the end of 2025

Although we did not achieve these targets by 30 June 2024, the board is proud to declare that it achieved a 50/50 gender spilt, with the appointment of Carol Borg on 1 July 2024.

The board regrettably has not been able to meet the targets set by the Parker Review, for FTSE 250 companies to have at least one member of the board from an ethnic background. This is a result of limited opportunities to drive personnel change. However, as opportunities arise the board will seek to address this. The board has been kept up to date on the progress made holistically across the Company with regard to DEI and is supportive of the action plan.

Directors' tenure

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 July 2024

	Appointed	Tenure
Mark Clare	November 2022	2 years
Malin Persson	January 2016	8 years
Laurie Bowen resigned May 2024	July 2015	9 years
Bill Spencer	April 2017	7 years
Jack Boyer resigned July 2024	September 2019	5 years
Russell King	September 2019	5 years
Graham Ritchie	October 2021	3 years
Ian Gibson resigned September 2023	July 2013	10 years
Judith Cottrell	July 2023	1 year

Chair Non-Executive Director Executive Director

Nomination Committee report

In my position as Chair of the Nomination Committee, I am pleased to be sharing this year's Nomination Committee report

Mark Clare | Chair of the Nomination Committee

Introduction

During FY 2023/24 the Nomination Committee held two meetings and attendance at those meetings is recorded on page 90. The Committee's work has focused on understanding the executive management succession plan and filling any gaps identified in the current board composition with focused recruitment of new Non-Executive Directors.

The Committee's terms of reference can be found at **www.ricardo.com**.

Composition of the Committee and attendance

In accordance with the UK Corporate Governance Code, the Nomination Committee comprises a majority of independent Non-Executive Directors.

The Committee members and their biographies can be found on pages 86-87. The Group People, Team and Organisation Director regularly attends meetings of the Committee.

Role of the Committee

The Nomination Committee is responsible for corporate governance and succession planning, including leading the process for board appointments and reviewing the appropriateness of the size, structure and composition of the board. The Committee is also responsible for succession planning for senior executives of the Company. In fulfilling its responsibilities, the Committee evaluates the balance of skills, experience, independence and knowledge of the members of the board. The board values diversity in all of its forms and takes this into account when recruiting new board members. The gender balance of the board and those in senior executive roles can be found on page 93.

The key responsibilities of the Committee are:

- Reviewing the structure, size and composition of the board
- Undertaking succession planning for Directors and senior executives
- Evaluating the balance of skills, knowledge and experience on the board
- Leading the process for board appointments and nominating for the approval of the board candidates for appointment as Directors
- Reviewing and refreshing membership of board committees
- Undertaking the annual review of Directors' independence
- Assessing whether Directors are able to commit enough time to discharge their responsibilities
- Reviewing the induction and training needs of Directors

The Committee's performance was assessed as part of the board's internal evaluation, further details of which can be found on page 92. Following the review, the Committee is considered to be operating effectively.

The Committee's full terms of reference can be found at **www.ricardo.com**.

Diversity

The Company takes diversity and inclusion seriously and will look at external set targets as a guideline to ensure it can have the right representation for its workforce and the wider community it serves. Details of the targets achieved are listed on page 94. As a board it is important to note that although there is emphasis on the FTSE Women Leaders Review and the Parker Review, the Company strives to have diversity of thought and representation across a wider spectrum to facilitate its growth. The board is cognisant that the process of driving change will take time but will seize the opportunities as they arise.

Nomination Committee report continued

Activities of the Committee

During FY 2023/24, the Committee's key activities included:

- A detailed review of executive management and senior leadership team talent and succession planning
- A review of the learning and development action plan for key senior individuals across the organisation
- A review of the operating structure of business units and enabling functions to a centralised model
- Considering the independence of each of the Non-Executive Directors and their time commitments
- A review of the right mix of skills and capabilities on the board and the right size of the board to optimise its effectiveness
- Succession planning for the board
- A detailed review with the Group People, Team and Organisation Director on the results from the Group-wide employee engagement survey
- Board effectiveness

Succession planning

The Committee devoted a considerable period of time on identifying the opportunities to enhance the board's strengths and address any gaps through the recruitment process of Non-Executive Directors. The Committee placed emphasis on diversity but did not compromise on candidate requirements. In FY 2024/25, the Committee will focus on finalising its recruitment process for two new Non-Executive Directors.

In line with the requirements of the UK Corporate Governance Code, the Committee can confirm that Lygon Group was the external search consultancy engaged for the appointments referred in the Governance Statement on page 93 and that there is no further connection between the consultancy and the Company or individual Directors. The Committee is clear that any external search consultancy engaged should ensure that the selection process used promotes diversity in all of its forms, together with personal strengths, merit and other objective criteria.

On joining the board, new Non-Executive Directors will undertake a tailored induction process and following the results of the external board evaluation, the Committee will look at any required tailored development programmes for all Directors.

On becoming the Chair of the Nomination Committee on 1 July 2023, I have the privilege of understanding the future requirements of the Company as part of its growth strategy at board, Executive and Senior Leadership Team levels. By building out a robust succession and retention plan, I believe this will set the Company up for more success.

Mark Clare
Chair of the Nomination Committee

10 September 2024

Introducing Carol Borg

Ricardo welcomed Carol as a Non-Executive Director in July 2024

Q What excites you about joining the Ricardo board?

A As someone who has spent over 25 years in the renewable and natural energy sectors, I am excited to be joining the board to share experiences, insights to like-minded individuals as Ricardo moves into a new phase of its strategy, and playing my part in providing oversight, governance and delivering on Ricardo's ambition.

Q You're passionate about sustainability; was this a factor when considering Ricardo?

A Absolutely; it's very important to me that I work with businesses that are aligned with my values and somewhere I could utilise my expertise, so I am excited to be joining Ricardo and helping them on their sustainable ambition.

Q What has your international experience taught you about the importance of diversity?

A Diverse teams bring about diverse ways of thinking and allow us to better represent the communities we serve. I think by embracing diversity and inclusion, we can bring difference into how we think about things and how we deliver. Diversity can also help bring understanding and new points of view so we can get the best results.

Q What have you noticed since you began your induction?

A What is striking is the talented people that we have at Ricardo. A significant percentage of our products and services are people based, and I have been really impressed by the calibre of people I have met in the short time I have been with the board.

Responsible Business Committee report

I am delighted to present the first report on the Responsible Business Committee. We established the Committee in 2023, as part of our commitment to the long-term sustainable success of the Company regarding environmental, social and governance matters

Malin Persson | Responsible Business Committee Chair

During FY 2023/24 the Responsible Business Committee (RBC) held two meetings and attendance at those meetings is recorded on page 90.

The core Directors are supported at the Responsible Business Committee (RBC) meetings by the CEO, CFO, Director of Sustainability, Director HSEQ, and Head of ESG Data. This mix provides the span to ensure all aspects are covered and reported both upwards and downwards. Other attendees, as required, include the Finance Director, Director of Human Resource, and Director of Procurement.

The purpose of the RBC is to assist the board in promoting the long-term sustainable success of the Company with regard to ESG matters specific to the Company.

All Non-Executive board are members of the Responsible Business Committee, as is the CEO and the CFO.

Roles and responsibilities

Developing and overseeing ESG strategy: The Committee plays a key role in crafting and overseeing the Company's ESG strategy, including setting goals, establishing metrics and monitoring progress.

Policy and practice integration: ensures ESG considerations are embedded throughout the organisation, from employee responsibilities, supply chain management to human resources practices.

Stakeholder engagement: facilitates communication with various stakeholders: investors, employees and communities on all ESG initiatives.

Reporting and disclosure: plays a crucial role in ensuring the Company's ESG performance is accurately reported in the Annual Report.

Board oversight: reviews topics and progress, providing insights and recommendations to ensure effective ESG governance.

The span of the Responsible Business Committee's remit is:

Environmental: The Company's climate transition strategy and impact on the environment including greenhouse gas emissions, efficient use of resources, use of renewable energy, land use and biodiversity, and the environmental impact of the Company's suppliers.

Social: The Company's responsibilities towards:

- Employees, including workplace policies concerning safety and wellbeing, engagement, diversity and inclusion and other standards set out in the Company's Code of Conduct
- Engagement with local communities in which the Company operates
- Clients, suppliers and other stakeholders and application of human rights to such stakeholder groups and the Company's operations

Governance: The conduct of the Company's business including business ethics, product governance, security, and the Company's health and safety programme including its performance. The RBC also contributes to external policy disclosures.

Key activities

The priority for the year was to refine the ESG strategy, broaden the span of coverage and ensure it covered all aspects related to governance, environmental sustainability, our people and the community. It was also to set the initial targets for management compensation related to GHG intensity metrics and to provide experience from the Non-Executive board into the ESG Forum and through to the transformation workstream.

Throughout the course of FY 2023/24, the focus turned to developing milestones for GHG reduction, improvement in measurement and monitoring progress along our net zero roadmap. Strong emphasis was on sustainable procurement, improving the transparency in the supply chain due diligence. Also, on filling any deficiencies in policy disclosure on the Ricardo website; ensuring there is adequate governance and reportable metrics in place.

The Committee has continued to highlight the importance of ensuring our ESG activities are understood and that we are able to demonstrate visible policy compliance and support for the objectives.

Responsible Business Committee report continued

Key activities continued

Supply chain performance and transparency was also a focus as Ricardo operates with smaller and unique suppliers that are in the early stages of the journey towards carbon reduction.

There is recognition that we do not have complete transparency in some aspects of the supply base as many of Ricardo's products are homologated and certified for emissions or carefully validated for safety-critical performance.

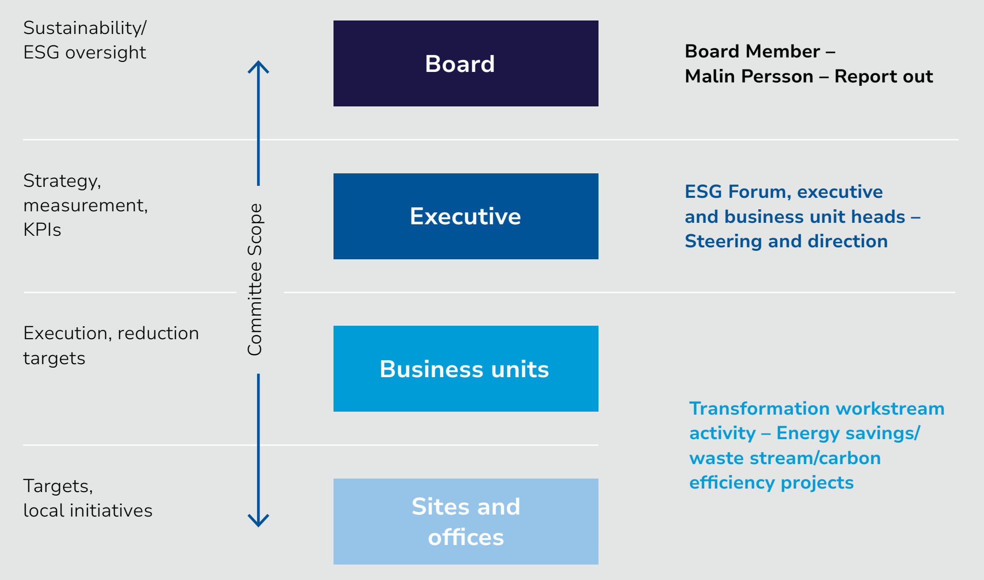
We engage with our clients, looking for every opportunity to reduce carbon while preserving the quality and integrity of our products and services.

A key highlight of the year was the review of the STEM charity engagement (see pages 57-58) where we have supported middle/senior schools, apprenticeships, university and postgraduate development and early career focused charities aimed developing interest in STEM and the transition from education into workplace readiness.

Another key focus for FY 2023/24 was on our safety and accident record and understanding causal factors and changes required to reach our zero-accident performance target.

We have reviewed the integrated safety and accident reporting dashboard that covers all 60 sites worldwide and can see a clear picture of target areas to improve.

Responsible Business Committee



Priorities for FY 2024/25

- SBTi (Science Based Targets initiative) – achievement against target and planning for setting long-term targets with an improved baseline
- Broadening policy coverage and providing transparency to allow outside assessment of our policies and compliance
- Driving GHG reductions from our expanding offerings and locations with a focus on intensity reduction
  Driving a safety culture to reach zero accidents

Stakeholder communication

The four-layer structure has enabled excellent communication throughout the Company and has driven substantial stakeholder engagement across all functions with an ability to participate in sustainability, charity, policy and community-oriented activities. Alignment up through the Executive Committee to the RBC and back has enabled excellent stakeholder communication with ESG-related topics being a regular feature in the 'all-hands' and SLT (Senior Leadership Team) employee briefings.

Malin Persson
Responsible Business Committee Chair

10 September 2024

Audit Committee report

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 30 June 2024

Bill Spencer | Chair of the Audit Committee

Composition

I chair the Audit Committee (the Committee). In line with the requirements of the UK Corporate Governance Code, during the year the Committee also comprised the independent Non-Executive Directors, Laurie Bowen, Malin Persson, Jack Boyer and Russell King. There was no change in membership during the financial year. Following the year end, in July 2024 Jack Boyer resigned from the Audit Committee. I thank Jack for his contributions and insights during his time on the Committee. Following the year-end, Carol Borg joined the board as a Non-Executive Director and became a member of the Audit Committee. I will also be stepping down as Audit Committee Chair when I retire from the board at the AGM in November 2024 and Carol Borg will take over the Chair role.

As the Committee's Chair and as is considered desirable by the Financial Reporting Council's Guidance on Audit Committees, I have recent and relevant financial experience and a professional accountancy qualification.

As set out on page 92, the performance of the Audit Committee has been evaluated and continues to be considered effective.

The Committee convenes four scheduled meetings each year and other ad hoc meetings, as required. Details of attendance at meetings held during the financial year are set out on page 90. The Chair, Executive Directors, the Group's Head of Internal Audit, PwC – the Group's internal audit co-source partners – and the Company's external auditors all have standing invitations to attend all Committee meetings.

Responsibilities and key areas of focus

The Committee is established by, and is responsible to, the board. As authorised by the board, the Committee has obtained all the necessary documentation and information it required from officers or employees of the Company, as well as external professional advice. In order to carry out its responsibilities during the year, the Committee undertook the following activities:

Accounting, tax and financial reporting

- Considered separate reports prepared by the Chief Financial Officer and external auditors on financial reporting and internal control matters as part of the interim review and annual audit processes
- Assessed the results, on behalf of the board, of the application of agreed assumptions to re-confirm the continued operational and financial viability of the Group for a period of five years from the date of this report
- Reviewed the significant financial reporting matters, judgements and estimates, and changes in accounting policies applicable in the preparation of both the Group's interim and year-end consolidated financial statements, prior to submission to the board for approval
- Evaluated the content of the Annual Report and Accounts as a whole and assessed the processes in place to assure its integrity, to advise the board on whether the information presented is considered fair, balanced and understandable, and whether it contains the information necessary for shareholders to assess the Group's position and performance, business model and strategy

Risk management

- Monitored the Group's risk management processes and internal control systems as part of its role on behalf of the board to oversee the Group's approach to risk management and with due consideration to the principal risks and uncertainties facing the Group
- Assessed the Group's risk profile, as well as its appetite for risk on behalf of the board, and evaluated the effectiveness of the Group's risk management and internal control systems, together with the policies and procedures in relation to ethics, speaking up (whistleblowing), fraud and bribery prevention
- Monitored the key risks to the Group in respect of data and cyber security and evaluated the effectiveness of its control environment

Audit Committee report continued

Responsibilities and key areas of focus continued

Internal controls

- Considered significant matters arising from internal audits performed during the year, evaluated the effectiveness of the internal audit function, and reviewed the scope and available resource for the internal audit plan in the following year to ensure that it is appropriate

External audit

- Reviewed the scope and planning of the external audit, and evaluated the external auditors' remuneration, effectiveness, independence and objectivity, including consideration of the provision of non-audit services

Significant financial reporting matters

The Committee considered the following significant financial reporting matters, judgements and estimates in approving the Group financial statements for the year ended 30 June 2024. Following discussions with senior management and the external auditors, the Committee approved the disclosure as set out in Note 1(d) to the Group financial statements.

Carrying value of intangible assets

The issue: Intangible assets receive careful attention from the board and Committee, who need to be satisfied that their carrying value is appropriate.

The role of the Committee: The board and the Committee considered the appropriateness of the cash generating units (CGUs) for goodwill testing. In addition, they reviewed and challenged the assumptions made by management, at both the half year and the full year, which underpinned the impairment review, including the FY 2023/24 forecast, the FY 2024/25 budget and the five-year plan.

Comments and conclusions: Following the impairment review at year end, the board and the Committee concluded that no impairment charges were necessary.

Revenue recognition on fixed-price contracts

The issue: The Group recognises a significant proportion of its consulting revenue from the supply of services under fixed-price contracts, which may span a number of reporting periods. Changes in these estimates, including the recognition of contingency to guard against project risk, may impact revenue recognition and the actual outcome may differ to the estimate made at the reporting date. The identification and separate accounting of distinct performance obligations within the context of a contract is a critical judgement in recognising revenue, as set out in more detail in Note 1(d) to the Group financial statements.

The role of the Committee: A summary of the judgements and estimates taken by management, including the assessment of distinct performance obligations and the methodology to calculate contingency, to assess the extent to which these contract assets are recoverable, was reviewed by the Committee at the February and September meetings.

Comments and conclusions: The Committee is satisfied that the Group's policies and procedures have been followed to reflect management's best estimate of revenue recognised at the reporting date and that no individual judgement or estimate is expected to have a materially different outcome.

Specific adjusting items

The issue: The Group presents specific adjusting items in the income statement which include the amortisation of acquired intangibles, costs relating to major restructuring programmes, acquisition-related expenditure and other items which are deemed to be significant or non-recurring in nature. The treatment and disclosure of such items is critical to allow stakeholders to fully understand the performance of the Group.

The role of the Committee: The Committee reviewed the papers presented to the board detailing the nature and composition of the specific adjusting items. The Committee challenged the nature and the amount of the items and evaluated the disclosures made in respect of the items.

Comments and conclusions: The Committee is satisfied that the items have been presented consistently and are in accordance with the Group's policy. The Committee is comfortable that the enhancements made to the disclosure of such items presents the Group's results in a transparent manner. After reviewing the Annual Report and Accounts, the Committee is satisfied that the reported and underlying results are given equal prominence throughout the document.

Defined benefit pension obligation

The issue: The Company operates the defined benefit Ricardo Group Pension Fund (RGPF). The accounting basis of the RGPF is exposed to changes in the value of its assets and liabilities. Economic uncertainty has continued to drive volatility in markets and the value of the scheme's assets and liabilities. The liabilities of the RGPF are also sensitive to changes in actuarial assumptions, on which management takes professional advice. Further detail is set out in Note 32 to the Group financial statements.

The role of the Committee: The Committee reviewed the papers presented to the board at the February and September meetings and considered the impact of the changes in assumptions on the pension obligation.

Comments and conclusions: The Committee is satisfied that the assumptions were reviewed by senior management and that the value of the RGPF's liabilities reflects the best estimate at the reporting date.

Financial Reporting Council's (FRC) Request for Information

In May 2024, a Request for Information in respect of the financial statements for the year ended 30 June 2023 was received from the FRC. This related to the disclosures made regarding derivatives and the impairment of non-financial assets. The observations have been considered by the Directors, resulting in the reclassification of a £4.2m non-cash movement in derivatives from financing cash flows to operating cash flows in the FY 2022/23 cash flow statement. The Directors are satisfied that other relevant disclosures are appropriate in the Annual Report and Accounts for the year ended 30 June 2023.

Audit Committee report continued

Significant financial reporting matters continued

Financial Reporting Council's (FRC) Request for Information continued

The review conducted by the FRC was based solely on the Company's Annual Report and Accounts to 30 June 2023. The FRC's review does not provide any assurance that the Company's Annual Report and Accounts to 30 June 2023 are correct in all material respects; the FRC's role is to consider compliance with reporting requirements, not to verify the information provided.

Internal audit

The internal audit function is accountable to the Committee and is considered to be an effective function as part of the Group's approach to risk management.

During the year, we have continued our co-source internal audit arrangement with PwC whilst expanding our in-house capabilities. Business unit audits are typically performed by the in-house team, with geographic support from PwC, where required. PwC was also engaged to carry out Group-wide audits of key functional areas. The co-source arrangement with PwC has given the Group access to specialist internal audit staff for deployment on higher risk, more complex audits and independent subject matter expertise. Responsibility for the internal audit process and setting the internal audit plan has remained with the Group's Head of Internal Audit, who has independently reviewed and scrutinised the work performed by PwC. The approach ensures independence in the internal audit process and combines external experience with the sharing of best practice around the Group.

All internal audit reports submitted during the year were reviewed by the Committee, and the status of each remedial action is tracked to completion to ensure appropriate resolution. The Audit Committee meets with the Group's Head of Internal Audit without the presence of management. The Committee also monitored the effectiveness of the Group's internal audit function including the approval of the scope and resources required to carry out work to be performed and received an external perspective on internal audit development from PwC.

External audit

KPMG LLP were re-appointed for the audit of the Group's results to 30 June 2024 at the Group's AGM on 16 November 2023.

Non-audit services

The board's policy is that the provision of permissible non-audit services may only be undertaken by KPMG in limited circumstances and is subject to a cumulative cap (which prohibits non-audit fees exceeding more than 70% of the average audit fees for the preceding three-year period). In order to remove the possibility of a perceived conflict of auditor objectivity and independence, KPMG has agreed with the Committee that no permissible non-audit services will be provided to Ricardo other than those closely related to the audit of the Group, such as the interim review.

Fees for non-audit services paid to the external auditors during the year were 6.4% of KPMG's audit fee (FY 2022/23: 7.8%). The ratio of audit and non-audit fees and the nature of non-audit fees are disclosed in Note 10 to the Group financial statements.

Given the nature and scale of the services provided by KPMG, the Committee concluded that these services did not cause any concerns regarding KPMG's objectivity or independence.

There are limited instances where Ricardo enters into business relationships or joint arrangements with KPMG to pursue commercial opportunities, either as a prime contractor, sub-contractor or as part of a consortium, with either party or a third party being the project manager. These business relationships are considered acceptable to the extent that they remain immaterial to both organisations and do not compromise the auditors' independence.

Independence and effectiveness

Both the board and KPMG have safeguards in place to ensure the auditors' objectivity and independence cannot be compromised. The Committee supports KPMG in having the necessary professional scepticism in its role. KPMG also provides the Committee with information about policies and processes for maintaining its independence.

The Committee confirms that during the year it has maintained formal and transparent arrangements for considering corporate reporting, risk management and internal control and for maintaining an appropriate relationship with KPMG.

During the year, the Committee carried out its annual effectiveness review of the external auditor, which primarily focused on the 2024 audit. This assessment was completed at the end of the 2024 audit and was based upon KPMG's audit findings and responses to questions from the Committee, together with input from senior management and finance personnel. The Committee also met with the audit partner without management being present. There were no significant findings following the review and it was concluded that the audit process was effective. The Committee recommended to the board that their re-appointment be proposed to shareholders at the 2024 AGM.

Bill Spencer
Chair of the Audit Committee

10 September 2024

Directors' remuneration report

Part 1 – Remuneration Committee Chair's overview and annual statement

I am pleased to present the FY 2023/24 Directors' remuneration report

Russell King | Chair of the Remuneration Committee

Dear Shareholder,

The Remuneration Committee's decisions during the year have been taken in the context of sound performance which was in line with the board's expectations. Revenue from continuing operations increased by 7% and underlying profit before tax from continuing operations grew in line with guidance by 9% to £30.5m. The financial year was marked by a strong recovery in profit in the second half of the year following the successful and accelerated implementation of the new operating model. Net debt decreased to £59.6m despite the cash cost of earn out payments relating to the acquisitions of Aither and E3M which have both been fully integrated into the Group and have performed well. Our end of year order book is also robust. The board has been particularly impressed by the management of both working capital and costs to improve cash flow.

Shareholders will be asked to approve a final dividend of 8.9p per share in addition to the interim dividend paid in April 2024 of 3.8p.

The first year of the new Directors' Remuneration Policy

At the 2023 AGM, the board sought approval for a new Directors' Remuneration Policy (the Policy). The new Policy introduced a one-off 'Accelerator' share award for each of the Executive Directors under the Long Term Incentive Plan (LTIP) equal to 100% of their respective salaries at grant. Following approval of the Policy, these awards were granted, alongside the usual 'Core' awards, subject to performance targets linked to EPS performance and continued service over a three-year period. The target range for the 'Accelerator' awards aligns with the strategic growth target of doubling operating profit and awards will vest in full only if we achieve a superior level of EPS performance or 'stretch' which is 12% ahead of this strategic growth target. The share ownership requirement for the Chief Executive Officer was also increased to 250% of salary.

We embarked on an extensive engagement exercise with our largest investors on the Policy well before the 2023 Annual General Meeting. We received positive feedback from most respondents and we modified the final proposals in light of the constructive comments received.

There were, however, differing views and hence 22.9% of votes were cast against the Policy and 20.2% against the amendments to the LTIP. After the AGM we followed up with the few investors who chose to vote against the resolutions. The board remains satisfied that the new Policy supports our growth strategy as well as Ricardo's style and approach. Further details on the results of the AGM are available on page 105.

Pay outcomes during the year

Base salary

The Remuneration Committee increased the base salaries of the Chief Executive Officer and the Chief Financial Officer by 3% from 1 January 2024. The Chair's fee was also increased by 3%. The salary increases for employees across the Group averaged 5% for the financial year.

Annual bonus

Three financial measures underpin the annual bonus and they are Group underlying profit before tax (with a weighting of 40%); value added turnover (20%); and cash conversion (20%). The remaining 20% of bonus is assessed on the basis of achievement against specified individual objectives. The details of the targets and performance against them are shown on page 113. Performance in respect of underlying profit before tax was between target and maximum; value added turnover performance was below the threshold level; and adjusted cash conversion was excellent and well above the maximum. As a consequence, and when combined with the Remuneration Committee's assessment of performance against the personal objectives set at the start of the year, the bonus payments were 58% and 59% as a percentage of maximum for the Chief Executive Officer and the Chief Financial Officer respectively (or 72% and 59% of salary respectively). One third of the bonus payments will be deferred into share awards which will vest after a three-year period. The Committee took the view that these outcomes were in line with overall underlying Group performance and that no discretion was required to make any adjustment.

Directors' remuneration report continued

Part 1 – Remuneration Committee Chair's overview and annual statement continued

Pay outcomes during the year continued

FY 2022/23 cash flow restatement

The impact of the reclassification of the non-cash movement in derivatives from financing cash flows to operating cash flows in FY 2022/23 had no impact on the FY 2022/23 bonus payouts.

The vesting in FY 2023/24 of the 2020 LTIP awards

The LTIP awards that vested in November 2023 were made in 2020 in the midst of the pandemic and as a result the share price at that time was significantly lower than the share price when the LTIP awards were made the year before. Neither Graham Ritchie, as Chief Executive Officer, nor Judith Cottrell, as Chief Financial Officer, received a 2020 LTIP award, having joined in 2021 and 2023 respectively.

The adjusted EPS for the year was 33.0p and the target range for the LTIP awards was 25.4p to 37.6p. The vesting outcome in respect of the EPS was therefore 68%. Over the three-year performance period, Ricardo was ranked between the median and the upper quartile of the TSR comparator group. As a result, 73.9% of the shares linked to Ricardo's TSR performance over the period vested. Ricardo's TSR over the period was 42.1% against a median of 18.8%. The overall vesting outcome was 70%, taking into account the weighting of the measures. EPS accounts for two-thirds of the weighting and relative TSR one-third. Following the assessment of performance conditions, the Committee exercised its discretion, in light of the extent of the fall in the share price between 2019 and 2020, to reduce the vesting levels of the 2020 LTIP awards by 10 percentage points – see page 114.

Ricardo's employees and incentives below the board

Ricardo is fortunate to have 3,000 highly skilled employees who every day do extraordinary work to support our clients.

The Chief Executive Officer has discretion, within parameters agreed by the Committee, to nominate annually key colleagues for share awards on a non-hierarchical basis. The number of participants in the LTIP and Ricardo's other share-based pay arrangements is constantly under review but at the moment over 100 employees hold share awards granted to them on a discretionary basis.

About 100 of Ricardo's most senior employees below the board were granted awards under the Ricardo three-year Profit Sharing Scheme which was introduced at the start of the financial year. Profit-related cash payments will be distributed based on annual performance and subject to Ricardo exceeding our stretch goals for the year and delivering absolute profit which aligns to our 'above stretch' targets. The cash payments are capped as a percentage of salary with the maxima ranging from 10% to 120% of salary and are determined at the end of the three-year period.

Women currently make up 29% of our UK employees and, although they remain under-represented in leadership roles, the Ricardo Group has made significant progress and, at the time of publishing, there are five women in the executive team of 11 in total. The Ricardo Group continues to strive towards a more diverse workforce and an even more inclusive culture. The Group is introducing a new job architecture and reward framework which will not only enhance the management of internal equity and external competitiveness but also career development and talent attraction and retention.

The Remuneration Committee members are well informed about and involved in the engagement of Ricardo's employees. Malin Persson, who sits on the Remuneration Committee, leads the work of the board on workforce engagement – see pages 92-93 – and is well placed to answer any questions about how executive remuneration aligns with wider Company pay policy.

The operation of the Policy in FY 2024/25

The operation of the Policy in FY 2024/25 is set out in detail on page 121. In short, the LTIP performance measures will remain the same – EPS, relative TSR and an ESG measure. The Committee is reviewing the approach to the ESG measure and target setting to ensure that it is fair and also stretching. Details of the ESG measure and targets will be published via RNS once they have been approved by the Committee and communicated to the LTIP participants. The details of the EPS target range can be found on page 122. The EPS range fully aligns with our five-year plan to double operating profit.

Conclusion

I hope you will support the Directors' remuneration report. If you have any questions or any comments on the Directors' remuneration report, please do contact me through Harpreet Sagoo, Ricardo's Group Legal Counsel and Company Secretary, at Harpreet.Sagoo@ricardo.com.

Russell King
Chair of the Remuneration Committee

10 September 2024

Directors' remuneration report continued

Part 1 – Remuneration Committee Chair's overview and annual statement continued

Summary of the key elements of Executive Directors' pay in FY 2023/24

The following table provides a summary of the key elements of Graham Ritchie's (CEO), Judith Cottrell's (CFO) and Ian Gibson's (former CFO) pay in FY 2023/24.

Base salary	• CEO: £498,623 (from 1 January 2024) • CFO: £375,950 (from 1 January 2024) • Former CFO: £365,815 (from 1 January 2023)
Other benefits	• Company car allowance: £12,000 • Private fuel • Private medical insurance • Life assurance
Pension	• 7% of salary (over lower earnings limit)
Annual bonus with deferral of one-third of any bonus earned	• Maximum opportunity of 125% of salary (CEO) and 100% of salary (CFO) • Based on PBT (40%), value added turnover (20%), adjusted cash conversion (20%), and personal targets (20%) • One-third of any bonus to be deferred into shares for three years
Long Term Incentive Plan shares(1)	• Share awards with a face value of 150% and 130% of base salary were granted to the CEO and CFO, respectively(2) • A one-off 'Accelerator' LTIP award was also granted in 2023 equal to 100% of salary for both the CEO and CFO, bringing the maximum opportunity up to 250% of base salary for the CEO and 230% for the CFO(3)
Share ownership and retention policy	• In-post: a minimum of 250% of base salary for the CEO and a minimum of 200% of salary for the CFO • Post-cessation of employment: a minimum of 250% (CEO)/200% (CFO) of salary (or holding at cessation if lower) for the first 12 months and half of this for the second 12-month period • Net value of 50% of vested shares under LTIP/DBP to be retained until holding requirement met • Year-end holding for Graham Ritchie was 70% of base salary(4) • Year-end holding for Judith Cottrell was 22% of base salary(4) • Shareholding for Ian Gibson was 149% of base salary(5)

(1) Once vested, the awards granted under the Long Term Incentive Plan will be subject to a holding period of two years and 50% of the vested shares (net of tax) will be retained until the share ownership requirement has been met.

(2) Face value of the 'Core' award of Long Term Incentive Plan shares granted in November 2023 was 150% and 130% of salary for the CEO and CFO respectively. These awards are subject to three-year performance conditions: 60% underlying EPS growth, 30% TSR vs. FTSE Small Cap Index (excluding financial services companies and investment trusts) and 10% achievement of specific ESG targets.

(3) The face value of the 'Accelerator' award of Long Term Incentive Plan shares granted in November 2023 was 100% of salary for both the CEO and CFO. These awards are also subject to a three-year performance condition based on underlying EPS growth above the EPS maximum target applicable to the 'Core' awards.

(4) Calculated by reference to the number of beneficially owned shares, including unvested shares not subject to performance conditions and any vested shares subject to a holding period, both on a net-of-tax basis, a share price of 487.0p per share (2023: 572.0p) and salaries as at 30 June 2024.

(5) Shareholding for Ian Gibson as at 1 April 2024, being the date on which he ceased employment with the Company after stepping down from the board of Directors on 13 September 2023, with percentage calculated by reference to that shareholding, salary at cessation of employment and a share price of 457.0p, being the closing share price on the dealing day immediately preceding the termination date.

Directors' remuneration report continued

Part 2 – Annual report on remuneration

This section of the report explains how Ricardo's Directors' Remuneration Policy, which was approved in November 2023, has been implemented during the financial year ended 30 June 2024. The paragraphs that have been audited in this annual report on remuneration are indicated.

The Remuneration Committee

During the year under review, the Remuneration Committee (the Committee) was chaired by Russell King. The Committee also comprised Mark Clare, Laurie Bowen (until she stepped down from the board on 31 May 2024), Malin Persson, Bill Spencer and Jack Boyer.

The Non-Executive Directors serving on the Committee have no personal financial interest (other than as shareholders) in matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in running the business. Biographical details of the members of the Committee are shown on pages 86-87; details of attendance at the meetings of the Committee during the year ended 30 June 2024 are shown on page 90.

Advisors to the Remuneration Committee

During the year, FIT Remuneration Consultants and Shepherd and Wedderburn (who have been jointly appointed by the Committee following a competitive tender process) provided independent advice on matters under consideration by the Committee and updates on legislative requirements and market practice.

FIT Remuneration Consultants' fees for this work amounted to £56,084 (calculated based on a mixture of fixed fees and time spent). Shepherd and Wedderburn's fees for advising the Committee amounted to £74,160 (also calculated based on a mixture of fixed fees and time spent). Shepherd and Wedderburn also advises Ricardo on the design, implementation and operation of its various share incentive plans. FIT Remuneration Consultants are members of the Remuneration Consultants Group and their work is governed by its Code of Conduct. Shepherd and Wedderburn is a law firm and is regulated accordingly. Having carefully considered all relevant factors and using its judgement, the Committee is satisfied that the advice provided on executive remuneration is objective and independent and that no conflict of interest arises.

The Committee also seeks internal support from Group Human Resources and the Group General Counsel and Company Secretary, as appropriate. The Chief Executive Officer attends the Committee's meetings by invitation and is consulted in respect of certain proposals. The Chief Financial Officer may also be invited to attend meetings to address specific matters. Neither the Chief Executive Officer nor the Chief Financial Officer is consulted or involved in any discussions in respect of their own remuneration.

Voting outcome at AGM

The AGM for the financial year ended 30 June 2023 was held on 16 November 2023. The Directors' Remuneration Policy in operation during the year was approved by shareholders at the 2023 AGM. The results of the votes on the remuneration report and Remuneration Policy are set out below.

	Annual report on remuneration approved at 2023 AGM		Directors' Remuneration Policy approved at 2023 AGM	
Votes[1]	%	Number	%	Number
For, including discretion	97.31	47,457,971	77.12	37,722,908
Against	2.69	1,312,134	22.88	11,191,768
Total votes cast	100.00	48,770,105	100.00	48,914,676
Withheld		149,965		5,394

(1) Excludes withheld votes. A vote withheld is not a vote in law and so is not counted for the purposes of the calculation of the proportion of votes 'for' and 'against' a resolution.

The Committee consulted with our largest shareholders as part of the process for developing the Directors' Remuneration Policy that was voted on at the 2023 AGM. Once again, we would like to thank all shareholders who participated for their constructive feedback and guidance. Although a range of views were received, the responses were generally positive. Following this exercise, and taking into account the feedback received, a number of changes were made to the original proposal. While this amended proposal was approved by a significant majority, the Committee did note the level of votes cast against the resolution to approve the Directors' Remuneration Policy. Following the AGM the Committee engaged once more with all the investors who voted against the resolution to further understand their views. The Committee remains of the view that the Directors' Remuneration Policy remains appropriate for Ricardo and is in the best interests of shareholders. At the same time, the Committee recognises the concerns of some shareholders and that views on pay vary widely. The Committee appreciates the time that shareholders have given to Ricardo on executive remuneration matters and will continue to take their views into account at all times.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

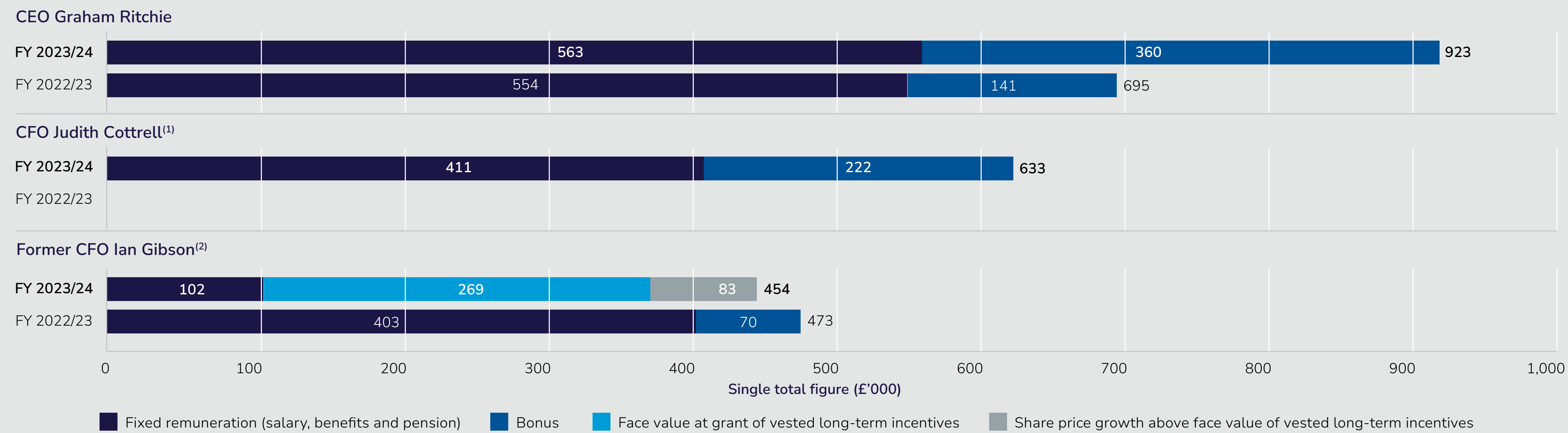
Performance at a glance in FY 2023/24 compared with FY 2022/23

Bonus performance outcomes			Long-term incentive performance outcomes in respect of awards vesting in FY 2023/24	
Underlying PBT (adjusted)	Adjusted cash conversion	Value added turnover	Underlying EPS (adjusted)	3-year TSR growth
£30.5m (FY 2023/24)	**119% (FY 2023/24)**	**£304.5m (FY 2023/24)**	**33.0p[1] for year to 30 June 2023 (between threshold and max vesting level)**	**42.1% (between median and upper quartile to October 2023)**
£26.6m (FY 2022/23)	70%[2] (FY 2022/23)	£291.1m (FY 2022/23)	31.5p for year to 30 June 2022 (below threshold vesting level)	(25.8)% (below median to October 2022)

(1) Adjusted for the disposal of Ricardo Software.
(2) Restated for the impact of the reclassification of a non-cash movement in derivatives. See Note 37 to the Group Financial Statements.

The closing mid-market price of the Company's shares on 30 June 2024 was 487.0p per share (2023: 572.0p). The highest closing price during the year was 610.0p per share and the lowest closing price during the year was 404.0p per share.

Pay at a glance in FY 2023/24



(1) Judith Cottrell was appointed to the board on 1 July 2023.
(2) The long-term incentive awards granted in 2019 to Ian Gibson lapsed in full in FY 2022/23 respectively. As a result, the face value at grant of this award and any share price appreciation has not been shown in the above table.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Single total figure of remuneration table (audited)

The table below sets out the remuneration received by the Executive Directors and Non-Executive Directors during FY 2023/24.

		Fixed remuneration			Variable remuneration			Totals		
	Financial year	Base salary and fees £'000	Benefits[1] £'000	Pension £'000	Bonus (cash element)[2] £'000	Bonus (deferred element) £'000	LTIP[3] £'000	Total £'000	Total fixed £'000	Total variable £'000
Executive Directors										
Graham Ritchie	**2023/24**	**491**	**38**	**34**	**240**	**120**	**—**	**923**	**563**	**360**
	2022/23	477	44	33	94	47	—	695	554	141
Judith Cottrell[4]	**2023/24**	**370**	**16**	**25**	**148**	**74**	**—**	**633**	**411**	**222**
	2022/23	—	—	—	—	—	—	—	—	—
Ian Gibson[5]	**2023/24**	**91**	**5**	**6**	**—**	**—**	**352**	**454**	**102**	**352**
	2022/23	360	18	25	47	23	—	473	403	70
Non-Executive Directors										
Mark Clare	**2023/24**	**173**	**2**	**—**	**—**	**—**	**—**	**175**	**175**	**—**
	2022/23	113	1	—	—	—	—	114	114	—
Russell King	**2023/24**	**62**	**1**	**—**	**—**	**—**	**—**	**63**	**63**	**—**
	2022/23	60	1	—	—	—	—	61	61	—
Laurie Bowen[6]	**2023/24**	**49**	**32**	**—**	**—**	**—**	**—**	**81**	**81**	**—**
	2022/23	52	65	—	—	—	—	117	117	—
Malin Persson[7]	**2023/24**	**71**	**5**	**—**	**—**	**—**	**—**	**76**	**76**	**—**
	2022/23	60	10	—	—	—	—	70	70	—
Bill Spencer	**2023/24**	**62**	**2**	**—**	**—**	**—**	**—**	**64**	**64**	**—**
	2022/23	60	1	—	—	—	—	61	61	—
Jack Boyer	**2023/24**	**53**	**1**	**—**	**—**	**—**	**—**	**54**	**54**	**—**
	2022/23	52	1	—	—	—	—	53	53	—
Total	**2023/24**	**1,422**	**102**	**65**	**388**	**194**	**352**	**2,523**	**1,589**	**934**
	2022/23	1,234	141	58	141	70	—	1,644	1,433	211

(1) Further information on benefits for the Executive Directors can be found on page 111. The benefits include reimbursement of expenses incurred (including any associated personal tax charges) while travelling for business and committee meetings.

(2) Further details of the annual bonus can be found from page 111.

(3) This column shows the value of shares in respect of the LTIP awards that vested in FY 2023/24. Further details of this, including confirmation of the amount of the vesting value that was attributable to share price appreciation and a summary of any discretions that were exercised, are provided on page 114.

(4) Judith Cottrell was appointed to the board on 1 July 2023.

(5) Ian Gibson stepped down as an Executive Director on 13 September 2023 and ceased employment with the Company on 1 April 2024. Details of his remuneration for the period following 13 September 2023 are disclosed on page 121.

(6) Laurie Bowen stepped down as a Director on 31 May 2024. Her benefits to that date consisted of travel and accommodation expenditure.

(7) Malin Persson's benefits consisted of travel and accommodation expenditure. Malin received additional fees for her roles as Senior Independent Director and Chair of the Responsible Business Committee.

(8) Sir Terry Morgan has been excluded from the table as he was not a Director of the Company during FY 2023/24, therefore the total figure for FY 2022/23 will differ to the figure disclosed in last year's Directors' remuneration report. In FY 2022/23, he received total remuneration of £64,000, split between base salary and fees of £63,000 and benefits of £1,000.

(9) The figures in this table and throughout the report have been rounded so there may appear to be slight inconsistencies between this and some of the other tables in this Annual Report as a result.

Directors' remuneration report continued

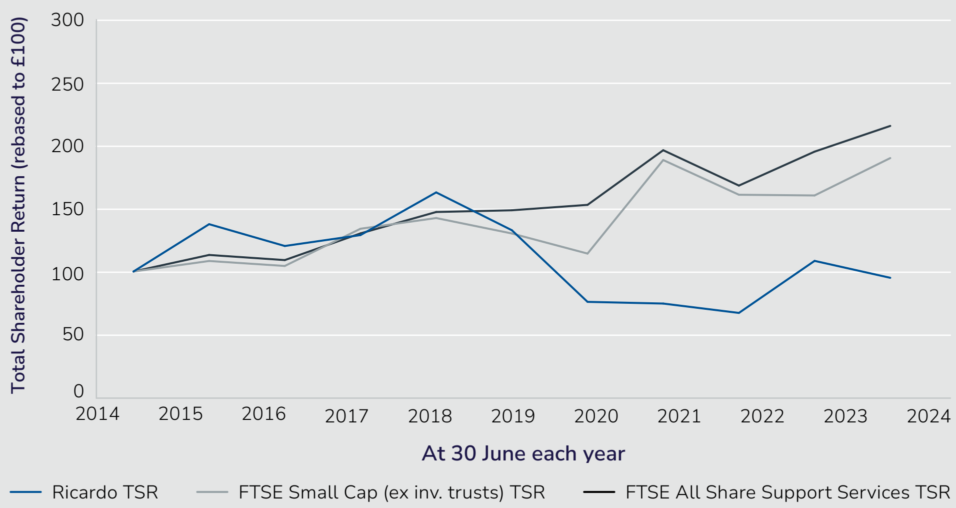
Part 2 – Annual report on remuneration continued

Single total figure of remuneration table (audited) continued

Following the year end, the Committee considered whether there were any circumstances that could or should result in the recovery or withholding of any sums pursuant to the Company's clawback arrangements. The conclusion reached by the Committee was that it was not aware of any such circumstances.

Pay for performance – TSR performance graph and CEO pay history

TSR from the year ended 30 June 2014 to 30 June 2024



The chart above shows Ricardo's TSR performance for the past 10 years against the FTSE Small Cap index (excluding investment trusts). In the Committee's opinion, the FTSE Small Cap index (excluding investment trusts) represents an appropriate index against which the Company should be compared when considering the Company's size. The FTSE All Share Support Services index is also shown for information. The remuneration of the Chief Executive Officer for the same period is shown in the table to the right.

Financial year	Group CEO	Single figure of CEO's total remuneration £'000	Annual variable element award rates against opportunity %	Long-term incentive vesting rates against maximum opportunity %
2023/24	Graham Ritchie	923	58	n/a[1]
2022/23	Graham Ritchie	695	23	n/a[1]
2021/22	Graham Ritchie	692	52	n/a[1]
2021/22	Dave Shemmans[2]	350	18	—
2020/21	Dave Shemmans	813	23	—
2019/20	Dave Shemmans	656	—	—
2018/19	Dave Shemmans	998	25	40
2017/18	Dave Shemmans	1,411	43	74
2016/17	Dave Shemmans	1,612	—	100
2015/16	Dave Shemmans	2,291	63	100
2014/15	Dave Shemmans	1,367	59	67

(1) Graham Ritchie commenced employment with the Group on 1 October 2021 and as a result did not hold any long-term incentive awards that vested during the year.

(2) Dave Shemmans ceased to be a Director on 30 September 2021.

Directors' remuneration compared to employees

The table on page 109 shows the percentage change in the Directors' salary/fees, taxable benefits and annual bonus for each financial year between the year ended 30 June 2019 and the year ended 30 June 2024 compared with the percentage change in each of those components of pay for all employees of the Group on a full-time equivalent basis. Dave Shemmans, former Chief Executive Officer, Mark Garrett, former Chief Operating Officer, and Sir Terry Morgan, former board Chair, have been excluded from the table on page 109 as they were not Directors during FY 2023/24. Details of their percentage change in base salary/fees, taxable benefits and annual bonus are still available in previously published Annual Report and Accounts. For Dave and Sir Terry, please refer to page 159 of last year's Annual Report and Accounts. For Mark, please refer to page 108 of the 2020 Annual Report and Accounts.

Directors’ remuneration report continued

Part 2 – Annual report on remuneration continued

Directors’ remuneration compared to employees continued

A = Base salary/fees

B = Taxable benefits[1]

C = Annual bonus[1, 2]

	Percentage change in FY 2023/24 compared with FY 2022/23 (%)			Percentage change in FY 2022/23 compared with FY 2021/22 (%)			Percentage change in FY 2021/22 compared with FY 2020/21 (%)			Percentage change in FY 2020/21 compared with FY 2019/20[3] (%)			Percentage change in FY 2019/20 compared with FY 2018/19 (%)		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
All employees	**5**	**—**	**83**	3	—	(62)	3	—	556	—	—	n/a	3	—	(100)
Executive Directors															
Graham Ritchie[4]	**3**	**(14)**	**155**	35	301	(54)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Judith Cottrell[5]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ian Gibson[6, 7]	**(75)**	**(72)**	**(100)**	3	12	(71)	1	3	403	1	(9)	n/a	3	—	(100)
Non-Executive Directors															
Mark Clare[8]	**53**	**100**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Russell King[9]	**3**	**—**	**n/a**	2	n/a	n/a	—	—	n/a	28	(100)	n/a	n/a	n/a	n/a
Laurie Bowen[10, 11, 12]	**(6)**	**(51)**	**n/a**	2	75	n/a	—	n/a	n/a	1	(100)	n/a	3	(39)	n/a
Malin Persson[13]	**9**	**(50)**	**n/a**	2	78	n/a	—	232	n/a	7	(57)	n/a	14	(52)	n/a
Bill Spencer[9]	**3**	**—**	**n/a**	2	n/a	n/a	—	—	n/a	1	(100)	n/a	3	—	n/a
Jack Boyer[9]	**2**	**—**	**n/a**	2	n/a	n/a	—	—	n/a	21	(100)	n/a	n/a	n/a	n/a

(1) A (100)% change shows the relevant element of remuneration reducing to zero from the previous year.
(2) The Non-Executive Directors are not eligible to participate in the bonus scheme. The large percentage change in annual bonus between FY 2020/21 and FY 2021/22 reflects the business recovering from the COVID-19 pandemic.
(3) The reduction in taxable benefits for the Non-Executive Directors reflects a lower level of travel and associated costs compared to the prior year. The change in bonus for Ian Gibson between FY 2020/21 and FY 2019/20 cannot be shown as no annual bonus was paid out in respect of FY 2019/20.
(4) Graham Ritchie commenced employment with the Group on 1 October 2021.
(5) Judith Cottrell commenced employment with the Group on 1 July 2023.
(6) Ian Gibson stepped down from the board on 13 September 2023 and ceased employment on 1 April 2024.
(7) The large percentage change in annual bonus for Ian Gibson between FY 2020/21 and FY 2021/22 reflects that a bonus of 13.7% of annual salary was paid in respect of FY 2020/21. While not included in the table above, as explained on page 112 of the 2022 Annual Report and Accounts, Ian Gibson’s cash in lieu of pension contributions reduced with effect from 1 January 2022 from 20% of salary (above the lower earnings limit) to 7% of salary (above the lower earnings limit).
(8) Mark Clare was appointed as a Director of the Company on 17 November 2022.
(9) The year-on-year change in taxable benefits for Bill Spencer, Jack Boyer and Russell King between FY 2021/22 and FY 2022/23 cannot be shown as no taxable benefits were received in respect of the 2021/22 financial year.
(10) The increase in taxable benefits for Laurie Bowen between FY 2021/22 and FY 2022/23 largely reflects an increase in travel and associated costs since the prior financial year.
(11) The year-on-year change in Laurie Bowen’s taxable benefits between FY 2020/21 and FY 2021/22 cannot be shown as no taxable benefits were received in respect of the 2020/21 financial year.
(12) Laurie Bowen stepped down from the board on 31 May 2024.
(13) Malin Persson received an additional fee for her role as Chair of the Responsible Business Committee. The increase in taxable benefits for Malin between FY 2020/21 and FY 2021/22 largely reflects an increase in travel and associated costs since the prior financial year.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Pay ratio information in relation to Chief Executive Officer's remuneration

Year	Method of calculation adopted	25th percentile pay ratio (CEO : UK employees)	Median pay ratio (CEO : UK employees)	75th percentile pay ratio (CEO : UK employees)
2023/24	Option A	25 : 1	19 : 1	13 : 1
2022/23	Option A	20 : 1	15 : 1	10 : 1
2021/22	Option A	32 : 1	24 : 1	16 : 1
2020/21	Option A	25 : 1	18 : 1	12 : 1
2019/20	Option A	19 : 1	14 : 1	10 : 1

The median, 25th percentile and 75th percentile figures used to determine the above ratios were calculated by reference to the full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and long-term incentives) of all UK-based employees of the Group as at 30 June 2024 (i.e. 'Option A' under the applicable regulations). The Committee selected this calculation methodology as it was felt to produce the most statistically accurate result available to it.

The median ratio of the annual total pay of Graham Ritchie, who served as the Chief Executive Officer throughout year, has increased to 19:1 as a result of the increase in his total realised pay in line with a higher annual bonus payment for the year-ending 30 June 2024. We expect that the ratio in future years will be further affected by the levels of pay-outs under the incentive plans and changes in share price. His first award under the Long-Term Incentive Plan is due to vest during FY 2024/25. His variable pay (both long-term and short-term) also accounts for a significant proportion of the Chief Executive Officer's pay. By contrast, fixed pay accounts for a much higher proportion of total pay for the majority of Ricardo's employees.

The ratios shown for all the quartiles have been calculated on the same basis. We take the view that the median pay ratio which results from Ricardo's desire to pay for performance, to pay competitively and to pay fairly is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole. The Committee reviews the pay of all Ricardo's employees to ensure the alignment of the Executive Directors' pay with pay across the Group.

Pay details (on a full-time equivalent annualised basis where appropriate) for the individuals whose FY 2023/24 remuneration is at the median, 25th percentile and 75th percentile amongst UK-based employees are as follows:

FY 2023/24	25th percentile	Median	75th percentile
Salary	£33,125	£40,639	£65,787
Total pay and benefits	£36,487	£47,729	£69,945

Relative importance of pay spend

The following table sets out the total amounts spent on remuneration for all employees, the dividends declared and other significant distributions to shareholders in FY 2022/23 and FY 2023/24.

	FY 2023/24	FY 2022/23	% change
Total remuneration spend (£m)	**214.8**	206.8	4
Key management remuneration as a percentage of total remuneration spend(1) (%)	**3.2**	3.2	—
R&D expenditure(2) (£m)	**11.3**	14.6	(23)
Distributions to shareholders(3) (£m)	**7.9**	7.4	7

(1) The key management personnel are the board of Directors, together with the Managing Directors who have the authority and responsibility for planning, directing and controlling the Group's activities and resources within the market sectors in which the Group operates. Further details on key management remuneration can be found in Note 31. This measure was chosen in order to give greater context for the scale of key management remuneration within Ricardo.

(2) Further details on R&D expenditure can be found on page 25. This measure was chosen because of the importance to Ricardo's business of developing its R&D portfolio.

(3) The only distributions made by the Company over these years were in the form of dividends.

(4) The prior year distributions to shareholders has been updated to reflect the true-up of the final dividend paid.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Detailed breakdown of pay in FY 2023/24

Base salary

As described in the policy section on page 126, a number of factors are taken into account when salaries are reviewed, principally: market levels of total pay for comparable roles in companies of a similar size, complexity and sector; the individual's experience, scope of responsibilities and performance; and the salary increases for colleagues across the Group. The current salary levels for the Executive Directors, which reflect a 3% increase from the previous year, are set out in the table below. The salary for Ian Gibson, former CFO, as at 1 January 2023, has also been included for completeness. The Group-wide average increase approved in FY 2023/24 was 5%.

Executive Director	Salary
Graham Ritchie	£498,623 (from 1 January 2024)
Judith Cottrell[(1)]	£375,950 (from 1 January 2024)
Ian Gibson (former CFO)[(2)]	£365,815 (from 1 January 2023)

(1) Judith Cottrell joined the board on 1 July 2023 on a salary of £365,000
(2) Ian Gibson stepped down from the board on 13 September 2023 and ceased employment on 1 April 2024. Details of the actual amount paid to him during FY 2023/24 up until 13 September 2023 is set out in the single total figure table on page 107 and payments over the remainder of the financial year are shown on page 121.

Other benefits (audited)

The Company provides other cash benefits and benefits in kind to its Executive Directors. These include a company car or cash alternative, private fuel, private medical insurance, life assurance and permanent health or disability insurance. The car allowance levels are set at £12,000 p.a. for the Executive Directors.

Non-Executive Directors can recover travel and accommodation expenses for carrying out their duties and do not receive any other benefits. If tax is payable by a Non-Executive Director on expenses received, these may be paid gross of tax.

Pension (audited)

In accordance with the Directors' Remuneration Policy, the Company operates a defined contribution scheme pursuant to which all UK employees are entitled to receive Company pension contributions. For Executive Directors, the Company's pension contributions are capped at the maximum payable to the wider UK workforce population (currently 7% of basic salary). The following table provides details of payments made in FY 2023/24.

Executive Director	Employer contributions payable in the year £'000	Cash in lieu £'000
Graham Ritchie	—	34
Judith Cottrell	10	16
Ian Gibson (former CFO)[(1)]	—	6

(1) Ian Gibson stepped down from the board on 13 September 2023 and ceased employment on 1 April 2024.

Annual performance-related bonus (audited)

Introduction

For the year ended 30 June 2024, the maximum annual performance-related bonus opportunity was 125% of salary for the Chief Executive Officer and 100% of salary for any other Executive Director. To determine the amount of bonus payable for the year, the Committee assessed the level of achievement against the financial measures and targets set in respect of:

- Group underlying profit before tax (40%)
- Value added turnover (20%)
- Adjusted cash conversion (20%)
- The achievement of specified individual objectives (20%)

The choice of these measures, and their respective weightings for each individual, reflected the Committee's belief that any incentive compensation should be tied both to the overall performance of the Group and to those areas of the business that the relevant individual can directly influence.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Detailed breakdown of pay in FY 2023/24 continued

Annual performance-related bonus (audited) continued

Details of financial targets

Adjusted cash conversion is defined as underlying cash generated from operations (excluding defined benefit pension scheme payments and the impact of derivative accounting) divided by underlying EBITDA. The definition of 'underlying' EBITDA excludes specific adjusting items comprising amortisation of acquired intangible assets, acquisition-related expenditure and reorganisation costs. On-target performance is set at the budgeted adjusted cash conversion, i.e. budgeted underlying cash from operations, adjusted for the items above, divided by budgeted underlying EBITDA. Threshold and maximum adjusted cash conversion targets are calculated based on performance below and above budget respectively.

Value added turnover is defined as revenue (net of pass-through) less external material costs. On-target performance is set at budgeted Group value added turnover. Threshold and maximum value added turnover targets are also calculated based on performance above and below the budget.

The financial targets for FY 2023/24 (details of which are provided on page 113) were set by the Committee after taking into account several factors such as the business plan, management's expectations and brokers' forecasts.

A sliding scale of targets for each financial measure of the Group was also set at the start of FY 2023/24:

Performance achieved	Element payable
Threshold	20%
On-target	50%
Maximum	100%
Between any two performance levels	Sliding scale between the above percentages

Details of personal objectives

The Committee, supported by the Chair of the board in the case of the Chief Executive Officer, and supported by the Chief Executive Officer in the case of Chief Financial Officer and members of the leadership team, set the personal objectives at the start of the year. The Committee usually identifies 'strategic areas' which each Executive Director is asked to focus on and seeks to ensure that all personal objectives are specific, measurable and are indirect drivers of financial performance and value creation. In the past, it has set five to six objectives and weighted them in accordance with their relative importance. From FY 2022/23, the Committee determined that only one of these objectives should be linked to a bonus pay-out for achieving personal objectives. The remainder continue to be assessed as part of the regular performance review programme run by the Nomination Committee. At the end of the year, based on a formal and qualitative assessment of performance against the bonus objective, the Committee decides how well each individual has performed overall.

The objective set by the Committee for the purposes of the bonus plan for the Executive Directors was to: continue to transform the Group's service portfolio in line with the board-approved strategy, delivering the transition from Established Mobility to Environmental and Energy Transition; continue to create an efficient operating model that attracts talent and engagement to deliver growth; and modernise systems and processes laying the foundation of accelerating margin expansion over the five-year plan.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Detailed breakdown of pay in FY 2023/24 continued

Annual performance-related bonus (audited) continued

Committee's assessment of achievement levels and determination of bonuses payable

The following table summarises the bonus outcomes for FY 2023/24. No bonus was paid to the former CFO, Ian Gibson, in respect of FY 2023/24 in light of his cessation of employment on 1 April 2024.

Measure	Weighting (% of maximum opportunity)	Performance required			Actual performance outturn		Pay-out (as % of maximum opportunity)	
		Threshold	On-target	Maximum	CEO	CFO	CEO	CFO
Underlying profit before tax	40	£26.9m	£29.9m	£32.9m	£30.5m	£30.5m	24	24
Value added turnover	20	£308.7m	£324.9m	£341.1m	£304.5m	£304.5m	—	—
Adjusted cash conversion	20	88%	93%	98%	119%	119%	20	20
Personal objectives	20	0%	75%	100%	69%	75%	14	15
Total pay-out (% of maximum opportunity) = (a)							**58**	**59**
Maximum opportunity (% of base salary) = (b)							**125**	**100**
Total pay-out (% of base salary) = (a) x (b)							**72**	**59**

The performance of the Group over the year included a 9% increase in underlying profit before tax to £30.5m (2023: £27.9m). This was between the on-target and maximum range set and therefore the resulting bonus outturn was 60% of the maximum payable for this element of bonus or 24% of the overall bonus maximum opportunity.

The Group value added turnover for the year was £304.5m, which was below the threshold set and so no bonus was achieved for this element.

The Group underlying cash conversion for the year was 119% (2023: 67% (restated)). The Group cash from operations was adjusted by £0.8m to remove pension deficit payments and by £(0.9)m to remove the impact of settlement of derivatives, in line with the Group's bonus principles, resulting in an adjusted cash conversion of 119%. This was well above the maximum of the target range set and hence the bonus outturn for Group adjusted cash conversion was achieved in full.

The Committee carried out a detailed and rigorous review of the achievement of personal objectives and determined that these had been achieved at a level of 69% and 75% for Graham Ritchie and Judith Cottrell respectively.

Examples of performance outcomes against personal objectives are as follows:

Graham Ritchie	Significant progress has been made in creating a more flexible resourcing model in A&I with strong profit momentum being created in H2. In addition, the operating model has been developed to align functional teams across the Group. This creates a more efficient cost base going forward, but more importantly establishes consistent enablers for our growth for our five-year plan. Good progress has also been made in the cultural transition of the business with improved diversity within the executive team, and greater focus on leadership talent, and learning and development across the Group.
Judith Cottrell	Excellent progress has been made in establishing operational and financial reporting to develop a stronger performance management culture. In addition, the operating model has been developed to align functional teams across the Group. This creates a more efficient cost base going forward, but more importantly establishes consistent enablers for our growth for our five-year plan. Cash performance has also been very strong with increased focus on billing and collection across the Group.

One-third (approximately 33%) of the bonus paid to an Executive Director, including former Executive Directors, is deferred into ordinary shares, via the DBP.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Detailed breakdown of pay in FY 2023/24 continued

Long-term incentive awards vesting during the financial year (audited)

Awards granted under the LTIP in November 2020 vested in part in November 2023. The performance conditions applicable to these awards are summarised below:

Relative TSR portion (one-third)		Underlying EPS (two-thirds)	
Relative TSR performance against the FTSE Small Cap (excl. financial services companies and investment trusts)	Vesting level (%)	Underlying EPS (adjusted)[1]	Vesting level (%)
Below median	—	Less than 25.4p	—
Median	25	25.4p	15
Upper quartile (or above)	100	Equal to or greater than 37.6p	100
Between median and upper quartile	Sliding scale between the above percentages	Between 25.4p and 37.6p	Sliding scale between the above percentages

(1) The EPS targets were adjusted for the impact of the Software disposal made during FY 2022/23 which resulted in the EPS targets being 3.1p below the original targets set.

Over the three-year performance period, Ricardo was ranked between the median and the upper quartile of the TSR comparator group, giving a vesting level for this portion of 73.9%. Ricardo's TSR over the period was 42.1% against a median of 18.8% and an upper quartile of 87%. The adjusted EPS for the year was 33.0p, giving a vesting outcome of 68%.

Following the assessment of performance conditions, the Committee considered whether the relevant participants might unduly benefit from a 'windfall gain' on these awards. Taking into account the fall in share price in 2020 at the time the awards were granted (in comparison to the prior year) and the share price movements in the period since, the Committee determined that the vesting levels should be reduced by 10 percentage points.

The following table shows, for Ian Gibson (former Chief Financial Officer), details of the LTIP award granted to him on 27 November 2020 that vested during the year. The Chief Executive Officer and current Chief Financial Officer did not participate in the vestings.

No. of shares originally granted	Date of vesting	% of award to vest as per performance condition assessment	Adjusted vesting % to take account of 'windfall' gains	No. of shares that vested[1]	Value of shares vesting[2]	Amount of vesting value attributable to share price appreciation[3]
126,341	27/11/23	69.97	59.97	75,762	£352,293	£83,473

(1) Following the vesting, the above award became subject to a two-year holding period during which the shares will not be released. The holding period will continue to operate notwithstanding Ian's cessation of employment.

(2) The value shown in this column (which is included in the single total figure table) has been calculated by multiplying the number of shares that vested by £4.65, being the closing mid-market price of a share in the Company on the date such vesting occurred.

(3) The value shown in this column has been calculated by (i) multiplying the grant date face value of the relevant award (as disclosed in previous Directors' remuneration reports) by the above noted adjusted vesting %; and (ii) deducting that amount from the 'value of shares vesting' figure.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Detailed breakdown of pay in FY 2023/24 continued

Long-term incentive awards granted during the financial year (audited)

LTIP awards were granted on 16 November 2023 under the rules of the Ricardo plc 2020 Long Term Incentive Plan to the Executive Directors on the basis set out below. As disclosed in last year's Directors' remuneration report, the Committee approved the grant of 'Core' LTIP awards of 150% and 130% of salary respectively for the Chief Executive Officer and the Chief Financial Officer, and a further one-off award of 100% of salary to each Executive Director, known as 'Accelerator' awards.

'Core' awards granted during the financial year

	Type of award	Basis of award (% of salary)	Number of shares	Face value of award (£)[1]	Threshold level of vesting (% of maximum)	End of performance period
Graham Ritchie	Performance shares[2]	150	161,223	£726,148	25	15 days after release of preliminary results announcement for FY 2025/26 (expected to be September 2026)
Judith Cottrell		130	105,350	£474,496		

(1) The face value of the award is based on the average of the share prices over the five days up to and including 15 November 2023 (450.4p).
(2) As the LTIP awards are granted in the form of performance share awards, no 'exercise price' is payable in order to receive any vested shares. This position has not changed since the awards were granted.

The vesting of these 'Core' awards will be based on Ricardo's underlying EPS growth (60%), three-year relative TSR performance (30%) and the achievement of specific ESG targets (10%) summarised in the table on page 116. The relative TSR measure was chosen by the Committee to link the remuneration of Executive Directors to the performance experienced by shareholders and to further align their interests. The underlying EPS measure was chosen to reward sustained profit growth and align with one of our key performance indicators. The Committee chose the weighting between TSR and underlying EPS growth to signal the importance of increasing Ricardo's profitability as measured by underlying EPS and to give the management team a stronger incentive to drive profitable performance which should in turn lead to increased shareholder value. The ESG targets relate to the Company's reduction in carbon emissions (Scopes 1, 2 and 3) intensity and were chosen to enhance the link between Ricardo's ESG strategy and remuneration.

In addition, no part of an award will vest unless the Committee is satisfied that the achievement against the TSR, ESG and underlying EPS performance conditions is a genuine reflection of the underlying performance of the Group over the performance period. The Committee will consider all relevant factors when the awards vest in November 2026 and may reduce vesting levels where appropriate. These factors will include the overall performance of the Company during the period 2023 – 2026, the experience of shareholders since the date of grant and the board's expectations in respect of efficient capital management including, but not limited to, the ratio of debt to EBITDA in light of the Company's strategy for growth, and any other considerations that the Committee deems relevant.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Detailed breakdown of pay in FY 2023/24 continued

Long-term incentive awards granted during the financial year (audited) continued

'Core' awards granted during the financial year continued

Relative TSR portion		Adjusted EPS portion		ESG	
Relative TSR performance against the FTSE Small Cap(1)	Vesting level (%)	Adjusted underlying EPS for the final year in the performance period (FY 2025/26)	Vesting level (%)	Average reduction in intensity of carbon emissions (Scopes 1, 2 and 3)(2)	Vesting level (%)
Below median	—	Less than 38.3p	—	Less than 1 percentage point	—
Median	25	38.3p	25	1 percentage point	25
Upper quartile (or above)	100	Equal to or greater than 50.1p	100	Equal to or greater than 2.5 percentage points	100
Between median and upper quartile	Sliding scale between the above percentages	Between 38.3p and 50.1p	Sliding scale between the above percentages	Between 1 percentage point and 2.5 percentage points	Sliding scale between the above percentages

(1) Excluding financial services companies and investment trusts.
(2) Average reduction in emissions/number of employees, contractors and production during the performance period.

'Accelerator' awards granted during the financial year

	Type of award	Basis of award (% of salary)	Number of shares	Face value of award (£)(1)	Threshold level of vesting (% of maximum)	End of performance period
Graham Ritchie	Performance shares(2)	100	107,482	484,099	0	15 days after release of preliminary results announcement for FY 2025/26 (expected to be September 2026)
Judith Cottrell	Performance shares(2)	100	81,039	365,000	0	15 days after release of preliminary results announcement for FY 2025/26 (expected to be September 2026)

(1) The face value of the award is based on the average of the share prices over the five days up to and including 15 November 2023 (450.4p).
(2) As the LTIP awards are granted in the form of performance share awards, no 'exercise price' is payable in order to receive any vested shares. This position has not changed since the awards were granted.

These awards will vest subject to stretching EPS performance requirement over the three years to 30 June 2026. The targets for these awards are based on delivering an additional 12% above the 'Core' award maximum EPS target with vesting for performance above 50.1p (from 0% on a straight-line basis) and 100% vesting where the final year underlying EPS is 56.2p.

Directors’ remuneration report continued

Part 2 – Annual report on remuneration continued

Detailed breakdown of pay in FY 2023/24 continued

Performance target setting and those applying to awards outstanding during FY 2023/24

As shown in previous Directors’ remuneration reports, the Committee has a track record of setting stretching underlying EPS targets which are carefully calibrated in light of Ricardo’s business plan and market expectations. Full vesting of the shares linked to relative TSR performance only occurs where Ricardo’s performance is in the upper quartile of the FTSE Small Cap index (excluding financial services companies and investment trusts).

The EPS performance targets applicable to LTIP awards outstanding during the year are as follows:

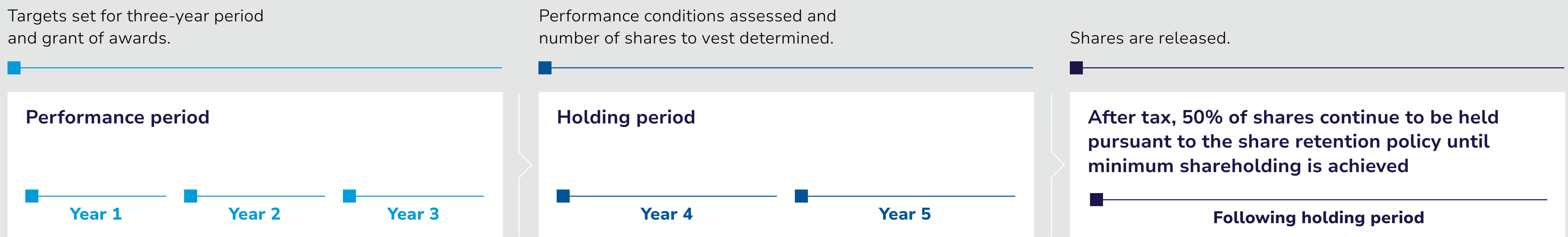
	FY 2020/21[2]	FY 2021/22	FY 2022/23
Threshold vesting[1]	25.4p	29.7p	36.8p
Maximum vesting	37.6p	50.2p	51.0p

(1) 15% for FY 2020/21 and FY 2021/22, and 20% for FY 2022/23.
(2) As adjusted in accordance with the principles for the impact of the Software disposal made during FY 2022/23.

The performance condition applicable to the TSR portion of awards has remained constant through this period and is the same as set out on page 114 for awards granted in the year ended 30 June 2024. The number and value of shares which were awarded to each of the Executive Directors in the year ended 30 June 2024 are set out in the table on pages 115-116.

Directors’ interests in shares provisionally awarded under the LTIP (audited)

The following chart sets out in graphical form how the Company’s LTIP was operated in FY 2023/24.



For details of the share retention policy, see page 119.

Directors’ remuneration report continued

Part 2 – Annual report on remuneration continued

Directors’ interests in shares provisionally awarded under the LTIP (audited) continued

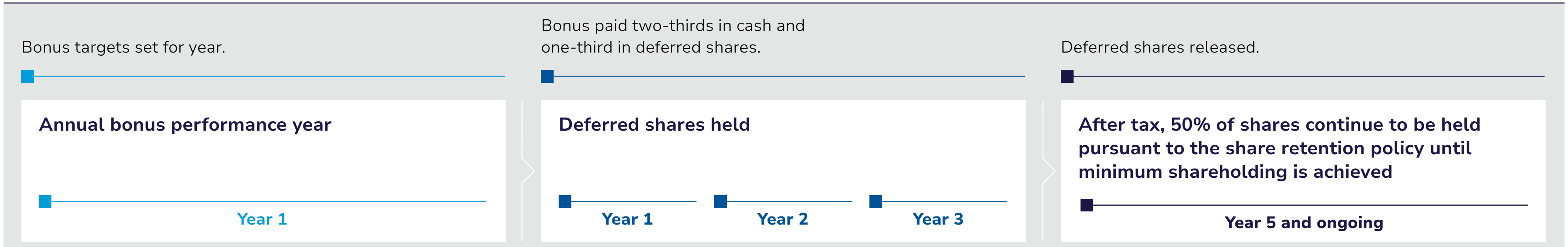
As at 30 June 2024, the Directors’ interests in shares provisionally awarded under the LTIP were as follows:

	Award date	Share price at award date in pence	At 1 July 2023	Awarded[1]	Lapsed	Vested	Dividend shares[2]	**At 30 June 2024[3]**	Vesting date	Holding period ends
Graham Ritchie (CEO)	Oct 21	420.00	167,857	—	—	—	—	**167,857**	27/10/2024	27/10/2026
	Oct 22	446.80	157,788	—	—	—	—	**157,788**	06/10/2025	06/10/2027
	Nov 23	450.40	—	161,223	—	—	—	**161,223**	16/11/2026	16/11/2028
	Nov 23	450.40	—	107,482	—	—	—	**107,482**	16/11/2026	16/11/2028
Judith Cottrell (CFO)	Nov 23	450.40	—	105,350	—	—	—	**105,350**	16/11/2026	16/11/2028
	Nov 23	450.40	—	81,039	—	—	—	**81,039**	16/11/2026	16/11/2028
Ian Gibson (former CFO)	Nov 20	354.80	—	—	50,579	75,762	646	**76,408**	27/11/2023	27/11/2025
	Oct 21[4]	420.00	106,728	—	20,176	—	—	**86,552**	27/10/2024	27/10/2026
	Oct 22[4]	446.80	103,336	—	51,999	—	—	**51,337**	06/10/2025	06/10/2027

(1) As set out on page 116, in addition to the usual ‘Core’ awards, the Executive Directors were also granted one-off ‘Accelerator’ awards in November 2023. The face value at the date of grant of the awards made in November 2023 can be found on pages 115-116.
(2) Amounts allocated include shares equivalent to dividends on vested LTIP awards subject to a holding period.
(3) The mid-market closing price of the Company’s shares on 30 June 2024 was 487.0p per share (2023: 572.0p).
(4) The awards granted to Ian Gibson in October 2021 and 2022 were reduced pro-rata following his cessation of employment with the Company. The reduction will be recalculated following the assessment of the relevant performance conditions.

Directors’ interests in shares provisionally awarded under the DBP (audited)

The following chart sets out in graphical form how the DBP was operated during FY 2023/24.



For details of the share retention policy, see page 119.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Directors' interests in shares provisionally awarded under the DBP (audited) continued

As at 30 June 2024, the Directors' interests in shares provisionally awarded under the DBP were as follows:

	Award date	Deferral/ performance period	Share price at award date in pence	Number of provisional shares					
				At 1 July 2023	Awarded[1]	Dividend shares[2]	Lapsed	Vested	**At 30 June 2024[3]**
Graham Ritchie (CEO)	Oct 22	3 years	446.80	23,205	—	617	—	—	**23,822**
	Nov 23	3 years	450.40	—	10,452	277	—	—	**10,729**
Ian Gibson (former CFO)	Nov 21	3 years	426.80	3,850	—	102	—	—	**3,952**
	Oct 22	3 years	446.80	18,161	—	482	—	—	**18,643**
	Nov 23	3 years	450.40	—	5,198	138	—	—	**5,336**

(1) The face value at the date of grant of the awards made in November 2023 was £23,412 for Ian Gibson and £47,076 for Graham Ritchie.
(2) Amounts allocated include shares equivalent to dividends on provisional deferred award shares.
(3) The mid-market closing price of the Company's shares on 30 June 2024 was 487.0p (2023: 572.0p).

The fees of the Chair of the board and of the Non-Executive Directors

The Chair's fees as of 1 January 2024 and the Non-Executive Directors' fees are as follows:

	£'000
Chair's fee	175
Non-Executive Directors' fees:	
Basic fee	54
Additional fee for Audit, Remuneration and Responsible Business Committee Chairs	9
Additional fee for the Senior Independent Director	9

Share retention policy

Current policy

In order to foster greater alignment of interest between our Executive Directors and our shareholders, the board has operated a share retention policy with the objective that the CEO and CFO will own shares with a value equal to at least 250% and 200%, respectively, of annual base salary with the requirement that 50% of any vested LTIP/DBP shares (net of tax) are held until this is met. In line with the Investment Association's Principles of Remuneration, vested shares subject to a holding period (i.e. vested LTIP awards under the 2020 LTIP) and unvested shares that are not subject to performance conditions (i.e. DBP deferred awards) will count towards this shareholding requirement on a net-of-tax basis.

The retention requirement will continue post-cessation of employment with shares worth 250% or 200% (as the case may be) of annual base salary (or, if lower, the shareholding as at the date of cessation) to be held for the initial 12-month period, and half of this amount required to be held for the second 12-month period. Executive Directors are required to hold shares covered by the post-cessation retention requirements in a nominee structure.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Share retention policy continued

Directors' shareholdings (audited)

The interests of Directors and their connected persons in ordinary shares as at 30 June 2024 (or date of cessation of employment), including any shares provisionally awarded under the LTIP and DBP, are presented in the table below.

	No. of shares held	Share awards not subject to performance conditions[(1)]	Share awards subject to a holding period	Shareholding for purposes of share retention policy[(2)]	Shareholding (% of base salary)[(3)]	Share awards subject to performance conditions[(4)]
Executive Directors						
Graham Ritchie	53,263	34,551	—	71,575	70	594,350
Judith Cottrell	16,659[(5)]	—	—	16,659	22	186,389
Ian Gibson[(6)]	64,713	27,696	75,762	119,545	149	137,889
Non-Executive Directors						
Mark Clare	20,000	—	—	—	—	—
Russell King	5,105	—	—	—	—	—
Laurie Bowen[(7)]	6,000	—	—	—	—	—
Malin Persson	1,500	—	—	—	—	—
Bill Spencer	10,402	—	—	—	—	—
Jack Boyer	—	—	—	—	—	—

(1) Deferred awards granted pursuant to the rules of the Ricardo plc 2021 Deferred Bonus Plan.
(2) This includes the number of beneficially owned shares, unvested shares not subject to performance conditions and any vested shares subject to a holding period, on a net-of-tax basis (i.e. 53% of the shares shown in the adjacent 'share awards not subject to performance conditions' and 'share awards subject to a holding period' columns).
(3) For Executive Directors only (i.e. those who are subject to the share retention policy). Calculated by reference to the number of shares shown in the adjacent 'shareholding for purposes of share retention policy' column, a share price of 487.0p per share (2023: 572.0p) and salaries as at 30 June 2024, save for Ian Gibson whose percentage was calculated by reference to his shareholding and salary as at termination of employment and a share price of 457.0p, being the closing price on the immediately preceding dealing day.
(4) LTIP awards granted pursuant to the rules of the Ricardo plc 2020 Long Term Incentive Plan.
(5) Judith Cottrell participates in the Company's Share Incentive Plan. 260 of the shares shown in this column were held in the SIP on 30 June 2024.
(6) Shareholding as at 1 April 2024, being the date Ian Gibson ceased to be employed by the Company.
(7) Shareholding as at 31 May 2024, being the date Laurie Bowen stepped down from the board.

At 4 September 2024, the number of shares held by Judith Cottrell had increased to 16,719, meaning that her shareholding for the purposes of the share retention policy was 16,719 and her shareholding as a percentage of base salary was 23%. The interests in shares of the other Directors who were still in office were unchanged from those at 30 June 2024.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Dilution limits

The number of shares that may be issued in any 10-year rolling period will be restricted to:

- 10% of the issued ordinary share capital of the Company in respect of all Ricardo share plans
- (included within the above limit) 5% of the issued ordinary share capital of the Company for Ricardo's discretionary share plans

At the end of the year under review, the Company's overall share plan dilution was 3.73%, all of which related to discretionary share plans. The Company operates an employee benefit trust which has principally been used to facilitate the operation of the LTIP and DBP arrangements. Any new shares issued to the trust are, however, included in the dilution limits noted above.

Executive Directors and their board positions with other companies during FY 2023/24

Executive Directors may, with the prior consent of the board, hold a non-executive directorship with another company. Neither the Chief Executive Officer, nor the Chief Financial Officer, held a non-executive directorship with another company during the period from 1 July 2023 to 30 June 2024 (inclusive).

Payments to past Directors and in respect of loss of office (audited)

As disclosed in the Directors' remuneration report last year, Ian Gibson ceased to be a Director of the Company on 13 September 2023 but remained with the Company for a period to allow for a smooth transition of responsibilities. During the remainder of his notice period, which ended on 1 April 2024, Ian received his salary, pension entitlement and contractual benefits as usual which totalled £202,343. In line with his contractual arrangements, Ian also received a payment of £42,913 in respect of accrued but untaken holidays. Ian received a bonus in respect of financial year ended 30 June 2023 totalling £70,236, a third of which was deferred into shares (further details can be found on page 119). Ian was treated as a good leaver in respect of the awards under the Company's deferred bonus plan and long-term incentive plans.

As set out on page 114, the November 2020 LTIP awards vested in part following the performance condition assessment and the exercise of the Committee's discretion. Details of the vested awards held by the former CEO and former CFO are as follows:

Former Director	No. of shares vested	Value of vested shares[1]
Dave Shemmans (former CEO)	82,658	£384,360
Ian Gibson (former CFO)	75,762	£352,293

(1) The value shown in this column (which is included in the single total figure table for Ian Gibson) has been calculated by multiplying the number of shares that vested by 465.0p, being the closing mid-market price of a share in the Company on the date such vesting occurred.

The vested shares are subject to a two-year holding period and will be released in November 2025.

Implementation of Directors' Remuneration Policy in FY 2024/25

It is anticipated that the implementation of the 2023 Directors' Remuneration Policy (the 2023 Policy) in FY 2024/25 will be broadly similar to that of the implementation of the policy in FY 2023/24.

The Committee will:

- Review base salary levels for the Executive Directors with effect from 1 January 2025
- Set and review the performance targets for the FY 2024/25 annual bonus and the LTIP awards to be made in 2024 to ensure continued alignment to strategy
- Make awards under the Ricardo plc 2020 Long Term Incentive Plan (the 2020 LTIP)
- Make awards under the Ricardo plc 2021 Deferred Bonus Plan (the 2021 DBP)

To determine the amount of bonus payable for FY 2024/25, the Committee will assess the level of achievement against the financial measures and targets set in respect of:

- Group underlying profit before tax (40%)
- Value added turnover (20%)
- Adjusted cash conversion (20%)
- The achievement of specified individual objectives (20%)

Owing to concerns about commercial sensitivity, we do not believe it is in shareholders' interests to disclose any further details of these targets on a prospective basis. However, the Company is committed to adhering to principles of transparency and will, provided disclosure of targets is not then deemed to be commercially sensitive, make appropriate and relevant levels of disclosure of bonus targets and performance against these targets for FY 2024/25.

Directors' remuneration report continued

Part 2 – Annual report on remuneration continued

Implementation of Directors' Remuneration Policy in FY 2024/25 continued

2024 LTIP awards

Last year the Committee determined that, in addition to the usual 'Core' awards, an 'Accelerator' award of 100% of salary would also be granted to each of the Executive Directors. As previously disclosed and as set out in the 2023 Policy, this was a one-off arrangement, meaning that this year the intention is for the grant of LTIP awards to return to business as usual with only 'Core' awards of 150% and 130% of salary to be granted to the Chief Executive Officer and Chief Financial Officer, respectively.

In terms of the performance measures, targets and the different weightings ascribed to them, the Committee believes that TSR, underlying EPS and ESG continue to be appropriate measures for the Company's long-term incentive arrangements as they are strongly aligned to shareholder value creation and the Company's business strategy.

The peer group applicable to the TSR portion of these awards will be the same as those which applied to awards granted last year. Threshold performance (i.e. median ranking in the comparator group, for which 25% of this portion will vest) is generally intended to align with the anticipated performance of the relevant market and our competitors. If the maximum performance is achieved (i.e. upper quartile ranking in the comparator group), we would expect to have significantly outperformed the relevant market and our competitors.

In order to ensure that the target range for the EPS portion of the awards remains challenging in light of market expectations of the Company's underlying EPS performance to the year ending 30 June 2027, the Committee has determined that:

- No part of the underlying EPS portion of these awards will vest if the Company's underlying EPS for the final year in the performance period is lower than 41.6p
- 25% of this portion will vest where the final year underlying EPS is 41.6p
- 100% of this portion will vest where the final year underlying EPS is greater than or equal to 54.9p
- Vesting will take place on a straight-line basis between 41.6p and 54.9p

Where the underlying EPS performance period ends before 30 June 2027 (the final year of the performance period), the Committee retains the discretion to amend these targets and the corresponding vesting levels accordingly.

The Committee has not yet finalised the decision on the ESG measure and the targets. The details will be published once they have been approved by the Committee and communicated to the participants of the LTIP.

It should also be noted that in terms of the 2023 Directors' Remuneration Policy, the Committee will have the ability to adjust the formulaic outcomes from performance conditions where appropriate and the Committee will ensure that outcomes reflect Company and executive performance as well as the experience of shareholders and other stakeholders. In particular, before the awards vest at the end of the three-year performance period, the Committee will apply a supplementary test of the quality of Ricardo's performance and assess the underlying performance based on the board's expectations in respect of, for example, efficient capital management and the ratio of net debt to EBITDA in light of the Company's strategy for growth.

Changes to the board of Directors

As announced on 5 March 2024, Carol Borg has been appointed as a Non-Executive Director from 1 July 2024. William Spencer will step down from the board at the AGM in November and Carol will succeed him as Chair of the Audit Committee. In addition, and as announced on 3 May 2024 and 25 June 2024, Laurie Bowen and Jack Boyer stepped down from the board at the end of May and July 2024 respectively. Finally, as announced on 28 August 2024, Sian Lloyd Rees has been appointed as a Non-Executive Director from 1 October 2024. My thanks go to Laurie, Jack and Bill for their contributions.

The Directors' remuneration report, comprising the Chair's overview and annual statement in Part 1, the annual report on remuneration in Part 2 and the Directors' Remuneration Policy in Part 3, was approved by the board on 4 September 2024 and signed on its behalf by:

Russell King
Chair of the Remuneration Committee

10 September 2024

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy

Introduction

This part of the Directors' remuneration report provides an overview of the Company's policy on Directors' pay that is designed to align with and support Ricardo's strategic plan and will operate over the three years from the AGM held on 16 November 2023 (the 2023 AGM) until the AGM to be held in 2026 (the 2023 Policy). The previous policy that was approved by shareholders at the AGM held on 12 November 2020 (the 2020 Policy) continued to operate until the 2023 AGM and indeed the 2023 Policy permits the execution of remuneration arrangements that were agreed when the 2020 Policy was in effect. There have been no changes of substance to the text of the 2023 Policy that was approved at the 2023 AGM. We have, however, updated the 'remuneration outcomes' chart on page 130, some of the wording (particularly relating to time) and page references for ease of use. A copy of the originally approved text is in the Annual Report and Accounts 2023, which is also available at **www.ricardo.com**.

The Remuneration Committee – what we do

The Committee's primary purpose is to make recommendations to the board on the Group's framework or broad policy for executive remuneration. The board has also delegated responsibility to the Committee for determining the remuneration, benefits and contractual arrangements of the Chair and the Executive Directors. No individual is involved in deciding their own remuneration.

The Committee has written terms of reference, which are available at **www.ricardo.com**, and its responsibilities include:

- Determining and agreeing with the board the policy for executive remuneration and monitoring and considering the policy for, and structure of, senior management remuneration, taking into account that the ultimate decision-making responsibility for the remuneration of the senior management team (other than the Executive Directors) lies with the Chief Executive Officer
- Agreeing the terms and conditions of employment for Executive Directors, including their individual annual remuneration and pension arrangements, and reviewing such provisions for senior management
- Agreeing the measures and targets for any performance-related bonus and share plans
- Agreeing the remuneration of the board Chair
- Ensuring that, on termination, contractual terms and payments made are fair, both to the Company and the individual, so that failure is not rewarded and the duty to mitigate loss is recognised wherever possible
- Agreeing the terms of reference of any remuneration advisors it appoints

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

Taking shareholders' views into account

When considering Ricardo's Remuneration Policy and its implementation, the Committee is always keen to ensure that it takes into account the views and opinions of all the relevant stakeholders in the business. In particular, when preparing its policy for approval at the 2023 AGM, the Committee undertook a programme of engagement with the Company's largest institutional investors and their representative bodies in order to better understand their perspective on our previous pay practices and the then proposed policy for 2023-2026.

Through the consultation process, we received valuable feedback and insights from all those we spoke to which directly influenced the final proposals that were submitted for approval. For example, as a result of the feedback received, changes were made to the structure of the performance ranges and enhancements were made to the share ownership guidelines.

In the spirit of continuous improvement and in order to ensure that our Directors' Remuneration Policy continues fully to support achievement of business objectives and delivery of value to shareholders, the Committee will continue to review our policy periodically in the context of the changing business environment. Any material future changes to the policy will be discussed with shareholders in advance.

Consideration of employment conditions elsewhere in the Company

Ricardo does not consult directly with employees on the subject of Directors' remuneration. The remuneration packages for each Executive Director and their fixed and variable elements are reviewed annually. This process (and the setting of the revised Remuneration Policy as a whole) takes into account a number of factors, including the following:

- Individual and business performance
- Pay arrangements for similar roles in other companies and consultancy organisations of Ricardo's size, complexity and international reach
- Risk management
- Pay and employment conditions of employees of the Group

The Committee also looks at the differential between the Chief Executive Officer's pay and Ricardo average employee earnings over time.

Overview of Ricardo's Directors' Remuneration Policy for 2023–2026

The objective of Ricardo's Directors' Remuneration Policy is to support the business strategy and timescales of an international consultancy business by not only rewarding the standard of performance and the outcomes that our shareholders require, but also encouraging share ownership and fostering alignment of interest between the Executive Directors and shareholders. We do this by setting base levels of salaries that are competitive, compared with companies of similar size and complexity to Ricardo, and providing other remuneration package elements, namely the short-term annual bonus plan and long-term incentive arrangement, that only pay for performance. Taken together, our two variable pay platforms focus on growing the profitability of the business, its resilience, the achievement of discrete non-financial targets and linking executive outcomes with the shareholder experience both by delivering rewards in the form of Ricardo shares and also by using a relative total shareholder return performance measure over the longer term.

Changes to the 2020 Directors' Remuneration Policy

The changes to the 2020 Policy were as follows:

- The maximum opportunity under the long-term incentives was amended to incorporate the grant, on a one-off basis in FY 2023/24, of an 'Accelerator' LTIP award equal to 100% of salary to each Executive Director
- The share ownership requirement for the Chief Executive Officer was increased to 250% of salary
- The cash in lieu of pension policy was simplified by the removal of references to legacy pension arrangements

Overview of the decision-making process that was followed for the determination of the new policy

As explained in the Chair's introduction on page 137 of the Annual Report and Accounts 2023, the new 2023 Policy, which shareholders approved at the 2023 AGM, was developed by the Remuneration Committee following a thorough review of the pre-existing executive remuneration arrangements. This also involved the Committee undertaking a consultation exercise with our major shareholders and the Chief Executive Officer and Chief Financial Officer.

In its deliberations, the Committee received support and advice from FIT Remuneration Consultants and Shepherd and Wedderburn, its independent external advisors (see page 105 for details).

Although the Executive Directors provided the Committee with a level of input in relation to the formulation of the new policy, the final decisions around its structure were taken by the Committee alone in order to avoid any conflicts of interest arising.

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

Corporate Governance

When determining the 2023 Policy, the Committee was mindful of its obligations under Provision 40 of the Corporate Governance Code to ensure that the policy and other remuneration practices were clear, simple, predictable, proportionate, safeguarded the reputation of the Company and were aligned to Company culture and strategy. Set out below are examples of how the Committee addressed these factors:

Clarity

- Remuneration Policy and arrangements are clearly disclosed each year in the Annual Report
- The Company invited its principal shareholders and shareholder representative groups to consult on the 2023 Policy and received good feedback. Changes were made to the proposals following input from this process
- The Committee is regularly updated on workforce pay and benefits across the Group during the course of its activity

Simplicity

- Our remuneration structure is comprised of fixed and variable remuneration, with the performance conditions for variable elements clearly communicated to, and understood by, participants in order to ensure they are effective
- The 2023 Policy received positive feedback from stakeholders for its simplicity

Risk

- The Committee has the power to modify the outcomes under the incentive plans
- Ricardo's variable pay is subject to malus and clawback provisions
- When setting the total pay of the Executive Directors the Committee considers pay ratios with the wider workforce and shareholder returns

Predictability

- The range of possible rewards for the Executive Directors is considered in the scenario charts on page 130
- The Committee has a range of discretions in relation to variable pay awards, new joiners and leavers, which are identified and explained in the Remuneration Policy section

Proportionality

- As shown in the scenario charts on page 130, variable performance-related elements represent a significant proportion of the total remuneration opportunity for our Executive Directors
- The Committee considers the appropriate financial and personal performance measures each year to ensure that there is a clear link to strategy. For example, for FY 2022/23 the value added turnover measure was introduced under the annual bonus
- Discretions are available to the Committee to reduce awards if necessary to ensure that outcomes do not reward poor performance
- The potential payments under the 2023 Policy were tested as a proportion of value created for shareholders and deemed to be good value

Alignment to culture

- The Committee is confident that the incentive schemes, including the one-off changes in FY 2023/24, are aligned with the Company's purpose, values and strategy
- The use of metrics in both the annual bonus and LTIP measure how we perform against our financial and non-financial KPIs

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

The structure of our Directors' remuneration package – the 2023 policy table

Pay element and link to strategy	Maximum	Operation	Framework for assessing performance
Base salary To provide a core level of remuneration to enable the Company to attract and retain skilled, high-calibre executives to deliver its strategy.	Base salary increases will not ordinarily be more than 10% p.a. with exceptional increases over the normal maximum limit capped at 25% p.a. However, generally speaking, increases will be no higher than salary increases for employees across the Group.	Salary levels are normally reviewed annually in January each year. Pay is set by considering: • Market levels of total pay for comparable roles in companies of similar size, complexity and sector • Each individual Executive Director's experience, scope of responsibilities and performance • The salary increases for employees across the Group Ricardo places a strong emphasis on internal succession planning. This emphasis may mean that talented individuals are promoted rapidly. In such circumstances, the Committee's policy is to set a relatively low base salary initially and then increase this to a market competitive level for the role over time. This may mean relatively high annual salary increases as the individual gains experience in the new role. We will notify shareholders where this is the case.	None
Other benefits To provide market-competitive benefits.	The total value of benefits will not exceed 10% of base salary p.a., save in the case of relocation.	The Company provides other cash benefits and benefits in kind to Executive Directors in line with market practice. These include a company car or cash alternative, private fuel, private medical insurance, life assurance and permanent health and disability insurance. The benefits arrangements are reviewed on an annual basis. The Committee reserves the right to provide further benefits where this is appropriate in the individual's particular circumstances (for example, costs associated with relocation as a result of the Executive Director's role with the Company). Certain other employees are eligible for the same or similar benefits described above depending on their role, seniority and geographical location.	None
Pension To offer market-competitive retirement benefits.	Workforce aligned (currently 7% of salary).	The Company operates a defined contribution scheme (the Pension Scheme). All UK employees are entitled to receive Company pension contributions. For Executive Directors, the Company's pension contributions are at a level that is capped at the maximum amount payable to the wider UK workforce population (currently 7% of basic salary). Executive Directors may only choose to opt out of the Pension Scheme where they are close to or have exceeded the pension lifetime allowance and have applied for fixed protection from HMRC. Under such circumstances, Executive Directors will receive a cash payment in lieu of pension. On death in service, all Executive Directors, subject to the medical requirements of the insurance company, are entitled to a lump sum of four times annual salary at date of death. Early retirement is available with the consent of the Company and the pension scheme trustees if the individual is over 55 or retiring due to ill health.	None

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

The structure of our Directors' remuneration package – the 2023 policy table continued

Pay element and link to strategy	Maximum	Operation	Framework for assessing performance
Pay for performance: Annual bonus To reward the annual delivery of financial and operational targets.	Maximum opportunity of 125% of base salary for the Chief Executive Officer and 100% of base salary for other Executive Directors.	**Bonuses are awarded by reference to performance against specific targets measured over a single financial year** Two-thirds of any bonus paid to an Executive Director will be paid out in cash shortly after the assessment of the performance targets has been completed. The remaining one third of the bonus will be compulsorily deferred into ordinary shares, the vesting of which is normally subject to continued employment for a three-year period from the award date. The cash element of the bonus is not payable unless the individual remains in employment at the payment date. The principal purpose of this bonus deferral mechanism is to: • Provide for further alignment of executives' and shareholders' interests • Provide an additional retention element • Encourage Executive Directors to build up a shareholding in accordance with our share retention policy Dividends and dividend equivalents for each deferral period may also be paid in respect of shares under award to the extent that shares have vested in the relevant participants. Bonus arrangements exist for certain other employees throughout the Group on terms that are applicable to their role, seniority and geographical location, although typically at lower levels of maximum opportunity to reflect that a greater proportion of Executive Directors' remuneration is performance-based. **Malus and clawback** Annual bonuses (including any element deferred into shares) may be subject to malus and clawback provisions if certain events occur in the period of three years from the end of the financial year to which they relate. These events include the Committee becoming aware of: • A material misstatement of the Company's financial results • An error in the calculation of performance conditions • An act committed by the relevant participant that could have resulted in summary dismissal by reason of gross misconduct or which has caused significant reputational damage to the Group The mechanism through which malus and clawback can be implemented enables the Committee to take various actions including: • Reducing outstanding incentive awards • Requiring a cash payment to be made by participants	The measures and targets applicable to the annual bonus scheme (and the different weightings ascribed to them) are set annually by the Committee in order to ensure they are relevant to participants and take account of the most up-to-date business plan and strategy. A significant majority (at least 50%) of the bonus opportunity will normally be determined by reference to performance against Group KPIs such as: • Underlying profit before tax • Adjusted cash conversion • Value added turnover Any remaining part of an Executive Director's bonus will normally be based on the achievement of personal objectives which relate to delivery of the business strategy. See page 112 for examples. A payment scale for different levels of achievement against each performance target is specified by the Committee at the outset of each year – this ranges from zero for below-threshold performance up to 100% for full satisfaction of the relevant target. Bonus payments will also be subject to the Committee considering whether the proposed awards, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it retains the discretion to adjust the bonus outturn accordingly.

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

The structure of our Directors' remuneration package – the 2023 policy table continued

Pay element and link to strategy	Maximum	Operation	Framework for assessing performance
Pay for performance: Long-term incentives Performance shares under the Long Term Incentive Plan (LTIP) To focus motivation on the long-term performance of the Group and reward shareholder value creation. To encourage share ownership and alignment with shareholders.	Maximum opportunity of 250% of base salary for the Chief Executive Officer and 230% for other Executive Directors for awards in FY 2023/24. Maximum opportunity drops to 150% of base salary for the Chief Executive Officer and 130% for other Executive Directors for awards in future years.	**LTIP – performance measured over a three-year period** Performance share awards under the LTIP are made on an annual basis to the Executive Directors and a small group of other senior managers. Each year, the Company intends to grant 'Core' LTIP awards equal to 150% and 130% of base salary for the Chief Executive Officer and Chief Financial Officer respectively. In addition, a further one-off 'Accelerator' LTIP award equal to 100% of salary was granted in FY 2023/24 to each Executive Director. From time to time a number of employees below board level are granted non-performance based share awards to reflect exceptional performance. **Holding period** Vesting of awards will generally take place on the third anniversary of grant or, if later, the date on which the performance conditions are assessed by the Committee. Executive Directors' awards that vest will normally be subject to a holding period in terms of which the relevant shares will only be released after a further period of at least two years from the vesting date has expired. **Dividends and equivalents** Dividends and dividend equivalents for each performance/holding period may also be paid in respect of shares under award to the extent that shares have vested in the relevant participants. **Malus and clawback** Long-term incentive awards may be subject to malus and/or clawback provisions if certain events occur after their grant but before the expiry of the period of two years from the end of the relevant performance period. These events include the Committee becoming aware of: • A material misstatement of the Company's financial results • An error in the calculation of performance conditions • An act committed by the relevant participant that has (or could have) resulted in summary dismissal by reason of gross misconduct or which has caused significant reputational damage to the Group The mechanism through which malus and clawback can be implemented enables the Committee to take various actions including: • Reducing outstanding incentive awards • Requiring a cash payment to be made by participants	The vesting of long-term incentive awards is subject to both continued employment and the extent to which performance conditions measured over a specified three-year period are met. The measures and targets applicable to the long-term incentive awards will consist of challenging shareholder return, financial and/or strategic/ESG measures. The particular measures and targets to apply (and the different weightings ascribed to them) will be set annually prior to each grant by the Committee in order to ensure they are relevant to participants, challenging to achieve and take account of the most up-to-date business plan and strategy. Our policy is simply for financial and shareholder return targets to make up at least 50% of awards. A maximum of 25% of each element of an award will vest for achieving the threshold performance target with 100% of the awards being earned for maximum performance (with straight-line vesting between these points). Further details of the performance conditions applicable to awards to be made in FY 2024/25 are set out on page 122. Formulaic outcome of all LTIP performance measures will also be subject to the Committee considering whether the proposed vesting levels, calculated by reference to performance against the targets, appropriately reflect the Company's overall performance and shareholders' experience. If the Committee does not believe this to be the case, it retains the discretion to adjust the LTIP outturn accordingly.

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

The structure of our Directors' remuneration package – the 2023 policy table continued

Pay element and link to strategy	Maximum	Operation	Framework for assessing performance
Chair and other Non-Executive Directors Helps recruit and retain high-quality experienced individuals. Reflects time commitment and role.	The aggregate fees of the Chair and other Non-Executive Directors will not exceed the limit from time to time prescribed in the Company's Articles of Association.	The fees for the Chair and other Non-Executive Directors are set in line with prevailing market conditions and at a level that will attract individuals with the necessary experience and ability to make a significant contribution to the Group's affairs. Non-Executive Directors receive an annual basic fee plus an additional fee for acting as the Chair of the Audit or Remuneration Committee or the Senior Independent Director. The Chair of the board receives an annual fee payable monthly with no additional fees for chairing board committees. They also receive reimbursement for travel and incidental costs (including any associated personal tax charges) incurred in furtherance of Company business.	None

Notes to the 2023 policy table:

(1) Where maximum amounts for elements of remuneration have been set within the 2023 Policy, these will operate simply as caps and are not indicative of any aspiration.

(2) A description of how the Company intends to implement the 2023 Policy set out in the tables on pages 126-129 during the financial year to 30 June 2025 is provided on pages 121-122.

(3) A general overview of how each remuneration element applies to other employees of the Group is included under the relevant section of the policy table.

(4) The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the 2023 Policy (as set out on pages 126-131) where the terms of the payment were agreed

- (i) before 29 October 2014 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect);
- (ii) before the 2023 Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or
- (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, payments include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

(5) The 'framework for assessing performance' column of the tables on pages 126-129 provides information on choosing the particular performance measures and target setting in relation to them.

(6) Ricardo's variable pay may have any performance conditions applicable to the relevant element amended or substituted by the Committee if an event occurs which causes the Committee to determine that an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy. The Committee may make adjustments, where these are fair and reasonable, to measures or targets to take account of, for example, the implications of acquisitions and disposals.

(7) Long-term incentive awards can be granted in a variety of forms such as performance shares, nil-cost options or forfeitable shares, and the Committee reserves the right to grant long-term incentive awards with the same economic effect but in any of these different contractual forms (including in cash). Long-term incentive awards can also be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

(8) Under the terms of long-term incentive award performance conditions, where any company becomes unsuitable as a member of the comparator group as a result of, for example, a change of control or delisting, the Committee has the discretion to treat that company in such manner as it deems appropriate (including replacing it with another organisation).

(9) In the event of a change of control, long-term incentive awards will normally vest at that time, taking into account, amongst other things, the extent to which any performance criteria have been met (over the shortened performance periods) and the time elapsed since grant.

All-employee share plans

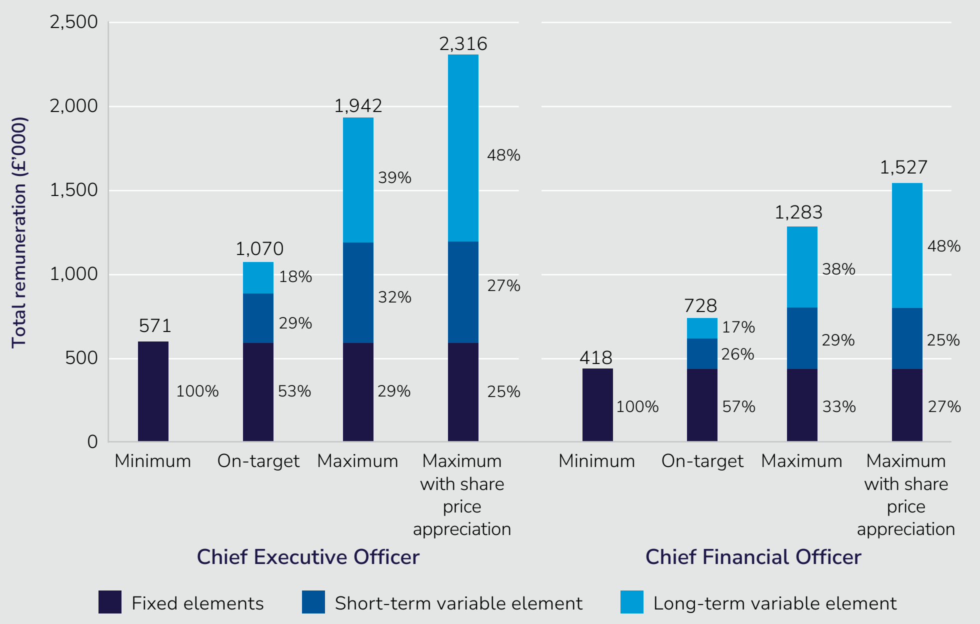
For its UK employees the Company has historically operated tax-advantaged share plans such as a Share Incentive Plan (SIP) and a Save As You Earn share option plan. Where operated, these are intended to encourage share ownership and wider interest in the performance of the Company's shares. A SIP, for example, may involve the award of free shares or free matching shares, the purchase of partnership shares and/or the award of dividend shares. Executive Directors are eligible to participate in these arrangements when offered up to the applicable statutory limits in the same way as any UK employee of Ricardo. Equivalent arrangements operate from time to time for non-UK employees.

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

Illustrative remuneration outcomes at different performance levels

Ricardo's pay policy seeks to ensure that the long-term interests of Executive Directors are aligned with those of shareholders. The remuneration packages for each Executive Director and their fixed and variable elements are reviewed annually. The scenario chart below presents remuneration outcomes for the 2023 Policy under minimum, on-target, maximum and maximum with share price appreciation scenarios.



The on-target scenario broadly illustrates the remuneration level when budgeted performance is achieved. A further column has also been included which illustrates the impact on the figures contained in the maximum scenario of an assumed share price appreciation for the LTIP award of 50% over the relevant performance period. The disclosures in the chart above are based on the assumptions set out below.

- Fixed elements comprise current base salary, pension and other benefits. For example, for the Chief Executive Officer, fixed elements comprise base salary of £498,623, pension (cash in lieu) of 7% of base salary above the lower earnings limit and benefits equal to those received in FY 2023/24
- Long-term variable element performance includes the maximum policy level of grant for FY 2024/25 (e.g. 150% of annual base salary for the Chief Executive Officer and 130% for the Chief Financial Officer)
- For minimum performance, Executive Directors receive only the fixed elements of pay
- For on-target performance, an assumption of 50% of bonus pay-out and threshold vesting (25%) in respect of long-term incentives has been applied
- For maximum performance, an assumption of maximum bonus pay-out and maximum vesting in respect of long-term incentives has been applied
- Save for the 'maximum with share price appreciation' column, no share price increase has been assumed for the above and this means that the single total figure in any year may be higher than the maximum shown above
- For maximum with share price growth performance, share price appreciation of 50% over the relevant performance period has been assumed for the LTIP awards

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

Recruitment remuneration policy

New Executive Directors will be appointed on remuneration packages with the same structure and elements as described in the policy table starting on page 126. Annual bonus and long-term incentive awards will be within the limits described in the policy table for the particular role. The limits for any new Executive Director roles will be set by the Committee taking into account the particular responsibilities of the role, but will not exceed those that apply to the current Chief Executive Officer. Pension contribution levels will be aligned to those applicable to the wider workforce.

For external appointments, although we have no plans to offer additional benefits on recruitment (and indeed did not do so for our last Executive Director appointment), the Committee reserves the right to offer such benefits when it considers this to be in the best interests of the Company and shareholders, and in order to protect a new Director against additional costs. The Committee may agree that the Company will meet certain relocation expenses as appropriate.

The Company may make an award to compensate a new recruit for the value of any remuneration relinquished when leaving a former employer. Any such award would reflect the nature, timescales and performance requirements attaching to that relinquished remuneration. The Listing Rules exemption 9.4.2 may be used for the purpose of such an award. Shareholders will be informed of any such payments as soon as practicable following the appointment.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue and will be disclosed to shareholders at the earliest opportunity.

On the appointment of a new Chair or Non-Executive Director, fees will be set taking into account the experience and calibre of the individual. Where specific cash or share arrangements are delivered to Non-Executive Directors, these will not include share options or other performance-related elements.

The board's policy on setting notice periods for Directors is that these should not exceed one year. It recognises, however, that it may be necessary in the case of new executive appointments to offer an initial longer notice period, which would subsequently reduce to one year after the expiry of that period. All future appointments to the board will comply with this requirement.

Termination remuneration policy

The contractual termination provision is payment in lieu of notice or, if termination is part way through the notice period, the amount of base salary relating to any unexpired notice to the date of termination. There is an obligation on Directors to mitigate any loss which they may suffer if the Company terminates their service contract. The Committee will take such mitigation obligation into account when determining the amount and timing of any compensation payable to any departing Director. No compensation is paid for summary dismissal, save for any statutory entitlements.

The cash element of any bonus is not payable unless the individual remains in employment at the payment date.

Unvested share-based awards will lapse unless the individual concerned leaves for one of a number of specified 'good leaver' reasons which are: death; injury, illness or disability; redundancy; or retirement. The Committee retains the discretion to prevent such awards from lapsing depending on the circumstances of the departure and the best interests of the Company.

Awards which do not lapse on cessation of employment will vest on their originally anticipated vesting date with any holding period also continuing to apply (although the Committee retains the discretion to allow vesting and/or release from the holding period at cessation, depending on the circumstances under the applicable rules). These awards will also usually be subject to a time pro-rating reduction to reflect the unexpired portion of the performance or deferral period concerned, although the Committee will retain the discretion to disapply this pro-rating. Awards that are subject to performance conditions will usually only vest to the extent that these conditions are satisfied.

Executive Directors will also be entitled to a payment in respect of any accrued but untaken holiday and statutory entitlements on termination.

In the event that any payment is made in relation to termination for an Executive Director, this will be fully disclosed.

Directors' remuneration report continued

Part 3 – Directors' Remuneration Policy continued

Executive Directors' service contracts

The service contracts of Executive Directors in post during the financial year contain the key terms shown in the table below:

Provision	Detailed terms
Remuneration	• Salary, pension and benefits • Company car or cash allowance • Private health insurance for Director and dependants • Life assurance and death in-service benefits • Permanent health and disability insurance • Directors' liability insurance • Up to 30 days' paid annual leave • Participation in annual bonus plan, subject to plan rules and at the discretion of the Committee • Eligible to participate in share plans, subject to plan rules and at the discretion of the Committee
Duration	• Indefinite, subject to termination by either party in certain circumstances including serving notice as set out below
Notice period	• 12 months' notice by the Director and 12 months' notice by the Company
Termination payment	• See separate general disclosure on page 131
Restrictive covenants	• During employment and for 12 months after leaving

The Executive Directors' service contracts are available for inspection, on request, at the Company's registered office.

Non-Executive Directors – fees and letters of appointment

The Committee determines the Chair's fees. The Chair and the Executive Directors determine the fees payable to other Non-Executive Directors. No Director is present for any discussion or decision about their own remuneration. The fees are reviewed each January.

The Chair and other Non-Executive Directors do not participate in any of the Company's employee share plans, pension schemes or bonus arrangements, nor do they have service agreements.

The Chair and other Non-Executive Directors are appointed for a period of three years by letter of appointment and are entitled to one month's notice of early termination for which no compensation is payable. The unexpired terms of the Non-Executive Directors' appointments, as at 30 June 2024, are:

Non-Executive Director	Unexpired terms of appointment (months)
Mark Clare	16
Russell King	14
Laurie Bowen[(1)]	n/a
Malin Persson	6
Bill Spencer[(2)]	4
Jack Boyer[(3)]	n/a

(1) Laurie Bowen stepped down from the board on 31 May 2024.
(2) Bill Spencer will step down from the board at the AGM in November 2024.
(3) Jack Boyer stepped down from the board at the end of July 2024.

Directors' report

This section sets out the information required to be disclosed by the Company in the Directors' report in compliance with the Companies Act 2006 (the Act), the Listing Rules of the UK Listing Authority (Listing Rules) and the Disclosure Guidance and Transparency Rules (DTR).

Overview of information required to be disclosed

Certain matters that would otherwise be disclosed in this Directors' report have been reported elsewhere in this Annual Report. This report should therefore be read in conjunction with the strategic report on pages 1-84 and the Governance section on pages 85-136 which are incorporated by reference into this Directors' report. The strategic report and this Directors' report, together with other sections of this Annual Report and Accounts including the Governance, are incorporated by reference, and when taken as a whole, form the management report as required under Rule 4.1.5R of the DTR.

Disclosure	Reported in	Page reference
Articles of Association	Directors' report	Page 133
Annual General Meeting	Directors' report	Page 135
Appointment and removal of Directors	Governance	Page 94
Auditor's re-appointment and remuneration	Directors' report	Page 135
Authority to allot shares	Directors' report	Page 135
Business model	Strategic report	Page 9
Branches	Directors' report	Page 135
Change of control	Directors' report	Page 134
Community and charitable giving	Strategic report	Page 135
Corporate governance	Governance	Page 85
Directors' conflicts of interest	Directors' report	Page 94
Directors' details	Governance	Page 86
Directors' indemnity	Directors' report	Page 134
Directors' remuneration and interest	Directors' report	Page 134
Directors' responsibility statement	Directors' report	Page 136
Disclosure of information to auditor	Directors' report	Page 135
Diversity, equity and inclusion	Strategic report	Pages 55-56
Employee engagement	Strategic report	Pages 52-56
Employee share plans	Directors' report	Page 134
Financial instruments	Directors' report	Page 134
Future developments and strategic priorities	Chief Executive's review	Pages 6-7
Going concern	Directors' report	Page 135
Internal control and risk management systems	Governance	Pages 75-80
Non-financial information and sustainability statement	Strategic report	Page 83
Ongoing Director training and development	Governance	Page 92
Political donations	Directors' report	Page 135
Post balance sheet events	Directors' report	Page 133
Powers of Directors	Directors' report	Page 134
Purchase of own shares	Directors' report	Page 134
Research and development activities	Strategic report	Page 134
Results and dividends	Directors' report	Page 133
Rights and obligations attaching to shares including restrictions on transfer of shares and voting rights	Directors' report	Page 134
Section 172 statement	Strategic report	Page 84
Share capital	Directors' report	Page 134
Stakeholder engagement	Governance	Pages 42-44
Streamlined Energy and Carbon disclosures	Strategic report	Pages 60-63
Substantial share interests	Directors' report	Page 135
Treasury shares	Directors' report	Page 135
Viability statement	Strategic report	Page 81

Dividends

On 11 April 2024 an interim dividend of 3.8p (HY 2023/24: 3.35p) was paid to shareholders. The Directors recommend the payment of a final dividend of 8.9p per ordinary share on 22 November 2024 to shareholders who are on the register of members at the close of business on 1 November 2024, which together with the interim dividend makes a total of 12.7p (FY 2023/24: 11.96p) per ordinary share for the year. The payment of the final dividend is subject to the approval of shareholders at the 2024 AGM. Dividend details are given in Note 8 to the consolidated financial statements.

Articles of Association

The Company's Articles of Association are available on the Company's website **www.ricardo.com/en**.

Events after the reporting date

There are no post balance sheet events to report after the reporting date.

Directors' report continued

Research and development

The Group continues to devote effort and resources to the research and development of new technologies. Costs of £11.3m have been incurred, of which £6.3m has been capitalised and £5.0m has been charged to the income statement, excluding amortisation of any capitalised costs and net of £1.8m of government grant income, during the year.

Board of Directors

Details of the Directors who served during the year are set out on pages 86-87.

Directors' remuneration and interests in shares

Details of Directors' remuneration and their interest in the Company's shares are set out on pages 102-132 of the Directors' remuneration report.

Directors' indemnities

The Company maintains liability insurance for its Directors and officers. The Company has entered into deeds of indemnity in favour of each of its Directors, under which the Company agrees to indemnify each Director against liabilities incurred by that Director in respect of acts or omissions arising in the course of their office or otherwise by virtue of their office.

At the date of this report, these indemnities are therefore in force for the benefit of all the current Directors of the Company.

Directors' powers

The business of the Company is managed by the board, which may exercise all of the powers of the Company subject to the Company's Articles of Association and the Act.

Employee share plans

Details of employee share plans are set out in Note 33 to the consolidated financial statements.

Employee information and equal opportunities

The Company provides colleagues with various opportunities to obtain information on matters of concern to them and to improve awareness of the financial and economic factors that affect the performance of the Company.

These include bi-annual presentations to all members of staff, department and team briefings and meetings with employee representatives that take place throughout the year.

All companies within the Group strive to operate fairly at all times and this includes not permitting discrimination against any employee or applicant for employment on the basis of race, religion or belief, colour, gender, disability, national origin, age, military service, veteran status, sexual orientation or marital status. This includes giving full and fair consideration to suitable applications for employment from disabled persons and making appropriate accommodations so that if existing team members become disabled they can continue to be employed, wherever practicable, in the same job or, if this is not practicable, making every effort to find suitable alternative employment and to provide relevant training.

Change of control provisions

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts, bank facility agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole.

Financial instruments

Details of the Company's financial risk management in relation to its financial instruments are given in Note 26 to the consolidated financial statements.

Share capital, shareholders' rights and obligations, and purchase of own shares

As at 13 August 2024, the Company's share capital is divided solely into 62,218,280 ordinary shares of 25p each, all of which are fully paid. The ordinary shares are listed on the London Stock Exchange. All ordinary shares rank equally for all dividends and distributions that may be declared on such shares. At General Meetings of the Company, each member who is present (in person, by proxy or by representative) is entitled to one vote on a show of hands and, on a poll, to one vote per share. With respect to shares held on behalf of participants in the all-employee Share Incentive Plan, the trustees are required to vote as the participants direct them to do so in respect of their plan shares. There are no restrictions on voting rights and no securities carry special voting rights with regard to the control of the Company.

Awards granted under the Company's share plans are satisfied either by shares held in the employee benefit trust or by the issue of new shares when awards vest. The Remuneration Committee monitors the number of awards made under the various share plans and their potential impact on the relevant dilution limits recommended by the Investment Association.

Based on the Company's issued share capital as at 30 June 2024, the overall dilution was 3.73% (i.e. below the 10% limit for all plans in any rolling 10-year period) and 3.73% for discretionary employee share plans (i.e. below the 5% limit for discretionary employee share plans in any rolling 10-year period).

Directors' report continued

Treasury shares

Shares held by the Company in treasury do not have voting rights and are not eligible to receive dividends. Currently, the Company does not hold any shares in treasury.

Related party transactions

Details of related party transactions are set out in Note 36 to the consolidated financial statements.

Resolutions at the Annual General Meeting

It is intended that the Company's AGM will be held on 14 November 2024 at FieldFisher Offices. The Notice of AGM sets out the resolutions to be considered and approved at the meeting, together with some explanatory notes. The resolutions cover such routine matters as the renewal of authority to allot shares, to disapply pre-emption rights and to purchase own shares. The Notice of AGM accompanies this Annual Report and is available at **www.ricardo.com/en**

Substantial shareholdings

As at 30 June 2024, the Company has been notified of the following material interests in the voting rights of the Company under the provisions of the Disclosure and Transparency Rules.

Rank	Shareholder	Shares	% IC
1	Gresham House	11,878,530	19.09
2	Aberforth Partners	5,081,078	8.17
3	Royal London Asset Mgt	3,870,799	6.22
4	abrdn	3,394,748	5.46
5	Invesco	2,773,600	4.46
6	JO Hambro Capital Mgt	2,417,073	3.88
7	Aviva Investors	2,080,070	3.34
8	Schroder Investment Mgt	1,927,931	3.10
9	Montanaro Asset Mgt	1,696,965	2.73
10	Janus Henderson Investors	1,650,520	2.65

Charitable and political donations

During the year the Group made various charitable donations, which are summarised in the responsible business section on page 57. The Group made no political donations nor incurred any political expenditure during the year to 30 June 2024.

Auditor's re-appointment and remuneration

Resolutions for the appointment of KPMG LLP as the Company's auditor and to authorise the Directors, acting through the Audit Committee, to agree the remuneration of the auditor, are to be proposed at the 2024 AGM.

Going concern and viability statement

Having reviewed the Company's plans and available financial facilities, the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months following the signing of the accounts. For this reason, it continues to adopt the going concern basis in preparing the Company's accounts. The Company's viability statement can be found on pages 81-82.

Branches outside the UK

The Company has no overseas branches outside the UK. A number of the Group's subsidiaries have overseas branches outside the UK, which are disclosed in their local statutory financial statements, where required.

Disclosures required under UK Listing Rule 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4 other than in respect of long-term incentive schemes.

Disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' report confirm that:

- So far as they are each aware, there is no relevant audit information, which would be needed by the Company's auditor in connection with preparing its audit report, of which the Company's auditor is unaware
- Each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Approved by the board and signed on its behalf by:

Harpreet Sagoo

Group General Counsel and Company Secretary

10 September 2024

Registered office
Ricardo plc
Shoreham Technical Centre
Shoreham-by-Sea, West Sussex, BN43 5FG

Statement of Directors' responsibilities

in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant, reliable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy

Graham Ritchie
Chief Executive Officer

10 September 2024

Judith Cottrell
Chief Financial Officer

10 September 2024