2021
REPORT AND ACCOUNTS

SOLVING PROBLEMS THAT MATTER

rps MAKING COMPLEX EASY

rpsgroup.com

A BRAND BUILT ON PURPOSE

PURPOSE

We create shared value by solving problems that matter to a complex, urbanising and resource-scarce world.

PROMISE

Making complex easy.

BEHAVIOURS

2021 HIGHLIGHTS

Revenue	Fee Revenue[1]	Adjusted operating profit[1]	Adjusted profit before tax[1]
£560.4m +4%	£476.1m +5%	£28.3m +40%	£21.5m +63%

Adjusted operating profit margin[1]	Contracted order book[1]	Net bank borrowings[1]	Profit before tax
5.9% +1.5bps	£348.6m +14%	£13.5m (£1.6m)	£12.4m +£42.7m

All growth rates are at constant currency.

CONTENTS

1. Alternative Performance Measures are used consistently throughout this announcement: these include fee revenue, adjusted operating profit, adjusted profit before tax, adjusted EPS, segment profit, amounts labelled "at constant currency", EBITDAS, conversion of profit into cash, net bank borrowings, leverage and contracted order book. For further details of their purpose, definition and reconciliation to the equivalent statutory measures see note 3 to the consolidated financial statements.

INVESTMENT CASE

RPS is an established, diversified, global professional services firm of circa 5,000 consultants, designers, planners, engineers, and technical specialists, providing services to government and private sector clients. Focusing on natural resources, urbanisation, and sustainability, RPS creates shared value by solving problems that matter to a complex, urbanising, resource-scarce world.

A clear direction

- Our purpose – we create shared value by solving problems that matter to a complex, urbanising and resource-scarce world
- Our client focus – making complex easy in urbanisation, natural resources and sustainability
- Our market position – a mid-sized global company, big enough to be relevant, small enough to care
- Our strategic focus – "linked defensible niches"
- Our financial target – a happiness index of 15% = 5% organic revenue growth + 10% adjusted operating margin

A simple, robust business model

- We drive value into projects by solving problems that matter for our clients by using the expertise of our people
- We target 50% margin on the work we do and through strong project management, careful utilisation and control of overheads, we make good returns
- Additional revenues are generated through data, training and laboratory testing services

Strong ESG credentials

- Science-based targets approved
- Group Net Zero position set
- Group stakeholder reviews underway
- A leader in supporting clients with sustainable investment and carbon reduction

Well-placed to capitalise on the tailwinds in urbanisation, natural resources and sustainability

- Strong position in niche areas of the global consultancy market
- Operating in favourable geographies
- Good mix of public and private sector clients
- Significant opportunities in renewables, especially offshore wind
- Building on our project management expertise
- Growing order book

Underpinned by strong financial discipline

- Strong financials and improving profitability
- Excellent cash performance and strong balance sheet
- Disciplined capital allocation policy
- Aim to accelerate organic growth with bolt-on acquisitions
- Sustainable dividend policy

2021 Financial highlights

- Contracted order book growth 14% at constant currency
- Fee Revenue growth 5% at constant currency
- Revenue growth of 4% at constant currency
- Adjusted operating profit margin improved to 5.9%
- Adjusted profit before tax growth of 63% at constant currency to £21.5m
- Low net bank borrowings of £13.5m
- Low leverage at 0.6x

Image left: Tyler, searching for a permanent survey mark. Basil Bay, Keswick Island, Coral Sea.

Case Study: **Natural resources**

Making wild swimming a reality in Britain's rivers

RPS is working with Severn Trent Water to trial two new bathing rivers in England to help create a lasting legacy of a cleaner environment for our communities.

In July 2020, Ofwat, the water industry regulator, with the support of the British government, laid down a challenge to water companies. They wanted them to find new ways to help the country's economic recovery and pitch for green project funding worth £2.7bn.

Across England and Wales, this new funding is now being put to work to reduce harm caused by storm overflows and trialling the creation of two new bathing rivers; collaborating with local partners to reduce the risk of flooding, protect habitats, and cut pollution; and developing innovative improvements in drinking water treatment and supply.

Severn Trent Water was awarded the greatest share of the funding to invest in a number of projects including a £78m initiative to improve water quality at the River Avon and River Teme in the West Midlands, with the aim of making them clean enough to swim in. In January 2022, the UK's Environmental Audit Committee said the government should actively encourage the designation of at least one widely used stretch of river for bathing within each water company area by 2025 at the latest to improve water quality. To date, the UK only has one river in the UK – the River Wharfe in Yorkshire – that has an area designated as bathing water.

Based on RPS' significant experience and track record of urban drainage planning, as well as its understanding of combined sewer overflow (CSO) behaviour and monitoring, Severn Trent appointed RPS to model five of the six catchments. By reducing harm from CSOs through a reduction in spills, the stretches of rivers have the potential to be designated as inland bathing waters. The project also involves working with third-party partners and highway authorities.

To gain a better understanding of network performance, RPS has undertaken detailed hydraulic modelling, flow surveys and asset surveys and tested how potential solutions would operate and perform in reality.

One of our challenges is how to innovatively build back greener, rather than simply build more storage tanks for retention. Examples of greener solutions that we are exploring is surface water separation and the use of sustainable drainage solutions. This involves working out where it's possible and economic to connect the flows from roofs and highways into the river network rather than taking the flows to the sewage treatment works via a combined sewerage network.

1. STRATEGIC REPORT

Image: Offshore wind farm in the North Sea

CHAIRMAN'S STATEMENT

Ken Lever
Chairman

> "We have emerged with a robust business model underpinned by strong financial management with a clear focus on efficient resource allocation."

Our journey

When I reflect on my five years as Chairman of RPS Group, I can say with confidence that we have made some great strides. Through significant investment in brand, people, and connectivity we have transformed from a disparate conglomerate of small consulting businesses to a unified group with clear purpose – solving problems that matter to a complex, urbanising and resource-scarce world. The Group has a strong defined market position, recognised by clients worldwide and is an organisation that is able to attract and retain the best people.

We have emerged with a robust business model underpinned by strong financial management with a clear focus on efficient resource allocation. The foundations are firmly in place to grow the business in markets with significant opportunities for growth, playing well to our product and service offerings and our thematics of urbanisation, natural resources and sustainability. We are also managing through the continuing impact of COVID-19 and with sustainability and climate change high on the agenda of all boards of directors, RPS recognises the integral role and influence RPS can have in this space.

A global outlook

Our Group Leadership Team (GLT) provides a forum for determining the direction of the Group, sharing of ideas for growth and investment and the management of the Group's resources. We have a joined-up global perspective with clarity of products and services that can add value to our clients' businesses – most notably in renewable energy, project management, sustainability and development of infrastructure. There is an increasing focus on the development of technology-enabled service offerings relevant in each of the markets in which we operate but our collective thinking means that we can develop greater reach in parts of the business where our clients are truly global.

Creating shared value

The focus of purposeful business is to generate profit and create value from solving problems that matter. During 2021, we saw significant progress towards greater value creation. Our clients now have a consistent, repeatable and recurring experience across the Group's worldwide locations. They know who we are, what we do and how we can help them.

After a challenging 2020, impacted by COVID-19, we have progressed steadily, achieving the financial market expectations established at the start of the year. As we highlighted at our Capital Markets event in November, we continue to deliver strong cashflow performance and have manageable levels of debt. This virtual event, where we articulated our purpose and cohesive strategy, provided a timely measure of how far the Group has developed over the past five years.

Pace of progress

The share price of the Group has moved up strongly from the very low levels of 2020 and has established a level of stability. Re-establishing the dividend is also a sign of our growing confidence that we are moving from a period of transition into a period of growth.

There is no doubt that we are coming back stronger but the Board recognises that there remains some way to go to achieve our target operating model of five per cent top line growth and ten per cent operating margins overall.

As we continue to demonstrate the qualities and capabilities of the Group and the increasing consistency of performance, we are hopeful that the share price will react accordingly as potential investors recognise and support the investment case.

Looking ahead

For all businesses, irrespective of sector or size, there are continuing challenges. The impact of inflationary pressures and the possible monetary policy responses, for instance, may slow the global economy. Meanwhile, the presence of COVID-19, the unpredictability of government actions and the subsequent geopolitical stresses, each pose threats to the markets in which we operate.

The key is to manage those aspects of the business that can be controlled and to respond effectively and responsibly to the external challenges that may threaten our progress. We have demonstrated the capability to do this since the pandemic broke in March 2020.

Having established a firmer and more cohesive platform for growth, supported by greater financial stability, we are able to look to the future with greater confidence. Acquisitions are back on the agenda backed by a strong balance sheet to help drive fee revenue growth. They will provide greater depth in our areas of focus. The increasingly dynamic and changing world in which we live is offering many attractive opportunities in the markets in which we operate.

ESG and sustainability are at the heart of what we do at RPS and we are continuing to build on our own credentials and offer help to clients to solve problems that matter in these areas. The appointment of a Global Director of ESG and Sustainability this year and publication of our ambitious path to Net Zero by 2030 are strong signals of our intent.

Our People

We are a people business. Our strength is built on attracting and retaining quality people and to do so we continue to strive to make RPS a great place to do great work. Our employee engagement surveys demonstrate that we are making good progress and we continue to focus on building a culture of diversity, inclusion, innovation and creativity.

Understandably, the past couple of years has been a challenging period for our colleagues. But is a challenge they have risen to. It has been a pleasure to see the resilience and tenacity and their creativity and adaptability to deal with the unprecedented circumstances. Over the past year, we have adapted to the hybrid working environment to provide an appropriate balance between home and office working, whilst ensuring our clients continue to receive the excellent level of service they require – and expect.

The Board and I recognise the commitment shown by our employees and thank everyone in the business for their dedication during 2021. I personally also recognise the huge contribution made by the members of the Board and the Group Leadership Team. We look forward with confidence to 2022 to continue to build on the foundation for growth that has been established.

CHIEF EXECUTIVE'S REVIEW

John Douglas
Chief Executive

Our Purpose, Promise and Behaviours continued to serve RPS well in 2021. The environment remained both difficult and volatile; the year started with Delta and finished with Omicron. Despite this we grew profit, order book revenue and employee numbers. We ended the year with a very strong balance sheet and showed continued improvement on our already strong ESG performance. I want to thank our five thousand great people for their ongoing efforts in challenging times.

A time of change

This was my fourth year as RPS' CEO. Each year has produced different opportunities and different challenges:

- In **2018**, we were dealing with succession at every level. A change in CEO after 30 years was a shock to the organisation. At the same time, we saw significant renewal in the Board. We flattened the organisation and populated the leadership teams with a mix of promotions and selected external hires.
- In **2019**, we made significant investments in our people, in our clients, in our brand, and in technology that connected our business.
- In **2020**, RPS, like the rest of the world, had to manage our way through the pandemic. Our people worked with us to preserve jobs, to retain capability, to do great work for our clients, to maintain the order book and to protect the value of the company. We showed resilience and strong financial discipline. We benefited enormously from the investments that we had made – but it was a very tough period, and I can't thank our people enough.
- **2021** was the year we began to grow back from the pandemic. We were delighted that we had retained jobs and capability because there is strong demand for the services that we provide. It was good to grow again. We were pleased that we were again able to show our very strong financial discipline. We wanted to come through the pandemic with a strong balance sheet and have done so emphatically.

It has been a rewarding period. RPS has changed a great deal since late 2017.

Everything we do is informed by our purpose: *RPS exists to create shared value by solving problems that matter to a complex urbanising and resource-scarce world.*

Shared value

We are committed to creating value and ensuring that value is shared with our people, clients, the communities in which we operate and, of course, our investors. Growth is an essential part of that value creation and I was very pleased that in 2021 we started growing again.

We have invested heavily in good people practices. We ensure employees receive good development feedback so that we can make RPS a great place to do great work. We pay competitively and we pay for performance.

We are seeing signs of increased salary inflation in many markets that we operate in. We will need to match these market pressures to retain our quality people and to recruit more great talent. We believe that markets are such that we will be able to recover salary pressures in improved pricing.

The company has a long history of strong dividend payments and for a period, we did overdistribute profits and underinvest in the business. In 2020, we halted dividends to conserve cash and protect the value of the company. At our Capital Markets Day in November, Judith Cottrell, our Group Finance Director, talked to our capital allocations policy and announced that we were recommencing dividends.

While the initial dividend is modest, we believe that paying dividends is a good financial discipline. We are delighted that we can do so again.

↑4% INCREASE IN REVENUE

↑14% INCREASE IN CONTRACTED ORDER BOOK

↑5% INCREASE IN FEE REVENUE

↑5% INCREASE IN AVAILABLE HEADCOUNT

All growth rates are at constant currency

Solving problems that matter

We solve problems that matter to our clients and to the communities that we operate in. We do this because our people want to make a difference. And we do this because we believe that we can create more value and better margins by focusing our expertise on parts of the whole project life cycle that are a small part of the overall project cost but that can have a big impact on project outcomes.

We want to work on those parts of the project life cycle where we can have the biggest impact. This means that our strategic focus is to create defensible niches; we strive always to be a natural inclusion in any request for proposal in the markets we compete in.

We are a company of five thousand problem solvers operating around the world. Our strategy is not just to have strong defensible niches; we link those niches wherever possible to create stronger insights for clients, career opportunities for our people, and faster growth. We extract synergy where it exists but don’t add unnecessary organisational layers.

In our industry, we are a mid-sized global. We can’t be all things to everyone. But we do have clients come to us, people work for us, and vendors sell to us because we are big enough and global enough to be interesting and small enough to care.

CHIEF EXECUTIVE'S REVIEW
CONTINUED

Our clients – urbanisation, natural resources, and sustainability
In a volatile world, we work hard to create the right mix of cohesion and diversification. Everything we do is based around our thematics of urbanisation, natural resources, and sustainability. In this annual report, we give some examples of the work that we do. We always strive to make complex easy for our clients. We work hard to produce actionable outcomes, to communicate clearly, and to make it easy for clients to deal with RPS.

We regularly review our service offerings to find opportunities for organic growth. I have always been clear that we must grow organically, and that acquisition is a supplement to organic growth, not a replacement for it.

Having said this, we continue to acquire selectively:

- where an acquisition fits with our Purpose and where potential new employees will find our company Behaviours compelling
- where the acquisition adds density not further diversification
- when the business case is financially attractive
- where the acquired business brings new capability and technology.

I am pleased to say that Corview (Australia) and Reservoir Imaging Limited (Energy) both acquired before COVID-19 hit, have continued to perform well. Both businesses are fully integrated into RPS. Executives from both businesses have taken leadership positions in the broader business.

We also look to see if any of our business might be better owned by others. In late 2020, we completed the divestment our Specialist Geology business.

A simple, robust, business model
We do such a wide range of interesting things that some investors have worried that we are overly complex. They don't need to. Everything we do is underpinned by a simple robust business model:

- We are happy to procure services on behalf of our clients and we make anything from 5% to 15% margins. This not our priority, however.
- Our core business is recruiting really smart people who solve problems that matter to our clients. We target 50% margins on the work we do.
- Our best technical people don't just do client work, they are our best salespeople and also invest time in hiring and training the next generation. We keep variable overheads, largely the unbilled time of our technical people, to about 20% of fee revenue. We will, however, lift this a little if we see the need to sell more or hire and train faster.
- We keep our fixed overheads to below 20% of fee revenue. This is the costs of functional people (management, HR, marketing, technology, and finance), our insurance and our buildings.

Our business model means that we have a clear target of 10% margins and 5% organic growth. We are not there yet but we are closing the gap. We are transparent in our investor communications and talk clearly about progress against this model.

See our Business Model p.42-43

A new way of working
In 2021, as the world recovered from the pandemic, RPS committed to hybrid working. We asked our people to talk with their manager and agree a plan of working that suits the needs of our clients, of the team, of the manager and of the employee. Many employees are working two to three days a week in the office, but this will vary greatly depending on the role. We are well down the path of resizing offices to accommodate this new reality. This will have some positive benefit on our fixed overheads.

ESG credentials we are proud of

We have a long history of ESG excellence; RPS originally stood for Rural Planning Services, and rural and urban planning is part of our DNA. As planning moved from being an economic discipline to an environmental discipline and then to a social discipline, we led the way.

The combined challenge of energy security and decarbonisation is a problem that matters. RPS is proud to be part of the energy transition and is particularly proud of the way that we have taken skills and relationships built in the gas and oil industry into offshore wind.

We continue to invest in and grow our renewables business aggressively. As well as wind, we support clients in:

- Solar and geothermal;
- Green and blue hydrogen;
- Carbon capture, utilisation, and storage; and
- Hydrocarbons – particularly light hydrocarbons.

We are asked about the logic of a company with strong ESG credentials working in hydrocarbons. We engage regularly with energy forecasters and we believe that hydrocarbons – particularly light hydrocarbons - will be part of the world's energy mix for a long period. We see value in helping ensure that those hydrocarbons are extracted in the most environmentally and economically efficient manner.

A safe, engaged, diverse, and inclusive workforce

As a people business, it is important to us that we have a safe engaged, diverse, and inclusive workforce.

Our safety statistics are good and show continuous improvement. Our safety focus is recognised by very demanding clients like Shell. We recently ran a global employee survey and the feedback on our safety approach was extremely positive.

The employee survey had an 85% participation rate: well above the participation rate in 2018 and well above global benchmarks. At 70%, employee engagement was higher than 2018 but not yet best practice and not where we want it. Encouragingly, employees noted very significant improvement in senior and line manager effectiveness, in clarity of direction and objectives, in change management, and in company direction. This all reflects the management changes that took place in 2018 and the investment that followed. We also received helpful feedback on what employees want more of going forward - with creativity and innovation and action on recruitment and retention being key points.

See our People report p.24-28

RPS is an industry leader in gender diversity. We have always had strong female technical representation and have seen women over-represented in functional roles. We are one of a very limited number of companies with a majority female Board. We have worked hard to build a cadre of women in senior P&L roles. I was delighted that we were able to promote Meegan Sullivan as CEO of Australia, Asia Pacific.

In North America, where capturing data on the racial makeup of the workforce is the norm, we know that our racial diversity comfortably exceeds the industry average. Importantly, employees everywhere told us that we have an inclusive culture where people are treated fairly; the positive feedback was comfortably above global benchmarks.

Ongoing improvement

While we are proud of our ESG performance to date, we can always improve. We announced this year the appointment of Matt Farnsworth as our Global Director for ESG and Sustainability. We conducted a vigorous external search and ultimately decided that one of our own client-facing professionals was our best choice. One of Matt's first tasks was to work with our Group Leadership Team to agree RPS' own science-based targets and our path to Net Zero.

See our ESG and Sustainability Report p.70-80

A bright future

2021 was a good year for RPS. We returned to growth, resumed dividends, ended the year with a very strong balance sheet, and made further gains with ESG.

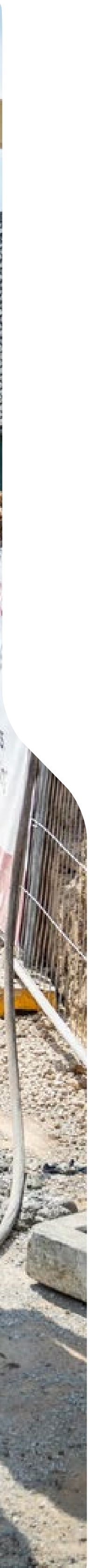
We will continue to grow and to become a bigger, better, and brighter version of the RPS you see today.

Thank you to our clients for their trust, to our people for their efforts, and to our investors for their support.

FINANCIAL REVIEW

Judith Cottrell
Group Finance Director

During 2021, the business has delivered a strong financial performance, with excellent growth and a robust balance sheet. Contracted Order Book is up 14% on December 2020 and available headcount has increased by 5%. The Fee Revenue trajectory has continued to improve as our markets emerged from the global pandemic and margins are recovering. Fee Revenue grew 5% at constant currency and Adjusted Operating Profit by 40%. Disciplined billings and collections have maintained lock-up at best-in-class levels and ensured leverage remains below the bottom end of our target range. During 2021, new financing was secured in the form of seven-year term loans and a two-year extension of the Revolving Credit Facility to July 2024. A new capital allocation policy was announced, and dividends reinstated. At the end of 2021, RPS is well-positioned to continue to capitalise on the growth opportunities available in our markets.



Financial Performance Summary

The Group's key financial performance metrics for the year are summarised in the table below:

	2021	2020	2020 (constant currency)	% change	% change constant currency
Alternative performance measures [1]					
Fee Revenue (£m)	476.1	457.3	454.3	4	5
Adjusted operating profit (£m)	28.3	20.5	20.2	38	40
Adjusted operating profit margin	5.9%	4.5%	4.4%		
Adjusted profit before tax (£m)	21.5	13.4	13.2	60	63
Adjusted earnings per share (diluted) (p)	5.61	4.29	4.13	31	36
Cash and debt measures					
Conversion of profit into cash [1]	73%	239%	239%		
Net bank borrowings (£m) [1]	13.5	10.8	11.9		
Leverage [1]	0.6x	0.7x			
Statutory measures					
Revenue (£m)	560.4	542.1	537.8	3	4
Gross profit (£m)	220.1	203.8	202.2	8	9
Operating profit /(loss) £m	19.2	(24.2)	(23.3)		
Statutory profit/(loss) before tax (£m)	12.4	(31.3)	(30.3)		
Statutory earnings/(loss) per share (diluted) (p)	2.14	(12.83)	(12.55)		
Dividend per share (p)	0.70p	-	-		

1. Alternative Performance Measures are used consistently throughout the Financial review: these include Adjusted Profit Before Tax, Fee Revenue, items prefaced "adjusted" such as adjusted EPS, segment profit, Adjusted Operating Profit, amounts labelled "at constant currency", EBITDAS, conversion of profit into cash, net bank borrowings, leverage, and contracted order book. For further details of their purpose, definition and reconciliation to the equivalent statutory measures see note 3 to the consolidated financial statements.

Trading Performance

Revenue for 2021 grew by 4% at constant currency to £560.4m (2020: £542.1m, £537.8m at constant currency). Our key performance measure of Fee Revenue for 2021 was £476.1m (2020: £457.3m, £454.3m at constant currency). The growth in Revenue is being driven by the Fee revenue growth as discussed below. The Group made a statutory operating profit of £19.2m (2020: loss £24.2m) and a statutory profit before tax of £12.4m (2020: loss £31.3m, £30.3m at constant currency) as business performance improved and exceptional items reduced on 2020. The profit performance of the business is measured using Adjusted Operating Profit. During 2021, the growth in Fee Revenue and recovering margins meant Adjusted Operating Profit grew by 40% at constant currency to £28.3m (2020: £20.5m, £20.2m at constant currency). The trading performance of the Group by segment is summarised in the tables below.

Image left: Flood Risk Management team project, located in Kinderdijk (The UNESCO World Heritage Site), the Netherlands

FINANCIAL REVIEW
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Contracted order book up 14% on 2020, well-positioned for growth

Good momentum in the business as the year progressed was supported by the structural tailwinds and the retention of the workforce through COVID-19. Total contracted order book (COB) was up 14% on December 2020 at constant currency with good growth in three out of our six segments. Of the remaining three segments, both Energy and North America secured some key wins in December 2021, which are being converted into COB as contracts are signed in early Q1 2022. As a result, in Energy, COB at the end of January 2022 was up 20% on December 2020 and in North America, the COB plus won not yet in contract at end of December 2021 was broadly flat on December 2020. In Services UK & Netherlands, COB is growing with the exception of Water Operations where the business contracts through long-term contracts and hence COB reduces, as these contracts are worked, and experiences large increases when new contracts are awarded. The COB growth coupled with the 5% increase in available headcount compared to December 2020, ensures we are well-positioned to deliver future fee revenue growth.

Group
COB ↑ 14% on December 2020

Headcount ↑ 5% on December 2020

Energy
COB ↓ -7% on December 2020

Headcount ↑ 61% on December 2020

Consulting UK & Ireland
COB ↑ 27% on December 2020

Headcount ↑ 5% on December 2020

Services UK & Netherlands
COB ↓ -8% on December 2020

Headcount ↓ -6% on December 2020

Norway
COB ↑ 49% on December 2020

Headcount ↑ 4% on December 2020

North America
COB ↓ -8% on December 2020

Headcount ↓ -7% on December 2020

Australia Asia Pacific
COB ↑ 24% on December 2020

Headcount ↑ 13% on December 2020

Fee Revenue recovering as markets emerge from the global pandemic, Fee Revenue up 5% on 2020

£m	2021	2020	2020 at constant currency
Energy	71.5	75.7	74.5
Consulting – UK and Ireland	115.1	108.0	107.0
Services – UK and Netherlands	87.3	85.7	84.5
Norway	61.9	56.0	57.5
North America	35.6	39.0	36.6
Australia Asia Pacific	104.7	92.9	94.2
Fee revenue	476.1	457.3	454.3

Performance for the period under review was in line with the Board's expectations, with Fee Revenue growth and adjusted operating profit margins improving. The positive trends in our markets and improved business momentum that we signalled in the H1-2021 results continued into H2-2021.

Full-year Fee Revenue of £476.1m was up 5% (at constant currency) on the prior year. Whilst the impact of COVID-19 diminished in 2021 compared to 2020, some markets in which we operate continue to be impacted by lockdown restrictions. RPS generates circa 55% of Fee Revenue from government or quasi-government organisations, which provided some resilience to the ongoing impact of COVID-19 in our segments.

Urbanisation trends continue to drive strong demand for our services. Increased UK private sector confidence, buoyant property markets and government spending on urbanisation and transport infrastructure projects is driving demand for our services and good Fee Revenue growth in Consulting UK & Ireland and Australia Asia Pacific. Growth in these segments is also being supported by increased market demand for our environmental and ESG offerings.

With an increase in government and private sector funded projects in urbanisation, transport infrastructure and sustainability, we are delivering good growth in Fee Revenue in project management in Norway and Australia Asia Pacific.

Demand for natural resources is supporting growth in parts of our Energy and Services UK & Netherlands segments. In Energy, Fee Revenue from renewables grew by 24% while activity in gas and oil remains subdued despite oil price increases. However, demand for conventional energy is expected to continue and we expect activity levels in this area to pick up.

Image above: Taken by Tomasz, while undertaking Topographical Surveys on the Orkney Islands

FINANCIAL REVIEW
CONTINUED

The UK AMP cycle has continued to ramp up during 2021 and underpinned Fee Revenue growth in the UK part of our Services UK & Netherlands business. Whilst demand remains strong for our service offerings in Netherlands, increased COVID-19 restrictions at various times during 2021 impacted our property and laboratory businesses.

Strong market drivers of sustainability and ESG, alongside ongoing Private Equity transactions, have driven organic Fee Revenue growth in our North American Environmental Risk business and Consulting UK & Ireland. Overall, Fee Revenue in our North America segment is down due to the closure of less profitable business streams in 2020 and some delay in the year of the activation of government projects awarded to our Infrastructure division.

Adjusted Operating Profit up 38% on 2020, adjusted operating profit margin improving

£m	2021	2020	2020 at constant currency
Energy	**4.8**	4.5	4.3
Consulting – UK and Ireland	**9.0**	6.3	6.2
Services – UK and Netherlands	**6.9**	5.4	5.4
Norway	**5.1**	4.5	4.7
North America	**3.5**	2.9	2.7
Australia Asia Pacific	**10.8**	8.2	8.2
Total segment profit	**40.1**	31.8	31.5
Unallocated costs	**(11.8)**	(11.3)	(11.3)
Adjusted operating profit	**28.3**	20.5	20.2

Improving Fee Revenue, recovering gross margins and benefits from the restructuring we undertook in 2020 are delivering improving margins across all segments. In Energy, our flexible associate cost base enables us to manage costs and mitigate the impact of lower revenue. At constant currency, Segment profit increased by £8.6m at constant currency to £40.1m (2020: £31.8m, £31.5m at constant currency) and profit margin improved from 7.0% in 2020 to 8.4%.

Unallocated costs were higher in 2021 due to continued investment in functions and the relaxing of COVID-19 cost reduction measures initiated in 2020 but remain at 2.5% of Fee Revenue.

Robust balance sheet, net bank borrowings at 31 December 2021 of £13.5m and low leverage at 0.6 times EBITDAS

During the 12-month period, as the business emerged out of COVID-19, investment recommenced in capital projects and in growing revenues. This investment, alongside the payment of £9.4m of sales and payroll taxes deferred in 2020 under government COVID-19 schemes, resulted in net bank borrowings rising by £2.7m to £13.5m at 31 December 2021 (31 December 2020: £10.8m).

Net cash from operating activities was £24.7m (2020: £84.0m). Our conversion of operating profit into operating cash was lower than historic norms at 73% (2020: 239%). Despite the significant focus on billing and collections, working capital increased as revenue grew 3% and we also paid £9.4m of sales and payroll taxes that had been deferred under government COVID-19 schemes. Lock-up days at the end of December 2021 remained low at best-in-class levels of 49 days compared to 48 days at the end of 2020 and 69 days at the end of 2019. Our continued focus on billing and collections is demonstrated by average lock-up days for the year of 57 days for 2021 compared to 65 days for 2020.

Net cash used in investing activities was £13.2m (2020: £9.7m), with the increase due to higher capital expenditure of £10.4m (2020: £7.8m) and the proceeds on the divestment of Specialist Geology received in 2020. The capital expenditure figure includes £0.9m (2020: £2.5m) invested in our new ERP system.

Deferred consideration outstanding at the year end reduced to £2.6m (31 December 2020: £5.8m).

The amount paid in respect of dividends was £0.7m (2020: £nil) reflecting the reinstatement of dividends with the 2021 interim dividend. In 2020, included within financing activities were the £19.4m net proceeds of the September 2020 share placing.

Our leverage (being net bank borrowings plus deferred consideration expressed as a percentage of adjusted EBITDAS) at the year end was 0.6x (31 December 2020: 0.7x) compared to our target operating range of 1.0x to 2.0x. We expect this will increase during 2022 to within our target operating range of 1.0x to 2.0x as we invest in growing the business. The bank covenant limit that applies to all our facilities is 3.0x.

Specific adjusting items

Exceptional items

Exceptional items of £5.3m have been recognised in 2021 (2020: £39.2m), of which £2.8m are non-cash. The exceptional items are detailed in note 7 to the financial statements and include:

£m	**2021**	2020	
Restructuring costs	**2.8**	6.0	Costs arising from actions taken in light of the pandemic to align our operating model to the new environment. These include closure of offices with surplus space resulting in an impairment of right-of-use assets and onerous contract provisions for associated property costs and, in 2020, limited redundancy costs. Offsetting the costs in 2021 is the release of property provisions made in 2020 where the property was successfully sublet in 2021.
ERP costs	**1.7**	2.2	Change management and data migration costs for ongoing roll-out of the ERP plus costs of stabilising the 2019 pilot roll-outs including removal of the Hitachi Essentials solution.
Legal fees	**0.8**	1.8	Legal fees investigating potential issues regarding the administration of US government contracts and/or projects. The investigation is ongoing. This matter is disclosed as a contingent liability in note 26 to the consolidated financial statements.
Loss on divestment	**-**	0.4	Divestment of Specialist Geology in 2020.
Impairment of goodwill	**-**	25.9	Impairment of goodwill in 2020 in Consulting UK & Ireland and North America due to the impact of the COVID-19 pandemic.
Impairment of ERP	**-**	2.9	Impairment in 2020 in respect of those parts of the system that are no longer part of the global design following the removal of Hitachi Essentials.
Total	**5.3**	39.2	

We anticipate that exceptional costs will be incurred in 2022 associated with the continued roll-out of the ERP system and ongoing legal fees in respect of the US government contracts investigation.

Amortisation of intangible assets and transaction-related costs

Amortisation of intangible assets and transaction-related costs totalled £3.8m (2020: £5.5m). Included in this total is amortisation of acquired intangibles £3.8m (2020: £5.5m), and acquisition related third-party transaction costs of £nil (2020: £nil).

Net finance costs

Net finance costs were £6.8m (2020: £7.1m), which includes £1.7m in respect of IFRS 16 (2020: £1.9m). The reduction in net financing costs reflects the lower levels of net bank borrowings over the year and

FINANCIAL REVIEW
CONTINUED

a reduction in the margins on our recently secured long-term debt. Excluding lease obligations, the average total bank net borrowings in 2021 were £33.5m (2020: £63.6m). Interest expense includes imputed interest on deferred consideration of £0.1m in 2021 (2020: £0.2m).

Tax

The effective tax rate for the year on adjusted profit before tax (PBT) is 27.9% (2020: 22.4%). In 2020, the tax rate was distorted by the impacts of COVID-19, including carry back of losses and a change in mix of profit by tax jurisdiction with different jurisdictions facing differing COVID-19 impacts. The tax rate is now returning to more normal levels. The increase in effective tax rate is mainly due to the impact of carrying back US losses in 2020 under the US CARES Act and an increase in tax provisions for potential overseas tax exposures. The increase was partly offset by updating the rate used for UK deferred balances to the rate that is effective from April 2023. Our underlying tax rate prior to these adjustments reduced in the year due to a reduction in the proportion of taxable profit from higher rate tax jurisdictions, mainly Australia.

Image above: Breann and Christy (daughter and mother), ready to go to work in North America

The statutory tax charge for the year was £6.5m (2020 credit: £0.2m) on a profit before tax of £12.4m (2020 loss before tax: £31.3m). The effect of tax on the impairment of goodwill incurred in 2020 of £25.9m was £nil.

Deferred tax assets of £13.0m (2020: £11.2m) include tax losses in the US and UK, deferred tax on employee benefits, and deferred tax on provisions and accruals. The Directors have considered the recoverability of these assets and remain satisfied that it is probable that sufficient taxable profits will be generated in the foreseeable future, against which the recognised assets can be utilised.

Earnings per share (EPS)

Adjusted diluted EPS was 5.61p (2020: 4.29p, 4.13p at constant currency), an increase of 36% over last year at constant currency. The Board considers that adjusted EPS, which is statutory EPS excluding exceptional items and amortisation of intangible assets and transaction-related costs and the tax thereon, provides a useful indication of performance and trends over time. Statutory diluted EPS was 2.14p (2020: loss per share 12.83p, 12.55p at constant currency).

Dividends

In response to COVID-19, the Group suspended dividend payments in 2020 and cancelled the 2019 final dividend. With the improving market conditions and growth in the business, the Group reinstated dividends in 2021 with a modest interim dividend of 0.26p per share (£0.7m) paid on 8 October 2021.

The Board has declared a final dividend of 0.44p per share (£1.2m) (2020: nil) which will be paid on 20 May 2022 to holders of ordinary shares on the Company's register of members at the close of business on 22 April 2022, subject to approval at the Annual General Meeting on 26 April 2022. This aligns with the Group's recently announced capital allocation policy and reflects the Board's desire to return to paying dividends to shareholders balanced with the need to retain capital in the business to capitalise on organic and acquisitive growth opportunities. In the medium term, the Board intends to return to a sustainable dividend payout of circa 30% of earnings pre-amortisation.

Organic growth

There were no acquisitions in 2020 or 2021. The divestment of Specialist Geology was completed on 31 December 2020. This business generated £2.1m of Fee Revenue in 2020. Hence, after excluding acquisitions and divestments, organic Fee Revenue growth is 5.3% at constant currency.

Intangible assets

The net book value of intangible assets at the year end was £340.8m (31 December 2020: £350.5m) which largely comprised goodwill. The decrease during the year is attributable to amortisation, partly offset by investment in the new ERP, and the effect of foreign exchange movements. The goodwill has been reviewed for impairment, see note 14 to the consolidated financial statements. There are no concerns over the recoverability of the Group's goodwill balances.

Substantial liquidity

Total borrowings net of cash of £50.4m at 31 December 2021 (31 December 2020: £59.7m) comprised cash and cash equivalents of £40.1m (2020: £43.2m), borrowings and overdrafts, net of capitalised debt issuance costs of £53.6m (2020: £54.0m), and IFRS 16 lease liabilities of £36.9m (2020: £48.9m).

In September 2021, the Group secured new 7-year term loans of £25.0m from Aviva Investors and £30.0m from Legal and General Investment Management. These loans represent the Group's core debt with £42.5m at fixed interest rates between 3.56% and 3.57% and the remainder at 2.75% above SONIA.

The Group's main banking facility is a committed multi-currency revolving credit facility (RCF) with Lloyds, HSBC, and NatWest totalling £100m which expires in July 2024. This attracts interest at variable rates, depending on the Group's leverage.

The amount drawn under the facility at the year end was £nil resulting in headroom of £100m.

Capital structure

As at 31 December 2021, the Group had shareholders' funds of £348.6m (31 December 2020: £349.0m). The company had shareholders' funds of £299.0m (2020: £275.7m) and 277.5m fully paid ordinary shares in issue at 31 December 2021 (31 December 2020: 276.9m).

Foreign exchange

Over 60% of segment adjusted operating profit was derived from operations other than in the UK, mainly in Australia, US, Norway, Netherlands, Ireland, and Canada. The Group's consolidated results are therefore significantly exposed to the effect of exchange rates when translating the results of non-UK operations into sterling.

Profit in 2021 saw a marginal impact from exchange movements on the conversion of overseas results in comparison to 2020. Adjusted profit before tax (PBT) in 2021 would have been £0.3m higher than reported had 2020 exchange rates been repeated in 2021. The Adjusted PBT in 2020 would have been £0.2m lower than reported if 2021 exchange rates had prevailed in 2020. The statutory loss before tax in 2020 would have been £1.0m lower than reported if 2021 exchange rates had prevailed in 2020.

Basis of preparation and new accounting standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the UK and International Financial Reporting Standards Interpretations Committee (IFRS IFRIC) interpretations issued and effective at the time of preparing the financial statements. The Group's significant accounting policies are detailed in note 1 to consolidated financial statements.

SEGMENT PERFORMANCE

Performance for the year was in line with the Board's expectations, with Fee revenue growth and adjusted operating profit margins improving. The positive trends in our markets and improved business momentum that we signalled in the H1-2021 results continued into H2-2021.

Energy

£m	FY2021	FY 2020	FY 2020 cc[1]	cc growth
Fee revenue[1]	**71.5**	75.7	74.5	(4%)
Segment profit[1]	**4.8**	4.5	4.3	12%
Operating profit margin[1]	**6.7%**	5.9%	5.8%	

FY 2021

- Renewable fee revenues accounted for 19% of the Energy segment's total fees and grew 24% YoY from 2021
- MST had an active bidding year in offshore wind but saw weakness in large conventional metocean programs. Several awards at year end provide reliable expectations of improved performance in 2022
- The Operations business benefitted from its diversity of service offering and realised improved profitability despite the subdued demand for seismic exploration services

Outlook

- The segment has maintained its capability through 2020/2021 and remains well-placed to continue to exploit the opportunities from the Energy transition that is now well-established
- Renewable energy opportunities now form a consistent share of the Segment's fees and there is an expectation of increased activity in traditional energy exploration projects through 2022

Consulting UK & Ireland

£m	FY2021	FY 2020	FY 2020 cc[1]	cc growth
Fee revenue[1]	**115.1**	108.0	107.0	8%
Segment profit[1]	**9.0**	6.3	6.2	45%
Operating profit margin[1]	**7.8%**	5.8%	5.8%	

FY 2021

- Strong public sector demand has continued in 2021 across UK and Ireland
- Private sector projects returning significantly in H2
- Planning approvals back to 2019 levels, with significant growth in logistics, data centres, and health
- Pricing has kept pace with construction inflation to enable improvement of margins

Outlook

- Expect market demand to continue across all sectors, with strong growth in residential
- Biggest challenge in 2022 will be recruitment and retention and continuing to manage inflation impacts
- Talent attraction strategy building on a strong Employee Value Proposition is doubling application rates

Services UK & Netherlands

£m	FY2021	FY 2020	FY 2020 cc[1]	cc growth
Fee revenue[1]	**87.3**	85.7	84.5	3%
Segment profit[1]	**6.9**	5.4	5.4	28%
Operating profit margin[1]	**7.9%**	6.3%	6.4%	

FY 2021

- Ramp up of AMP7 water cycle and increased activity in UK Health and Labs businesses delivered 6% Fee Revenue growth in Services UK
- Performance in the Netherlands more muted due to tighter COVID-19 restrictions
- Demand for higher margin consultancy and digital services led to increase in gross profit margins

Outlook

- Continued growth expected across UK markets and the Netherlands business expected to recover as lockdown restrictions ease
- Well-positioned to exploit growing interest in flooding, pollution and drainage
- Recruitment the biggest challenge with increasing demand for our services

Norway

£m	FY2021	FY 2020	FY 2020 cc[1]	cc growth
Fee revenue	**61.9**	56.0	57.5	8%
Segment profit[1]	**5.1**	4.5	4.7	9%
Operating profit margin[1]	**8.2%**	8.0%	8.2%	

FY 2021
- Retained the market position as #1 within Project and Program Management in Norway
- Solid performance in the public sector and continued to increase our share in the private sector
- While still a strong focus on cost control, some COVID-19 cost-saving measures relaxed in 2021

Outlook
- Norway still impacted by COVID-19 at the beginning of 2022 so managing inflation and employee retention is key
- Activity and investment levels stable in the public sector. Focus remains on growth in the private sector
- New opportunities within renewables and green technology
- Growth within digitalisation and large capital project investment

North America

£m	FY2021	FY 2020	FY 2020 cc[1]	cc growth
Fee revenue[1]	**35.6**	39.0	36.6	(3%)
Segment profit[1]	**3.5**	2.9	2.7	30%
Operating profit margin[1]	**9.8%**	7.4%	7.4%	

FY 2021
- Environmental Risk continued to benefit from a robust private equity market and growing demand for ESG and compliance services
- Infrastructure activity slowed by reduced public sector spending in H1; began to recover in Q4 with new client fiscal year
- Ocean Science fees impacted by subdued gas and oil activity, partially mitigated by renewables growth

Outlook
- The US economy has returned to pre-pandemic output with continued growth forecast in 2022; a favourable environment for private sector investment
- Public sector spending expected to grow as clients benefit from *Infrastructure Investment and Jobs Act* funding.
- Wage inflation and tight labour market will result in continued recruitment/retention challenges which must be carefully managed

Australia Asia Pacific

£m	FY2021	FY 2020	FY 2020 cc[1]	cc growth
Fee revenue[1]	**104.7**	92.9	94.2	11%
Segment profit[1]	**10.8**	8.2	8.2	32%
Operating profit margin[1]	**10.3%**	8.8%	8.7%	

FY 2021
- Continued strong government spending in defence and transport infrastructure underpinned growth across the segment
- Growing demand for end-to-end advisory and project management services in major government programs and projects
- Private sector confidence in renewable energy investments delivered growth in regulatory approvals fees
- Strong overall performance, well-positioned for further growth

Outlook
- Strong order book for 2022, consistent government project pipeline across key market sectors
- Challenges from a constrained and very competitive labour market
- Some market uncertainty from government elections in three jurisdictions

1. Fee revenue and segment profit are alternative performance measures and are reconciled to statutory measures in note 4 to the consolidated financial statements. Operating profit margin is calculated as segment profit over fee revenue. Constant currency (cc) is defined in note 3 to the consolidated financial statements.

TEAM FOR GROWTH

THE GROUP LEADERSHIP TEAM

The Group Leadership Team (GLT) exists to deliver on our purpose to create shared value by solving problems that matter to a complex, urbanising and resource-scarce world. They do this by leading the delivery of RPS strategy. Working together to align strategies, set priorities and deliver commercially astute outcomes.

Each a technical leader in their field, the GLT lead their people from the front – creating a culture where our behaviours thrive, and an environment that drives innovation and excellence.

#wesolveproblemsthatmatter #weareconfidentlypragmatic #wemakeiteasytoconnect #wearestrongertogether #absolutedelivery

John Douglas
Chief Executive
- Listed company experience
- 15 years with Australian industrial, Boral Ltd and consulting roles with Boston Consulting Group and engineering companies
- Civil Engineering degree and management qualifications

John Tompson
CEO – Energy
- Leads diverse global team of energy professionals
- At the forefront of our efforts to drive future-proof, smart, safe, and sustainable energy solutions for our clients – onshore and offshore

Paul Aitken
CEO – Services UK & Netherlands
- A chartered engineer with 30 years' experience in the utilities and environment sector in the UK and overseas
- Influential leader with a strong track record in business development, strategy, growth and delivery

Judith Cottrell
Group Finance Director
- A former KPMG accountant, held senior finance and operational roles before being appointed to the Board in 2020
- Commercial leadership at RPS as CEO – Consulting UK & Ireland and former Group Strategy Director
- Experience of all aspects of acquisitions and divestments, and corporate finance activities

John Chubb
CEO – Consulting UK & Ireland
- Chartered Engineer with broad range of engineering leadership positions with Grontmij UK and Sweco Denmark
- Former Royal Naval Commander with further senior leadership experience in nuclear, ICT, waste and energy

Halvard Kilde
CEO – Norway
- Leads the only full-service project management and solution provider in Norway
- Focused on RPS' maintaining unrivalled reputation for exemplary complementary project management in Norway and overseas

Top to bottom L to R: Paul Aitken, John Chubb, Diane Christensen, Doug Matthys, John Douglas, Halvard Kilde, Judith Cottrell, Chantalle Meijer, Meegan Sullivan, Alastair Rutter, John Tompson

Doug Matthys
CEO – North America
- Educated as an Environmental Scientist
- Consulting, management, and executive leadership roles with professional service firms

Diane Christensen
Group People Director
- Passion for leadership culture and career development
- Leads global HR community focused on culture with purpose to attract and retain the best talent
- Ensures RPS continues to be a great place to do great work. For everyone

Alastair Rutter
Chief Information Officer
- Drives the development and alignment of technology, data and digital solutions for our people and our clients
- Strong track record of creating transformational solutions that add value and enhance competitive advantage

Meegan Sullivan
CEO – Australia Asia Pacific
- Significant consulting experience across transport, water, government and infrastructure projects in government agencies, privately owned and publicly listed companies
- A corporate strategist with a strong track record in corporate acquisitions and integration

Chantalle Meijer
Group Marketing Director
- Using data and insights to connect marketing and technical professionals
- Leading digital, campaign and marketing technology initiatives to deliver high-value client experiences
- Generating demand and influencing profitable, organic revenue growth

PEOPLE REPORT

In 2018, we laid the foundations for a people strategy to make RPS a great place to do great work – and to attract and retain the best people. It was underpinned by six defining principles embracing inspiration, support, culture, leadership, opportunity, and flexibility. Today, we have an established people-focused culture with a clear purpose, embodied in inclusive and resilient behaviours; it has enabled us to build leadership from within and successfully manage our way through COVID-19. Our focus in 2020 on retaining capacity and capability, and preserving value, meant we were well-positioned as markets recovered through 2021, particularly in the UK.

Positioning ourselves for success in a post-pandemic world

While the safety and wellbeing of our people remained a priority, we also placed emphasis on positioning the company and our people for success in a post-pandemic world. During the second half of the year, our focus turned to creating a hybrid working environment, giving people the flexibility and opportunity to divide their time between the office and home, backed up by modern online employee resources and technology support.

The competition for talent

Having high-calibre talent with deep expertise that our clients expect has remained, and continues to be, a dominant theme. Ultimately, this means winning the competition for talent. This phenomenon of an increasingly competitive landscape for recruiting and retaining talented employees is not just confined to our sector but it is, nevertheless, a challenge we are addressing.

Internal talent, leadership bench strength and succession

We have had a strong emphasis on our internal talent and succession. We continue to promote internally as we seek to strengthen not only our leadership capabilities but also technical and specialist capabilities across the organisation. We have implemented a new succession and talent framework for our leadership teams. This is enabled by Progress on Demand (POD), our global people technology platform that tracks the end-to-end employee journey from recruitment and onboarding, through to performance and career development.

Key appointments

Key appointments during the year included two members of the Group Leadership Team. In October, Meegan Sullivan was appointed as the new CEO of our Australia Asia Pacific segment, having played an integral, strategic role in the development of our businesses in the region, both commercially and operationally over the past 10 years. And Diane Christensen was appointed as the new Group People Director. Diane has been with RPS since early 2019 bringing broad sector experience and has played a key role in Australia Asia Pacific's recent successes. Diane will be UK-based from 4 January 2022. Meanwhile, Matt Farnsworth, a seasoned sustainability advocate with over 20 years' industry experience (seven with RPS), was promoted to the new role of Global Director of ESG and Sustainability. He is leading RPS' global sustainability strategy, progressing our environmental, social and governance performance.

We inspire our people to deliver our strategy

We create a high-performance culture and reward accordingly

We enable our employees to shine and build meaningful careers

Key appointments


Meegan Sullivan


Diane Christensen


Matt Farnsworth

Tech-enabled recruitment and development potential attracting candidates

- We have run successful graduate recruitment campaigns incorporating virtual assessments and interviews
- One of only three companies selected by LinkedIn as finalists in the 5,000-10,000 employees' category for Best Talent Acquisition Team (UK)
- Introduced market leading Applicant Tracking System technology across the global business
- Specialist learning and development competence strengthened through new hires to the People function. We are now also an ILM Accredited Centre in the UK, offering our employees professional qualifications in leadership and management and executive coaching and mentoring up to Level 7 (master's degree level).

Expert hires building strong niches in Natural Resources


Ruth De Silva who has extensive offshore renewables consenting experience has joined the team in Scotland.


Dong-Joo Kim joined to help us deliver large-scale floating and fixed offshore wind farm projects across Korea and Asia.

Smooth transition to hybrid working

Our people have the access to the tools and information they need to do their job anywhere, anytime – it also allows them to easily connect, meet, chat, share and work on projects together, and with clients, giving us much-needed business continuity during the most stringent restrictions and supporting a smooth transition to hybrid working in 2021 as our people divide their time between working in the office, on site and at home.

We create high-performing leadership teams

We attract and retain high-calibre talent and offer them flexibility

Our organisational structure supports clients and growth

PEOPLE REPORT
CONTINUED

Greater engagement

A purposeful dialogue with our people

We are creating an increasingly engaged organisation – one where we actively seek views and feedback from our people, particularly through our global engagement survey – Your Voice. Some 85% of our people have shared their views and ideas with us – we have detailed information on what they are thinking and feeling, enabling us to continually enhance our people's and clients' experiences.

Employee Participation
85%
(2021)
(2018: 80%)

Employee Engagement
70%
(2021)
(2018: 67%)

I work in a safe environment
88%
(2021)
(2018: 83%)

Confidence in the future of RPS
78%
(2021)
(2018: 74%)

RPS is genuinely committed to satisfying its clients
89%
(2021)
(2018: 86%)

YOUR VOICE

Employees in the driving seat of their careers

Our people now have joint ownership of their careers and development. PROGRESS@RPS – our global performance and development framework – puts employees in the driving seat of their growth and progression at RPS, based on the principle of more frequent and meaningful conversations. Since its launch in 2019, we have seen a dramatic increase from 50% to 96% in the number of employees having a meaningful cycle of ongoing conversations that drive their performance and development throughout the year.

Image above: Consulting UK & Ireland graduates Ella, Thomas, Gemma, Daniel and Andie at their induction day.

Intolerant of intolerance

RPS is a business that creates shared value by solving problems that matter. Our Behaviours support our purpose. At RPS, we are resolutely intolerant of intolerance. In May 2021, we published our updated Diversity and Inclusion policy. It ensures RPS continues to forge an environment where all employees can thrive and build meaningful careers.

In North America, we focused on delivering our commitment to align with a White House initiative to advance educational equity and economic opportunity through historical black colleges and universities (HBCUs) by increasing the number of HBCUs we recruit from. The business also partnered with the National Action Council for Minorities in Engineering (NACME) to support the organisation in providing STEM career and scholarship opportunities through three corporate scholarships and three intern opportunities in 2021.

In Australia, we announced our Reconciliation Action Plan (RAP) for 2021–22, a plan that is organised around four pillars: relationships, respect, opportunities, and governance. The RAP provides a framework for growing our existing relationships with several First Nations organisations, including Yalari, a not-for-profit foundation which provides scholarships for Aboriginal and Torres Strait Islander children from regional, rural, and remote communities, and Career Trackers, a national not-for-profit organisation which is working with RPS to create pathways to employment for First Nations university students.

Further diversity information is available on p.79

Above: Artwork for the Reconciliation Action plan is called Ngapa Jukurrpa (Water Dreaming), and was created by Leavannia Nampijinpa Watson from Warlukurlangu Artists, an Aboriginal-owned art centre in Central Australia.

Our behaviours

We solve
PROBLEMS THAT MATTER

We are
CONFIDENTLY PRAGMATIC

We make it
EASY TO CONNECT

We are
STRONGER TOGETHER

Winning mindset
ABSOLUTE DELIVERY

PEOPLE REPORT
CONTINUED

Reward

In 2021, decisions continued to be guided by established reward principles.

Trusted

We returned to our normal reward cycle, implementing the annual pay review and honouring employee bonus schemes where the threshold had been met.

Aligned

Regional bonus plans were reviewed, and a new plan was introduced in Australia Asia Pacific. In the UK, greater parity in the benefits offering was implemented to bring parts of the business in line with others.

Targeted

Reward interventions were made to retain key individuals through greater pay and share awards.

Competitive

Salary reviews were conducted to bring salaries in line with appropriate industry and local benchmarks.

Responsible

Funds from CEO and Group Finance Director 2020 bonuses were used to reward targeted individuals and fund diversity and inclusion initiatives in Australia and North America.

Creating shared value in 2021, 2022 and beyond

2021 showed us what our people are capable of. They worked on diverse projects. Work that has purpose. And they got to do that alongside some of the best people in the industry. Their consistency and excellence drove the business forward.

In our 2021 engagement survey, our people told us they feel positive about health, safety, and wellbeing; that clear progress has been made in company direction and operational efficiency; and that they feel enabled to perform and there is a strong culture of support. They also told us they wanted more focus on development, attraction, and retention as well as opportunities for greater creativity and innovation.

2022 will be the year when managers and their teams get really confident with performance conversations, building career development plans and creating opportunities to move and grow across the organisation as we build and connect our global niches. The bedrock of engaging and retaining our talented, ambitious people.

Image left: Emma, Zooarchaeologist and Kate, Heritage Consultant, on a Newcastle city site, Australia

Case study: **Urbanisation**

Inspection of Amsterdam quay walls

Restoring Amsterdam's canal network

For more than four centuries, the canals in Amsterdam have been the city's lifeblood and today tourists from across the globe flock to the city to experience its picturesque atmosphere. Yet, time is taking its toll, and many are falling into disrepair. The Municipality of Amsterdam has found that quay walls, around 10km of the 600km network, have reached the end of their life. In addition, it suspects that the technical condition of the quay wall has deteriorated for a further 24km.

In light of the deterioration, the Municipality needs to monitor deformations so it can react quickly to prevent lasting and untold damage. However, before it starts with quay wall replacement projects, it must map out the damage sensitivity of the adjacent buildings within a radius of 20 metres from the planned construction work. This where we come in.

In 2019, we were commissioned to monitor the settlement behaviour of Amsterdam's canal quay walls and adjacent buildings – deformation measurements are used to detect any deformations at an early stage. Soil samples are examined for composition and tested for compaction and strength at our geotechnical laboratory. We use this to check the strength properties and stiffness of the base layer. We do this by continuously applying tension to the soil layers until the sample eventually collapses.

We also monitor the rate of subsidence with height measurements on the adjacent buildings. Observing "great" settlement velocities (more than three millimetres per year), cracks and skews gives rise to further research as this can indicate a poor foundation of the adjacent buildings.

Image above: Danny, from the Survey & Geomatics team placing deformation sensors and monitoring the data, Amsterdam

CLIENT REPORT

Investment in digital marketing supporting growth

Three years ago, we launched our new global brand designed with our clients at the heart of everything we do. Our goal was to deliver digitally led, personalised, client experiences that are easy and valued at every interaction.

2021 saw our digital strategy create new opportunities to engage with our clients and support organic growth across the business.

↑	23%	Website page views
↑	70%	Website get in touch
↑	182%	Google search impressions
↑	207%	Webinar registrations
↑	17%	Social media followers
↑	200%	Marketing contacts

Creating new opportunities to engage with clients

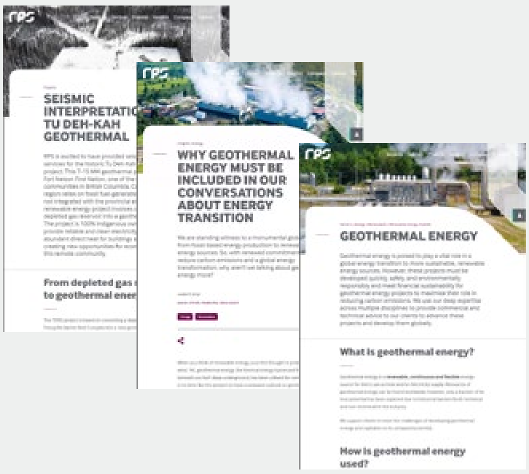
Using data and insights to connect marketing and technical specialists, we are now able to develop a deep understanding of what our clients value early in the buyer journey and when to have informed, relevant conversations to positively influence business growth.

Targeted, optimised, personalised campaigns

Over the past year we've activated over 40 client-led campaigns targeted to three thematics – urbanisation, natural resources, and sustainability where there is known demand for our services and expertise. One of many successful campaigns is "Raising the bar on geothermal energy".

Raising the bar on geothermal energy

As existing and potential energy clients invest in plans to transition into renewables such as geothermal energy, our technical specialists have developed search engine optimised content, sharing market insights and new ideas to solve problems that matter. This approach has made it easy for potential clients to connect to our deep geothermal expertise, generating new leads and resulting in a #1 organic search ranking for "geothermal".



Influencing client conversations

70% of the decision to purchase a product or a service is made online across multiple platforms before a face-to-face conversation even happens. To convert digital marketing qualified leads, we've invested in business development training for our technical professionals.

Since launching our Influencing Conversations to Win program in 2020, we've delivered training to over 300 global participants with a further 150 participants expected to complete the program in the coming year. The program consists of four learning modules delivered virtually across our global business.

Module one
Thinking differently about how clients buy and how to engage with them at each stage of the buyer journey

Module two
Introducing new questioning and listening skills

Module three
Opening and influencing a commitment

Module four
Talking persuasively about RPS

By combining our existing client relationship skills with new listening techniques and questioning frameworks, our people can talk persuasively about our combined service offerings in ways that are relevant and meaningful to our clients.

Looking ahead

Our continued investment in digital marketing activities, combined with the development of client-led solutions by our technical professionals will build and reinforce trusted relationships that influence organic revenue growth opportunities and strengthen our order book.

> "The course has taught me to think about conversations differently. There has always been a sub-conscious understanding of how to structure a conversation, but I now understand the theory behind this. From understanding the buyer journey, buyer needs and problems, and tailoring conversations accordingly. And considering what it is that RPS do differently to other consultancies."

Influencing Conversations to Win participant feedback - 2021 cohort

Image: Charlotte, Ida and Christine from Metier OEC Academy, RPS Norway.

TECH – TECHNOLOGY ENABLED CONSULTING

Case study: Natural Resources: Cloud-based approach to data management and cyber-infrastructure

In collaboration with the National Oceanic and Atmospheric Administration (NOAA) Integrated Ocean Observing System (IOOS), RPS' Ocean Science team in North America are developing a cloud-based approach to data management and cyber-infrastructure (DMAC). The power of IOOS is in the free and open access to the data and products that are generated through observation and modeling of our oceans, coasts, and Great Lakes. The role of DMAC is to make it easy to use these datasets. Over the last 20 years data managers have focused on achieving interoperability by establishing and following standards related to file formats, metadata, and data services. The goal of the project is to lower barriers to entry and improve data use and equity by evolving the current state of IOOS DMAC towards more efficient cloud processing, storage, and data collection options.

In collaboration IOOS, we are aiming to integrate, distribute, and communicate high quality ocean, coastal and Great Lakes information. The data helps scientists, data analysts, environmental managers, the maritime industry, offshore renewables developers, and the public better understand oceanic conditions, climate change, monitor water quality and levels, and improve ocean planning. With deep expertise with ocean data RPS has long been developing software and systems to meet the demands of the rapidly growing need for ocean observing and modelling.

Case study: Natural Resources: Leading the way in Passive Acoustic Monitoring

Mitigating risks to marine mammals and other protected species is crucial for compliance in successful offshore wind, energy and seismic projects. And RPS has led the way in the development of remote Passive Acoustic Monitoring (PAM) – the surveying and monitoring of marine wildlife and environments using sound recorders to extract ecological data. In leading the way, we continue to drive discussions with relevant regulatory agencies to make remote acoustic monitoring an option for its clients.

We deploy the world's largest team of professional protected species and marine mammal observers in the world, providing the latest technologically advanced, field-tested PAM systems and expert in-house PAM operators – and which now include remote options. Our highly trained personnel and commercially robust in-field equipment, including satellite infrastructure, is used in a variety of applications including renewables, energy and academia.

PAM enhances mitigation efforts by combining what we can see from above the sea surface with what we can hear acoustically under the water. This combined mitigation effort minimises the impact on in-field operations (down-time) while maintaining the highest ethics and conservation standards. Acoustic systems can be also deployed where visual coverage is compromised or where 24-hour monitoring is required.

Our remote monitoring innovation has proved cost-effective for our clients because it reduces the number of people deployed on vessels, serving to reduce risks associated with deployment. Our solutions also help clients cut a project's carbon footprint and minimise other compliance risks, while being aware of potential migratory and or calving areas throughout the year enables projects to be suitably scheduled.

Case study: Urbanisation: Virtual public consultation – keeping projects moving

Working closely with clients, we have developed virtual public consultation rooms to encourage online consultation and engagement. Our platform is unique, built on more than 50 years of helping clients through the requirements and intricacies of the planning process. And by providing a more resilient approach to community and stakeholder engagement, virtual consultations have removed barriers and kept projects moving through the pandemic.

Our virtual consultations have overseen more than £80bn worth of projects. They have allowed people to access proposals, interact with visualisations, share their comments and dive into detail – all in their own time and in the comfort of their own home. Feedback is captured instantly with collated responses available at the push of a button, allowing clients to evaluate messaging and materials, and make quick changes if it is not resonating with audiences.

This technology was used by the Texas Department of Transportation in its public consultation over its plans to develop new sustainable mobility solutions in west and downtown Houston. And in Australia's Melbourne Airport Rail's project connecting Melbourne Airport to Victoria's regional and metropolitan train network.

Case study: Sustainability: Combining drones with artificial intelligence

The Dutch city Gouda has no less than 365 monuments, all of which are sensitive to vibrations and need to be monitored for movement. Manually, the process is labour-intensive and subjective. RPS is testing a faster and more accurate technique that combines a drone with artificial intelligence (AI).

Together with TNO, the Netherlands scientific research agency, and Sobolt, the Dutch-based AI company, we recently tested this new technique at the Sint-Janskerk in the municipality of Gouda.

TNO and Sobolt developed a technique that has been learned to identify, measure and monitor cracks in the masonry of buildings on the basis of photos. RPS' drone then takes close up pictures at two-second intervals that can be pasted together by the crack detection model.

Mapped to satellite images of the ground under the buildings gives an accurate image of the entire facade and at that moment the crack is detected. This process will then be repeated to see how and whether the cracks are moving, and if so, by how much.

STRONG MARKETS

Circa 5,000 consultants, designers, planners, engineers, and technical specialists provide services across the globe. Focusing on natural resources, urbanisation, and sustainability, RPS concentrates its expertise on the parts of project life cycles that have the biggest impact on project outcomes. Solving problems that matter to a complex, urbanising, resource-scarce world.

URBANISATION

Growing communities create demand for sustainable infrastructure, creating the need to strike the balance between social, environmental and commercial needs.

Driving demand for RPS services:

Globally, public sector spend is at historically high levels.

UK – Increasing private sector confidence.
North America – Infrastructure Bill passed.
Australia – Brisbane 2032 Summer Olympics.

Employee centres:

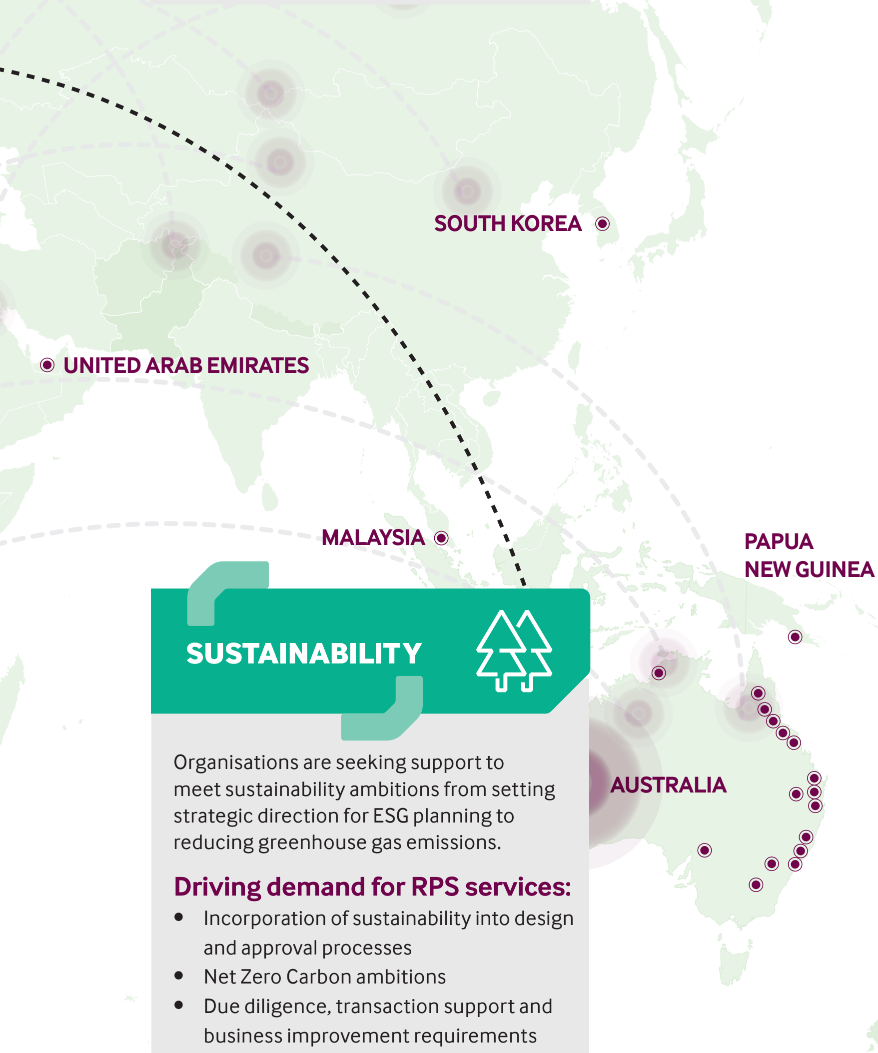
- Australia
- Canada
- Indonesia
- Ireland
- Malaysia
- Norway (As Metier)
- The Netherlands
- UK
- USA

NATURAL RESOURCES

A global and complex shift in resource supply and consumption is underway, calling for the sustainable use and protection of natural resources.

Driving demand for RPS services:

- Growth in offshore wind and other renewables
- Increased interest in Carbon Capture and Storage
- AMP (UK water) cycle moving into peak spending years
- Flooding, pollution and drainage services



SUSTAINABILITY

Organisations are seeking support to meet sustainability ambitions from setting strategic direction for ESG planning to reducing greenhouse gas emissions.

Driving demand for RPS services:

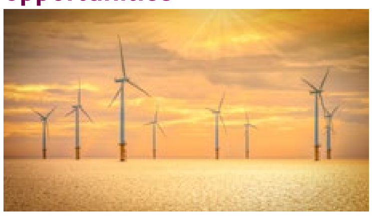
- Incorporation of sustainability into design and approval processes
- Net Zero Carbon ambitions
- Due diligence, transaction support and business improvement requirements

POSITIONED TO RESPOND TO DEMAND AND MAKE COMPLEX EASY:

Connecting Blue Mountains' communities

Read the story at page 36.

Berwick Bank – one of the world's largest offshore wind opportunities



Read the story at page 37.

Restoring Ireland's raised peatlands

Read the story at page 38.

Our local offices: www.rpsgroup.com/company/offices

Case study: **Urbanisation**

Sustainable infrastructure to support growing communities

Connecting Blue Mountains' communities

We are providing program development and management support for a multibillion and nationally significant initiative to better connect communities across Australia's Blue Mountains – together with preserving the natural environment of the World Heritage-listed region, which is just a two-hour drive from Sydney. A total combined government funding envelope of over AUS$ $4.5bn has been committed to date.

The plan, which was first devised in 2013, will upgrade a 34km stretch of the Great Western Highway between the Blue Mountains' main town, Katoomba, and Lithgow, an industrial town located in a valley around 30km to the west. This busy route – it is used by an estimated 12,000 vehicles daily (on average) – is the last remaining major highway out of Sydney that is not a modern dual carriageway. The route also experiences heavy traffic congestion, particularly during weekends and public holidays.

Once completed, the upgrade will reduce heavy congestion and deliver safer, more efficient and reliable journeys for those travelling around and through the Blue Mountains every day. It will also help freight move more quickly between cities, and potentially generate jobs across the country.

RPS has been brought on board to facilitate the planning, development and delivery of the program's strategic and final business cases, and associated investment assurance and funding approval processes for priority road corridor sections. We are also supporting stakeholder engagement activities across both state and federal government agencies, including Review of Environmental Factors and planning pathway processes for the first sections planned for construction.

Preserving this area of outstanding natural beauty is a key consideration. The upgrade will include new intersections and also make use of the existing highway alignment while maintaining or enhancing access to local roads and properties for locals. Road-side infrastructure, such as rest areas, will also be set back into the landscape to reduce their visual impact, while the preservation of Aboriginal cultural heritage is also crucial with specialist archaeological and Aboriginal interpretive consultants being employed on site.

Image: Australia's Blue Mountains.

Case Study: **Natural resources**

Berwick Bank, North Sea

Working on one of the world's largest offshore wind projects

Located in the North Sea, in the outer Firth of Forth, Berwick Bank Wind Farm ("the Project") has the potential to be one of the largest offshore wind opportunities in the world. With a proposed installed capacity of up to 4.1 GW, once completed the wind farm will be capable of generating enough clean, renewable energy to power over five million homes, equivalent to all of Scotland's households twice over, and avoiding eight million tonnes of carbon dioxide every year – similar to removing all of Scotland's annual car emissions.

Originally the Project by SSE Renewables (SSER), a leading developer and operator of renewable energy across the UK and Ireland, comprised two separate proposals, Berwick Bank Wind Farm and Marr Bank Wind Farm. However, following constraints analysis and review of consenting strategy in 2021, the two projects were combined into one. Combining the majority of the two project's array areas into one "super project" has the potential to mitigate possible impacts on key receptors, as the entire Award for Lease (AfL) area awarded to SSER for potential development will not now be developed in full. Key changes to the Project to help mitigate potential impacts including to birds include the following:

- the total area to be developed has been reduced by approximately nine per cent;
- the air gap between turbine blade tip and sea surface has been increased to 37 metres.

By combining the two project proposals into a single project, SSER believes it can deliver Berwick Bank Wind Farm more quickly helping the Scottish Government meet key climate change targets within the ambitious timescales set.

RPS are appointed as lead offshore Environmental Impact Assessment (EIA) and shadow Habitat Regulation Appraisal (HRA) consultant to support SSER achieve consent for this significant wind farm project. Berwick Bank Wind Farm's consent applications are expected to go to the Scottish Government in Q2 2022.

Image: Windfarm in the North Sea

Case study: **Sustainability**

Innovative solutions for a changing world

Restoring Ireland's raised peatlands

Restoring damaged peatlands to stop the loss of carbon and return the range of services that a fully functioning peatland delivers is high on the global climate change agenda. Draining, peat extraction and clearing land for agriculture has been the main threat to peatlands (often referred to as "bogs") – around 75 per cent of the European Union's (EU), and related, emissions from cropping and grazing result from peatland drainage.

Over the past four years, RPS has worked on The Living Bog, the largest ever raised bog restoration initiative in Ireland, on 12 of Ireland's raised bog areas – the equivalent of over 20,800 Olympic-sized swimming pools. The project, funded by the EU, is just one of Ireland's many initiatives to reverse losses and tackle high rates of greenhouse gas emissions from damaged peatlands. It involved implementing hydrological restoration measures designed to return the flow of water to a more natural state.

Our team was involved from concept through to implementation, providing technical input to the bid to the EU Commission, designing the initial restoration plans and providing hydrological support to the project team.

We supported the design of a suitable hydrological monitoring network, both to inform refinement of restoration measures and to measure levels of success. We also developed innovative and cost-effective solutions to enable hydrological monitoring to be carried out to meet project requirements while minimising capital expenditure. Our advanced data analytics, for instance, significantly reduced time required to complete analysis for project reporting.

Unlike several previous bog projects in Ireland, this involved the implementation of restoration measures across the entire site on both public and private lands. As such, we provided support engaging with landowners who had concerns regarding the proposed restoration measures, particularly to those that previously used peatlands as a source of domestic fuel.

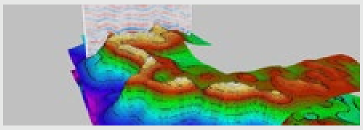
Image: Restored cutover of Irish peatland at Clara Bog, Co Offaly by Hugh Cushnan

Case study: **Natural resources**

Seismic surveys in the North Sea

Based in the Norwegian North Sea and opened in 1996, Sleipner was the world's first offshore Carbon Capture and Storage (CCS) plant to help reduce emissions from large industrial installations and tackle climate change. Since, about 18 million tons of CO_2 has been injected into the Utsira Formation sandstone – and through time-lapse seismic studies the migration of the CO_2 is being studied.

RPS carried out this 4D seismic survey on behalf of our energy client to measure and monitor the distribution of CO_2 to confirm that the gas has stayed within the formation – and not penetrated the overburden. Our solution involves making optimal line planning decisions to ensure that the survey data is acquired efficiently, minimising the number of lines required for completion – the latest survey was completed in just five days, ahead of schedule and under budget.



Case study: **Urbanisation**

Hausmann's Hus - infection controlled offices

Hausmann's Hus in inner city Oslo is a restoration project that embraces smart technology with infection control at its heart. Metier OEC (RPS Norway) has been involved in the process of implementing an action plan for infection control. The initiative has been part of the project plan since before the pandemic took hold and aims to limit infections caused by pathogens spread by contact and air, by using preventative measures which combats viral infections such as colds and flu. This includes a non-contact entrance, reducing the risk of pathogens being brought into the building, contactless doors, and areas that provide space for distance and good flow within the building. Improved ventilation measures, UV lighting, carbon filters and heat recovery are also planned to be implemented.

Case study: **Sustainability**

Helping private equity investors track ESG

Private equity investors face increasing pressure and expectations surrounding environmental, social and governance (ESG) due diligence and performance monitoring. We have developed an online platform that enables PE investors to manage and track key performance indicators at portfolio, company and site-specific granularity in one centralised online platform.

The online dashboard allows for customisable KPIs, data entry and data aggregating, to track and visualize performance over time. It outlines the KPI data sources, allows for document management and record-keeping, data manipulation and visualization. Users can also set goals and import industry benchmarks as well as set and assign tasks to address gaps and work towards those targets.

Our client MPE Partners, a North American based investor, has worked with RPS to create a tailored ESG KPI dashboard to visually detect areas of non-compliance and perform a gap analysis on each new portfolio company. This enables continuity across the entire investment portfolio and creates an easy way to highlight ESG value creation.

STRATEGY

Our strategy starts with our Purpose. RPS exists to create shared value by solving problems that matter to a complex, urbanising and resource-scarce world.

Shared value means that:

- We work hard to make RPS a great place for our people to do great work. We have invested heavily in ensuring that our people get the feedback, training, and reward that they need to build meaningful careers.
- RPS creates value for clients by working on those portions of the client's project life cycle where we can have the most impact.
- RPS creates value for investors by growing the business, paying dividends, and managing risk carefully.
- RPS creates value by solving problems that matter in urbanisation, natural resources, and sustainability and providing value for society by providing jobs and creating wealth. We are also particularly proud of the contribution we are making to the urgent challenge of global decarbonisation, while still providing energy security.

We are mindful of our position in our global market. RPS is a mid-sized global business, employing circa 5,000 people working around the world. Our Energy business is global, and we also have significant centres in the UK, Ireland, The Netherlands, Norway, North America, Australia & Asia Pacific. Our broad competitor set includes very large firms like WSP, Jacobs and Stantec as well as much smaller family-owned firms.

There is value in the mid-sized global positioning. People work for us, clients come to us and vendors sell us their business because we are big enough and global enough to be interesting and small enough to care.

Our market positioning drives our strategic focus. If we competed with WSP on scale, we would lose. Instead, we focus on solving problems that matter; working on only those parts of the client's project life cycle where we can create the most value. This focus ensures that we have strong defensible niches.

But we are much more than a niche player. Having created strong defensible niches, we work very hard to build links between businesses; exploiting synergy where it exists and not where it doesn't.

- Our businesses are very front-ended in project life cycles. In the UK, Australia, and Norway, we link business advisory, planning, environmental consenting and program and project management businesses.
- In recent years, we have been very focused on growing our position in Renewables, particularly, but not exclusively, offshore wind. We have had considerable success linking our skills developed for the gas and oil industry (collecting and interpreting data on wind, wave and currents, marine ecology, permitting, geotechnical seismic, unexploded ordinance and protected species observation) with project management and onshore planning.
- We are sharing expertise and technology between our many Program and Project Management businesses. As the world unlocks post-COVID-19, we will start to move people between businesses. Project management is a very local activity but skills are transferable across geographies.
- RPS has a long history in sustainability. We work hard to share best practice between businesses, particularly those in North America and the UK. Our clients value our ability to offer environment due diligence services in multiple jurisdictions. We are also working hard to ensure that we raise our own internal sustainability; an issue covered in detail in the Sustainability Report.
- We work extensively in Transport Infrastructure. These services are bought locally but there are opportunities to share people virtually and physically. We have been pleased with the way our strong Irish businesses are supporting work in Scotland, England and in Texas, North America.

Everything we do at RPS is based around our core thematics of Urbanisation, Natural Resources and Sustainability. We make complex easy for our clients. We work hard to produce actionable outcomes, to communicate clearly, and to make it easy for clients to deal with RPS. Pleasingly, we are seeing strong demand for our services across these key thematics.

For a mid-sized company, we provide quite a wide range of value creating services. Investors can worry that we are too diversified. They shouldn't. Everything we do is underpinned by a simple robust business model discussed on page 42. Our business model targets 10% margins and 5% organic growth across the parts of project life cycles that have the biggest impact on project outcomes. We made pleasing progress towards our goal of 10% margins in 2021. Our (constant currency) revenues and employee numbers did grow at 5%.

Organic growth is essential for a business like ours. It is a key to both creating shareholder value and interesting careers. Acquisitive growth can be very accretive in our industry but it must be a supplement to organic growth. Where we do acquire, we look to add further density not further diversification. We look for businesses that can buy into our Purpose, Promise and Behaviours and that bring skills and technology that complement our existing businesses.

Our increased management capability and strong balance sheet mean that we are looking carefully at acquisition. We are mindful of the need to show a return on the investment made at a time of very high multiples.

Progress on our thematics

URBANISATION

- High levels of public sector spend in all jurisdictions
- Increased private sector confidence in England
- The passage of the US infrastructure bill
- Queensland Olympics

NATURAL RESOURCES

- Ongoing growth in offshore wind and other renewables
- Increased interest in carbon capture and storage
- AMP (UK water) cycle moving into peak spending years
- Significant demand for our flooding, pollution, and drainage services

SUSTAINABILITY

- Sustainability is increasingly incorporated in all design and approval processes
- Strong offering in Net Zero Carbon
- Specific demand for due diligence, transaction support and business improvement services

BUSINESS MODEL
SIMPLE AND ROBUST

Founded in 1970 and built on a legacy of environmental and social engagement, RPS is a diversified global professional services firm of circa 5,000 consultants, designers, planners, engineers, and technical specialists.

As an established technology-enabled consultancy, we provide specialist services to government and private sector clients.

Our focus is on creating shared value for all stakeholders where there is a demand for specialist services in natural resources, urbanisation, and sustainability and solving problems that matter in a complex, urbanising, resource-scarce world.

We deliver high-end services primarily focused on the front end of the asset life cycle, delivering higher returns and avoiding risks associated with the construction phases of the asset.

Our diverse range of activities are underpinned by a simple and robust financial model, which is aligned with industry norms that targets delivery of 5% organic fee growth through the cycle and 10% operating margins to create a happiness index of 15%.

We generate revenue by selling our specialist expertise that is valued by our clients. Fee revenue is our key measure. This is the revenue we earn on our assets, be it our employees or associates, our equipment or our software. At times we make marginal profit on passthrough costs on behalf of our clients, but this is a small part of our business model. When selling our expertise, we target 50% gross margins. Overheads are managed tightly, ensuring that our resources are effectively utilised and our fixed overheads are well-controlled. We target variable overheads of 20% of fee revenue and fixed overheads of 20% of fee revenue, aiming to generate 10% net margins. On occasion, we will trade margin for organic fee growth by increasing investment in the variable overheads of business development, product development, hiring and training.

A simple robust financial model targeting 5% organic growth and 10% margin

Revenue – total value of sales to clients	120%
Passthrough costs – costs of recharged subcontractors and expenses	(20)%
Fee Revenue – income earned on RPS assets including employees, associates, equipment and software	100%
Cost of sales – direct costs of delivering fee revenue – largely chargeable technical time	(50)%
Gross profit – project profitability	50%
Variable overheads – technical time utilised for business development, product development, hiring and training – a driver of organic growth	(20)%
Fixed overheads – property, insurance, systems and functional support	(20)%
Adjusted operating profit – profit before interest, tax, amortisation and exceptional items	10%

The importance of converting profits into cash is understood and embedded within the culture of the organisation at all levels, driving best-in-class lock-up performance. Our strong financial discipline supports our market position and enables us to deliver on our purpose. The Group's growing profitability, excellent cash performance, strong balance sheet and disciplined capital allocation policy continues to enable the group to invest in growth, either organically or through selected bolt-on acquisitions, and in our people, hiring and training the next generation of technical experts. Additionally, this strong discipline saw us retain capability and capacity during COVID-19.

Our success is built upon our people, our brand and our relationships with clients. RPS' resource pool of circa 5,000 employees and associates solve problems that matter to clients, building on their expertise and trusted private and public sector partnerships. We deliver technology-enabled, personalised client interactions. Our brand is respected in the marketplace and built on purpose.

The Group's clear direction, strong ESG credentials, strong financial discipline and strong market position in niche consultancy areas differentiates it from its competitors. We have a strong mix of public and private sector clients, and operate in favourable economies with strong demand for our services.

The Group is able to offer linked, high-value niche services while taking advantage of the opportunities that are available to a mid-size consultancy, without the added risks of construction. This makes us big enough and global enough to be relevant but small enough to care. We add value through our technology-enabled consulting that is driven by our insight and supported by our leading minds.

The Group's business model benefits all our stakeholders. First and foremost, we are a people-led business. We drive value for our clients through first-class, expert delivery backed by insight. Our clients and RPS benefit from the trusted partnerships that we have developed over many years. Our people benefit from working on a range of diverse projects and learn from leading minds within the industry. And they are supported by a culture built on our behaviours. The Group generates sustainable growth for investors by focusing on its key thematics and investing in organic growth and selective acquisitons that add depth, not breadth, to the Group. The work that the Group delivers benefits society in general and communities specifically; we are focused on our thematics of urbanisation, natural resources and sustainability supporting our clients in minimising their impact on the environment, meeting their obligations in a world with increasing regulatory requirements and engaging with communituies impacted by their work.

Image above: Concept illustration from our project management team in Norway.

STAKEHOLDER ENGAGEMENT
SECTION 172

The Directors of the Company are bound by their duties under the Companies Act 2006 and, in particular, must act in a way they consider, in good faith, will most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172(a) to (f) of the Companies Act 2006.

The report that follows places stakeholder engagement in corporate context, identifies the Group's key stakeholders and the manner in which the Group engages with each as well as setting out the decisions and activities of the Board that were relevant to the factors itemised in the legislation referred to above.

Corporate content

A key component of the Group's Purpose (see p. 3) is the creation of shared value for our stakeholders being our clients, employees, investors and communities. Stakeholder interest therefore sits at the heart of what the Group is about and provides the framework within which stakeholder engagement sits. The Group's strategic areas of focus (see pages 40 and 41), which are aimed at the maximisation of returns for shareholders, providing the best opportunities for our people and benefitting society in general, are also strongly linked to stakeholder interest. Whilst much of the day-to-day management of stakeholder relationships is devolved to management, the Board retains oversight in this area and takes account of stakeholder interests in its activities and decision-making. The Board's structure and governance framework (see pages 95 to 102) incorporating the determination of those matters that are retained for Board decision is therefore important in ensuring that wider stakeholder interests receive the Board's attention.

The Group promotes and the Board approves a range of policies which consider the interests of the Group's stakeholders generally and are pertinent in seeking to achieve an appropriate balance between their interests. These policies are referred to on pages 78 and 79 and include the following:

- Anti-bribery and corruption
- Whistle Blowing
- Diversity and Inclusion
- Health, Safety and Wellbeing
- Environmental
- Quality

As explained on p. 27 the Group has an established set of behaviours that it expects from its employees and in respect of which training is provided.

Image left: Rita, Management Consulting – Digital transformation team, Norway

Our people (see pages 24 to 28)

Why it is important to engage	Stakeholder key interests	Ways we engage
As a professional services and people-oriented business, employee engagement is critical to our success. Active engagement enables us to ensure the health and wellbeing of employees, develop talent and opportunity as well as ensure that reward is fair and transparent. We believe that good people practices, and a robust meritocracy are enablers of diversity and inclusion.	• Health and safety • Reward • Career opportunities • Training and development • Wellbeing • Reputation	• Employee Your Voice survey and actions arising • Town Hall and team meetings • Annual performance appraisals • Corporate all-employee communications • Group intranet • Recognition and reward • Apprenticeship Schemes • Whistleblowing policies

Our shareholders (see pages 93, 100 and 101)

Why it is important to engage	Stakeholder key interests	Ways we engage
The Board recognises the importance of understanding the priorities of different shareholder groups when developing strategy as well as views on governance-related matters. A clear understanding of the Group's strategy, performance and ambition will foster longer-term relationships with shareholders.	• Financial Performance • Growth • Dividend Policy • Operating and financial information • Governance and transparency • Confidence in leadership	• Regular market updates • Investor presentations • Investor roadshows • Individual meetings • Capital market days • Shareholder consultations • Corporate website • Responding to shareholder questions • Annual Report • Annual General Meeting

STAKEHOLDER ENGAGEMENT

SECTION 172 CONTINUED

Communities and Environment (see pages 70 to 77)

Why it is important to engage	Stakeholder key interests	Ways we engage
Our communities comprise those we work with as well as those living and working in close geographic proximity to our work and operations. We also see wider societal interests as forming part of our community and place our obligations in terms of minimising our environmental impact in this context. Whilst RPS is not materially reliant on a supply chain, there is also a societal interest in ensuring that adverse community impact of suppliers is minimised. The needs and interests of these groups can also be represented through charitable organisations.	• Health and Safety • Environmental performance • Human rights • Contribution to local communities	• Driving target-based environmental performance • Environmental Management systems • Provision of climate-related professional services • Scholarships and opportunities for minority communities • Charitable donations and volunteering • Supply chain standards and policies • Health and Safety communication

Our clients (see pages 10, 30 and 31)

Why it is important to engage	Stakeholder key interests	Ways we engage
Engaging with our clients is fundamental to understanding their needs and challenges they face as well as monitoring our own performance. This enables us to develop trusted partnerships and ensure that the services we offer remain well-targeted and focused within our key markets. The feedback we receive also enables us to improve performance and adjust to client expectations where required.	• Safety and quality of work • Competitiveness • Availability and responsiveness • Adaptation to changing needs • Honesty and integrity • Compliance	• Client visits, calls and meetings • Client surveys • Connected marketing technologies • Industry forums and events • Social media • Contract negotiation, implementation and management

Board activities and decisions

The information below describes Board decisions and activities in 2021 as relevant to each of the factors listed in sections section 172 (a to f) of the Companies Act 2006.

Factor	Board activities and decisions
Long Term Decision-Making The Board delegates day-to-day management and decision-making to the Chief Executive and Group Leadership Team but maintains oversight of the Company's performance and reserves to itself certain matters including the strategic direction of the Group and any material transactions (including acquisitions and disposals) into which the Group may enter. Through its regular meetings and the reporting it receives, the Board monitors progress against strategy and will determine corrective action should this be required. Processes are in place to ensure that the Board receives all materially relevant information to enable it to make well-judged longer-term decisions. In fostering an approach which aims to secure the longer-term success of the Group, the Board takes account of and acts in the interests of its stakeholders generally.	• The Board conducted its annual strategy review and reaffirmed its commitment to the strategy described on pages 40 and 41. • A sustainable dividend policy was considered and agreed by the Board in conjunction with its decision to reintroduce dividend payments. • The Board approved a capital allocation policy to strike a disciplined balance between organic growth, acquisitions and shareholder returns. • The format of a Group Risk Register was agreed to enable the Board to more effectively monitor longer-term risks. • Performance against strategy was regularly reviewed. • The Board reviewed and approved the Group's longer-term viability statement.
Employee Interests The success of the Group is highly dependent on its ability to attract and retain the best people. The People Report on pages 24 to 28 describes the Group's approach to this key area and the means by which it discharges its responsibilities in this sphere. In continuation of the approach adopted in 2020 and as part of its response to the global pandemic, the Group has continued to emphasise the preservation of jobs and capabilities.	• The Board reviewed the results of the all employee "Your Voice" survey and endorsed priorities in line with the findings of that survey. • The Board considered and approved a Group Diversity and Inclusion policy details of which are given on p. 79. • The Board reviewed and approved succession planning across the senior management with an emphasis on internal promotion which included two internal appointments to the Group Leadership Team. • The Board received regular reports from the Group People Director encompassing employee issues generally and incorporating the health, safety and wellbeing of our people.

STAKEHOLDER ENGAGEMENT

SECTION 172 CONTINUED

Factor	Board activities and decisions
The fostering of relationships with suppliers, clients and others The Group works with a vast number of clients across many jurisdictions and the fostering of good relationships with this Group and responding to their needs is vital to long-term success. The strategy that the Board has continued to endorse places emphasis on areas demonstrating opportunities for growth where longer-term relationships can be maintained. The Group benefits from a very low level of client concentration and the management of relationships is accordingly delegated to operational level with the Board maintaining general oversight. The Group is not materially reliant on a supply chain although open and positive relationships with suppliers are fostered to the greatest extent possible.	• The strategy reviewed and reaffirmed by the Board focuses on growth areas to develop in order to best serve client needs and develop long-term relationships. • The Board reviewed the results of a client satisfaction survey. • The Board reviewed monthly reports from Segment CEOs explaining pipelines in progress and how the Group is engaging with its clients through a focus on client centric sales culture and initiated client experience projects.
The maintenance of a reputation for high standards of business The Board retains oversight in the development of a corporate culture that promotes integrity transparency and fairness in the way that the Group conducts business. This includes the adoption of appropriate policies relating to individual and corporate conduct which are reviewed and approved by the Board from time to time. As indicated above, this is supported by employee training in relation to expected behaviours and a focus on this area as part of annual employee performance and reward discussions.	• The Board considered and approved an updated Anti-Bribery Policy which will be supported by online training. • The Board reviewed and approved the Company's Modern Slavery Statement. • The updated risk management framework referred to above as approved by the Board incorporated reputational risks. • The Board received and reviewed monthly reports from the CEO which in reviewing the operations of the Group highlights any emerging reputational risk.
The impact of the Company's operations on the Community and the Environment The corporate culture over which the Board has oversight seeks to foster respect and consideration for the communities in which the Group operates. The means by which engagement in this area is undertaken are described above. As described on p.71 and with the Board's strong support, the Group is in the process of defining its sustainability roadmap. Cognisant of the Group's obligations in relation to climate change, the Board has also endorsed the adoption of science-based targets in relation to greenhouse gas emissions.	• The Board approved the appointment of a Global Director of ESG and Sustainability Director. • The Board approved the adoption of science-based targets in relation to greenhouse gas emissions. • The Board received regular reports and monitored progress in relation to ESG initiatives.

Factor	Board activities and decisions
The need to act fairly between members The Board aims to understand the views of shareholders and to act in the best interest of shareholders generally taking account of the other considerations specified in section 172 of the Companies Act. Following Board approval, the Company issues regular trading updates in addition to full and half-year reporting. Members of the Board maintain active dialogue with shareholders in relation to corporate performance and specific issues from time to time. The Company retains an Investor Relations team to enable quick and effective interaction with shareholders. The Investor Relations section of the Company's website houses corporate information for the benefit of shareholders and provides a facility for all shareholders to ask questions which, dependant on the nature of that question, may be referred to the Board from time to time.	• The Board approved the Annual Report which was sent or made available to all shareholders. • The Board approved the Notice of Annual General Meeting which was sent or made available to all shareholders incorporating a facility for any shareholder to ask questions. • The Board approved the half-year results and three trading updates which were made publicly available. • Members of the Board interacted with shareholders in relation to performance generally and on specific issues as detailed on pages 93 and 94. • The Board received and reviewed regular investor relations reports incorporating feedback and comment from shareholders.

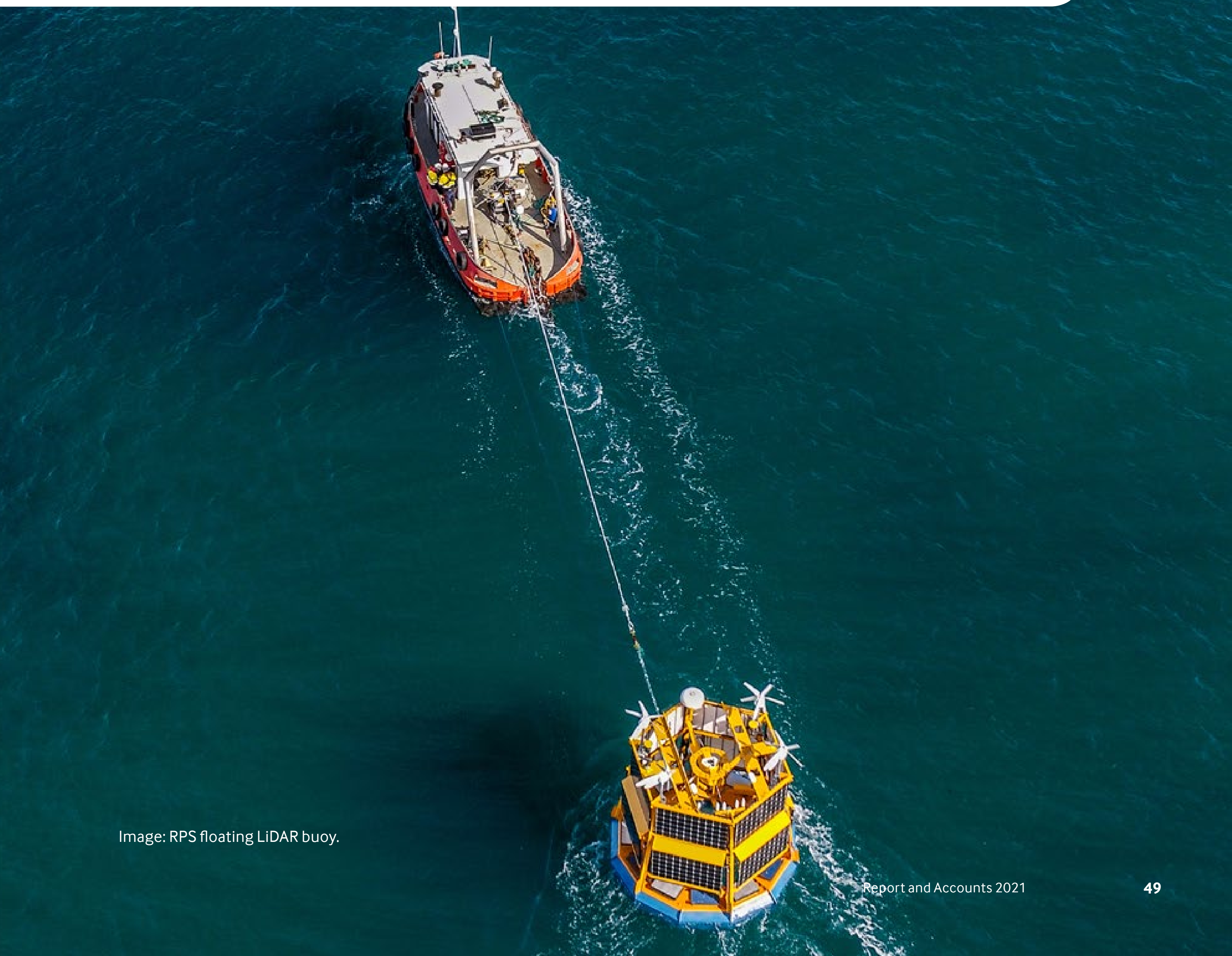


Image: RPS floating LiDAR buoy.

STAKEHOLDER ENGAGEMENT

SECTION 172 CONTINUED

Stakeholder consideration

The following are examples of how, in reaching some of the decisions mentioned above, the Board took account of relevant section 172 matters.

Decision	Section 172 considerations
The adoption of a Capital Allocation Policy	The capital allocation policy adopted by the Board sought to adopt a balance between returns to shareholders, the making of acquisitions and reinvestment to develop and grow the business over the longer term. In framing this policy, consideration was given to the interests of shareholders as a whole in striking a balance between dividend income over the shorter-term and longer-term growth. An appropriate level of reinvestment in the business includes investment in and opportunity for our people and as such the policy adopted also took account of their interests. Investment in growth and enhancing our capability also improves our ability to deliver to our clients and hence the policy also took account of their interests. The Board was conscious that reinvestment in the business is required to support the Group's environmental initiatives and was accordingly cognisant of wider community interests.
The adoption of science-based greenhouse gas targets	In reaching its decision to adopt science-based targets, the Board was highly focused on moving to a rigorous approach in seeking to minimise the Group's impact on the environment. The Board was cognisant of the fact that many of its shareholders are looking to companies to minimise their environmental impacts and in some cases issue detailed guidance in this regard. The Board was also aware that the adoption of this commitment and approach would be widely supported by its workforce and is required by many clients as it often supports delivery of their own targets through improved performance of their supply chain. The commitment made by the Board was for the longer term and took account of the long-term challenge that environmental issues present to society.
The review and reaffirmation of the Group's strategy	The Board reaffirmed the central position that the Group's strategy (as described on pages 40 and 41) lies in its purpose, which is to create shared value by solving problems that matter to a complex, urbanising and resource-scarce world. The shared value concept within this looks to strike a balance between achieving attractive returns for shareholders, delivering high-quality professional services to clients, making RPS a great place for employees to do great work and engaging with the wider community. The Board therefore took account of all these stakeholder interests in reaffirmation of this strategy. The focus on natural resources, urbanisation and sustainability endorsed by the Board also required focus on stakeholder groups in looking to areas that will provide attractive returns to shareholders, where the Group is best positioned to deliver high-quality work for clients, can provide best opportunity for employees and make the best overall contribution to society as a whole. The Board has also endorsed a strategic approach that is to operate over the longer term in taking account of the various stakeholder interests.

Case study: **Sustainability**

Seismic interpretation expertise for pioneering Canadian geothermal project

The Tu Deh-Kah Geothermal project is on course to be one of the first geothermal electricity facilities in Canada – serving the Fort Nelson First Nation, one of the most northern communities in British Columbia, Canada.

This renewable energy project involves converting a depleted gas reservoir into a geothermal energy facility. The region currently relies on fossil fuel-generated electricity as it's not integrated with the electric grid – and RPS was selected for its sub-surface seismic interpretation expertise to pinpoint drilling targets.

To estimate potential energy output, calculate profit and demonstrate long-term project sustainability, an estimation of the likely flow rates of the water within the reservoir needed to be determined. The higher the flow rates, the faster water moves through the system, producing more energy. The better the porosity and permeability of the water-bearing reservoirs, the more likely to achieve high flow rates and hence heat to energy conversion.

The challenge was to optimise the best possible location to drill confidently, economically and quickly based on limited data – and our seismic interpretation specialists were brought in to evaluate if the proposed drilling target was fit for purpose.

Using a cost-effective strategy of extracting 2D seismic lines from 3D seismic datasets, our team was able to interpret the data and delineate the general structure of the reef complex throughout the area of interest. We delivered the structure maps for the key geological horizons, and likely porosity maps to the project team. The maps were used to confirm the initial geological model and the proposed well's location and model the expected flow rates of the new geothermal system based on mapped porosity extent and hence likely reservoir deliverability.

The project is 100% Indigenous-owned and led, and will provide reliable and clean electricity, as well as abundant direct heat for buildings and greenhouses, creating new opportunities for economic growth for this remote community.

Image: Clarke Lake geothermal project site, Canada. Credit: Ryan Dickie

RISK AND RISK MANAGEMENT

Risk management

The nature of the activities that the Group undertakes and its business model are described on pages 42 and 43. This gives rise to a range of risks consistent with a commercial organisation of this type, the principal of which are itemised and explained below. This explanation encompasses the nature of each risk, the steps taken to mitigate them and changes in the magnitude of such risks during the year.

The Group's formal system of Risk Management and Internal Control and its principal components are described on p. 102. Through the adoption of appropriate controls and related audit, this seeks to mitigate financial and commercial risks which are inherent in the Group's operating processes. The Group has in the year reviewed the way that it reports risk and has introduced three components on how risk management will in future be reported across the Group:

- A standard risk register will be used to report ongoing risk management of the Group's principal risks. The risk register assigns ownership for each of the Group's principal risks and will be reported to the Board every six months.

- A standard risk register will be used to report ongoing risk management of the key risks for each business segment and group function. These risk registers will be updated quarterly and reported to the Board every six months.

- A section will be introduced into the monthly board reports which will provide a standard format for reporting new and emerging risks and opportunities by segments and group functions.

The above systemic reporting will complement, not replace, the existing risk management policies, procedures and activities for health, safety and wellbeing which operate across the business.

Given the nature of the Group's activities and in addition to the formal system described above, the effective management of risk also requires collective responsibility and engagement across the business. The Board is routinely informed by the Group Leadership Team of its ongoing management of risks within the business. The Group CEO meets weekly with the Segment CEOs and the Group Finance Director meets fortnightly with the Segment Finance Directors.

The Segment reports are discussed in monthly finance reviews between the Group CEO/Group Finance Director and Segment CEOs/FDs. The Group CEO talks weekly with the Chairman of the Board who considers the need to share any current matters with the other Non-Executive Directors outside the routine monthly reporting process.

As part of the annual strategy, planning and budgeting, we monitor and manage key risks and, as part of the annual strategy review with the Board, all Segment CEOs and function heads present their key risks and opportunities.

The management of risk is not therefore separated from the business and is treated as an integral part of the Group's culture and the way it operates. Our Segment Leadership Teams accordingly consider the risks and emerging risks to which their component businesses are exposed and their mitigation on an ongoing basis and at each of their regular meetings.

Against the background of reporting from this level, the Group Leadership Team oversees the operational management of the key risks to which the Group as a whole is exposed. Reporting to the Group Board incorporates the principal risks and emerging risks to which the Group is exposed and the specific manifestation of those risks from time to time. In considering and challenging this information, the Group Board undertakes robust assessment of the principal risk and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Management prepares for the Board an Annual Review of Risk Management and Internal Control. This process is integral to consideration of the Group's Long-Term Viability Statement, which is shown below.

Principal risks

The principal risks to which the Group is exposed as well as the measures taken to achieve their mitigation, and in each case any change that has happened in the year, are detailed in the table below.

RISK – Health, safety and wellbeing ↔

EXPOSURE	The Group has a legal and moral obligation to ensure the safety of its employees and others whom its activities may affect. A failure to discharge these obligations could expose individuals to risk of injury or other harm as well as leaving the Group liable to related damages, regulatory penalty and reputational harm.
MITIGATION	Procedures are in place throughout the Group and focus on the differing and emerging risks within the Group's various businesses. A structured reporting process is in place to ensure that any incidents are identified and appropriate action taken to investigate and mitigate future risk. Health and Safety training is undertaken throughout the Group. The Group's approach to HSW is described more fully in the Non-Financial Reporting section on pages 77 and 78.
CHANGE IN THE YEAR	Throughout 2021, we have continued to follow local government health advice in relation to COVID-19, with regular communication and updates to our people. Risk assessments and procedures have been reviewed and adapted on an ongoing basis to ensure that we continue to operate in line with rapidly changing directives in different jurisdictions. We maintain regular contact with our people through videos from the CEO, all employee emails briefing them on the regulations and regular town hall meetings with people over Microsoft Teams. We have increased the number of mental health first aiders, promoted our Employee Assistance Programs and offered mental health awareness training. Robust control measures have helped to ensure no COVID-19 outbreaks across RPS. We scored 86% in the Health, Safety and Wellbeing category of our all-employee survey in 2021, an increase of three points on the previous survey in 2018. Notwithstanding that our RIDDOR reportable cases were extremely low for 2021, RPS continues to focus on reducing incidents further.

Key:
Increased ↑ Decreased ↓ No change ↔

RISK AND RISK MANAGEMENT
CONTINUED

RISK – COVID-19 ↓

EXPOSURE

The COVID-19 pandemic has led to a reduction on projects that the Group is able to complete, with people unable to travel and customers pulling back on projects, which will have an adverse effect on the Group's operating performance.

MITIGATION

In order to ensure business continuity in its day-to-day operations, the Group implemented a series of actions globally to protect the health and safety of our employees following the advice from local authorities and governments in the jurisdictions in which the Group operates. These are monitored and reviewed daily and include regular dialogue with employees and clients, the enforcement of office health and hygiene practices which follow specific health protection protocols, making offices COVID-19 compliant and the adoption of flexible working arrangements and restriction on travel and meetings. Due to the unprecedented client uncertainty arising from COVID-19, we made investments to digitally connect with our clients.

We introduced processes to allow movement of people around the globe. These have been developed during the year to service clients' requirements while maintaining the safety of our people.

CHANGE IN THE YEAR

During 2020, we introduced processes to allow movement of people around the globe and we have continued to adapt these as necessary during 2021 to ensure that our people have been able to travel safely in order to complete client work. Combined with increasing use of technology solutions, we have seen minimal impact on projects in the majority of geographies. In the UK, we had a number of enforcement visits from HSE and local authorities, during which we were found to be compliant with the government's public health advice/guidance along with our own COVID-19 secure procedures.

RISK – Recruitment and retention of employees ↑

EXPOSURE

The Group's ability to manage and service its clients is dependent upon the skills of well-qualified and professional employees. A failure to recruit and retain employees of appropriate calibre will therefore affect our ability to meet client expectations and develop the business. Linked to this, a failure to adequately consider management succession may lead to discontinuity in operations.

MITIGATION

The Group retains the key strategic priority of being recognised by its people as being a great place to do great work. This entails the development of an appropriate culture and related management systems.

Key:
Increased ↑ Decreased ↓ No change ↔

RISK – Recruitment and retention of employees

CHANGE IN THE YEAR	The rebound of most markets over the past year and skills shortages in several jurisdictions has generated the popularly dubbed "great resignation" and associated salary inflation created by employers vying to attract and retain talent. Effective April 2021, we returned to the full annual pay review cycle, with the award of merit increases, promotions and market adjustments. We have also awarded out-of-cycle increases through the course of the year when needed to retain critical talent at risk. RPS' talent attraction capability was strengthened by hiring a team of top-tier recruiters in the UK and we will increasingly leverage their expertise in other geographies. To support both attraction and retention, we have also continued the POD Recruit implementation into North America and Australia Asia Pacific, offering an improved candidate experience and integrated recruitment, preboarding and onboarding for new hires. Bench strength for GLT succession and talent development has been reviewed across all segment and functions, with POD now enabled for future reviews to be done online and deeper into the organisation. It was pleasing to see two GLT roles filled by internal successors during 2021. Employee expectations related to hybrid working, balance, wellbeing and ESG have become increasingly important in today's COVID-19 world and are being addressed on an ongoing basis through local initiatives in the segments (e.g. Australia Asia Pacific's shared value framework), combined with corporate communication campaigns (e.g. COP26). Employee engagement across the group rose by three points against 2018 in the Your Voice survey, but remains below the global benchmark. Segment action plans have been developed to address key findings and will be implemented in 2022 with a view to improving overall engagement and retention.

RISK – Political events

EXPOSURE	The changes and uncertainties arising from political events may have an impact upon the markets in which we operate and the plans of our clients. This may cause the cancellation, postponement or downsizing of projects, or present further opportunities for the business.

RISK AND RISK MANAGEMENT
CONTINUED

RISK – Political events ↔

MITIGATION	The substantial majority of the Group's services are provided in relatively stable and predictable liberal democracies. In addition, the factors serving to mitigate economic risks also operate in this area whereby the wide range of markets and geographies in which we operate serves to reduce the impact of political change in any particular region. As far as is practicable, risks in this area are monitored and plans adjusted accordingly.
CHANGE IN THE YEAR	The position continues to be stable. The Australian general and state elections are unlikely to have any significant impact on the Group and the Segments continue to keep a watching brief on political events as they arise.

RISK – Economic environment ↑

EXPOSURE	Changes in the economic environment have historically proved to be the greatest risk to which the Group is exposed. Adverse economic changes may cause clients to cancel, postpone or downsize projects as well as increasing risk associated with recovery of debts and work-in-progress. Inflationary pressures may increase costs which will need to be matched by corresponding price increases.
MITIGATION	Exposure to a wide range of markets and geographies serves to mitigate overall risk. As far as practicable, economic conditions affecting our markets are monitored in order that swift action can be taken to address threats or opportunities. The contracted order book is monitored relative to the productive capacity of fee-earning employees and actions taken to match costs with anticipated workload and increase the contracted order book to address inflation.
CHANGE IN THE YEAR	The combination of Brexit and COVID-19 has led to significant in-year inflation which has been ameliorated by swift matching price increases. Whilst inflationary pressures are likely to increase, this mitigating measure should keep this particular risk stable throughout 2022. In Australia Asia Pacific, the border closures and government stimulus in some markets is leading to rapid growth with significant commercial pressure where wage pressure is leading to retention issues, which we are actively targeting. An ongoing risk for the business is the fluctuation of oil prices and how we manage our Energy business to mitigate any potential price fluctuations. We look to diversify the sectors we work in (e.g. increasing exposure to the renewables sector), where the Energy segment doubled its fees during the year and equally our overall flexible "associate" based business model continues to serve us well in this regard.

Key:
Increased ↑ Decreased ↓ No change ↔

RISK – Financial risks environment

EXPOSURE	An inability to secure adequate funding for the Group will limit the ability to invest in growth. In addition, a failure to manage risks related to foreign exchange, interest rates, credit and liquidity could lead to a significant deterioration in the Group's financial position and its ability to win work.
MITIGATION	During the year, the Group's £100m multi-currency revolving credit facility which was due to expire in July 2022, was successfully extended to July 2024 and we retired the £60m liquidity facility. The Group also had in issue seven-year US private placement notes of US$34m and £30m repayable in 2021 under a facility provided by Prudential Management Inc. The Group secured replacement financing for these loan notes in the form of £25m of loans from Aviva Investors and £30m from Legal & General Investment Management, both of which will expire in September 2028. The Group continues to have significant headroom in respect of the committed bank facilities. Funding and investment requirements are monitored by the Group Finance function, which also oversees the management of financial risks on a prudent basis and as more fully described in note 30 to the consolidated financial statements.
CHANGE IN THE YEAR	Following the actions taken by management to amend the the revolving credit facility and the subsequent issue of the new loan notes, the Group has adequate financing. The Group continues to manage financial risks on a prudent basis. The Group introduced during the year a more comprehensive Treasury Policy which improved the rigour around the approach to managing treasury risks, which included the establishment of a Treasury Committee to review and approve activities and monitor compliance with the policy. The return to improved profitability during the year and the reintroduction of the dividend mean that this risk has lessened during the year.

RISK AND RISK MANAGEMENT
CONTINUED

RISK – Business acquisitions ↔

EXPOSURE	The Group will look for acquisitions that are complementary to the markets that we operate in and add value to our business proposition. They will continue to be an important element in support of our strategy. A failure to understand the market conditions affecting an acquired business, to identify acquired liabilities, or to retain and motivate key employees within acquired businesses can all result in a business failing to deliver anticipated profit and cash flow.
MITIGATION	The Group's strategy will in general dictate that acquisitions are only made in market areas with which senior management is familiar. Detailed commercial, financial and legal due diligence is undertaken prior to completing any acquisition and clear corporate integration plans are agreed.
CHANGE IN THE YEAR	The Group has established a Capital Allocation Policy in the year, which confirms that the Group will only pursue bolt-on acquisitions supported by Segment CEO's that align with our acquisitions strategy. There have been no recent acquisitions by the Group and no change in overall risk in the year. The Group retains considerable acquisition experience and as activity in this area resumes, risks are unlikely to change materially.

RISK – Regulatory and compliance ↔

EXPOSURE	The Group is subject to a range of legal, taxation and regulatory requirements at corporate level and within each of the jurisdictions within which it operates and does business. A failure to comply with these obligations could give rise to financial penalty, regulatory intervention and reputational damage.
MITIGATION	While the Group is subject to the corporate law and regulation affecting most groups of its size and complexity, the activities that the Group undertakes are, in general, not subject to industry-specific regulation. Overseas projects that may carry elevated risk are scrutinised on a case-by-case basis. The Group has appropriate internal controls to support regulatory compliance and employs suitably qualified professionals to monitor and manage regulation within its various jurisdictions.
CHANGE IN THE YEAR	While the detail of applicable laws and regulations will continue to evolve, there have been no changes anticipated within the Group's current jurisdictions which are likely to have any material effect upon overall risks in this area. The range of jurisdictions in which project work is undertaken may change, although will remain subject to scrutiny as highlighted above.

Key:
Increased ↑ Decreased ↓ No change ↔

RISK – Information technology and security risks

EXPOSURE

The loss of availability and access to critical business systems and data could cause significant disruption to the operation of the business and/or to the businesses of our clients. A cyber-related incident incorporates a wide range of possible attack vectors, some of which are opportunistic and indiscriminate but high in volume, while others are specifically motivated, targeted and are therefore more sophisticated in nature. Such an incident could lead to significant operational disruption to RPS and/or our clients. Furthermore, these could result in the unauthorised access to, loss and/or disclosure of, personal data, commercially sensitive data, or intellectual property, and could result in financial theft or fraud, the loss of competitive advantage, or, in the most extreme cases, the imposition of legal/regulatory action, fines and the custodial imprisonment of Company executives.

MITIGATION

The business continues to move towards a global set of security and quality-focused standards and principles, with a particular focus on delivering a cohesive approach to the design, delivery and effective management of systems and data, while incorporating the right balance of visibility, control, resilience and protection. Existing technologies and systems are subject to close review and will be maintained and upgraded or replaced as necessary throughout their life cycle, in order to maintain the right balance of security, operational effectiveness and value. The Group employs a Security Team that is currently in the process of being re-augmented to provide the appropriate blend of proactive monitoring and incident response, plus operational support and engagement with the business, in the form of advice, guidance and the definition and implementation of effective quality and security standards, to be incorporated into the products and services that RPS develops and delivers to its clients. The continuous development of our cyber security roadmap remains a high priority, to ensure rigour and effectiveness.

Policies, procedures and security measures are reviewed and enhanced, as necessary. The deployment of additional technical and operational security measures in the last year includes: cloud monitoring, vulnerability management, enhanced user authentication, device hardening, encryption, security awareness training and attack simulations.

CHANGE IN THE YEAR

We have defined a Cyber security roadmap for FY2022/23 supported by the GLT, with delivery scheduled throughout this period. This will be reviewed and iterated as needed. Policies and Procedures are developed, reviewed and renewed cyclically through our Information Security Governance Framework.

Notwithstanding these additional measures, the level of threat from cyber-attacks remains high and is unlikely to diminish. We continue to invest in Cyber Security tools to improve our level of detection and response.

RISK AND RISK MANAGEMENT
CONTINUED

RISK – Service failures

EXPOSURE	A failure to deliver our services in accordance with contractual obligations may lead to compensatory claims against the Group and damage to reputation as well as possible loss of future work.
MITIGATION	The Group operates quality control systems, many of which are externally certified and which are designed to mitigate the risk of failures. In addition, the Group operates contract management systems to ensure that contractual risks are identified, risk assessed and, as far as practicable, mitigated. The Group maintains professional indemnity insurance throughout the large majority of its businesses at a level commensurate with risks. Subject to applicable policy limits and excesses, this will indemnify the Group against claims in the large majority of situations.
CHANGE IN THE YEAR	There was no overall change in the year. The nature of the Group's activities and the environments in which they are conducted have not changed materially.

RISK – Climate change

EXPOSURE	Climate change as a result of national policy and regulation, COP26, changing client demands, employee and stakeholder expectations are driving discussion and changes in the market. Clients are requesting information on bidders' climate change position as a prerequisite to submitting large-value bids and frameworks; employees are attracted to and are retained at firms with strong climate action credentials; and investors favourably score ESG metrics and provide financing for companies leading on climate change. Listed companies are additionally monitored on climate action through their response to the mandatory Task Force on Climate-related Disclosures (TCFD). Operationally, exposure to increased energy pricing; variable weather and physical risks to assets through flooding and other extreme weather events that affect insurance premiums and business continuity; concerns over the security of energy supplies; and public expectations are driving forwards low carbon approaches to facilities and utilities management.
MITIGATION	As a consultancy firm with leading experts in Net Zero and climate change in-house, the Company is well-positioned to understand climate change risks. The Group's carbon reduction plan is aligned with Science-Based Targets and our Net Zero position has been published and is being used to support our responses to employees, clients and investors. Further review using the TCFD framework will be needed to fully understand our position and to aid in our assessment of short to long-term risks.
CHANGE IN THE YEAR	This is a new risk the level of which is increasing, yet not fully determined.

Key:
Increased ↑ Decreased ↓ No change ↔

GOING CONCERN AND LONG-TERM VIABILITY

Going concern

In assessing the going concern basis for the financial statements, the Directors considered a range of reasonably foreseeable downside scenarios to estimate the potential impact of the principal risks on the Group's activities and our responses over the next 12 months.

At 31 December 2021, the net bank borrowings were £13.5m, up from £10.8m as at 31 December 2020. The £100m revolving credit facility expires in July 2024 and was undrawn at the balance sheet date. The core debt facilities of £55.0m are repayable in September 2028.

Under each scenario, we have modelled the headroom available on our revolving credit and core debt facilities and calculated the covenants (leverage and interest cover) at each test date. Leverage is calculated as the ratio of adjusted net bank borrowings to annualised EBITDAS and must not exceed 3.0x at all test dates. Interest cover is the ratio of annualised EBITAS to annualised net finance costs and must be at least 4.0x at all test dates.

COVID-19 continues to impact some of our operations but to a lesser degree than in 2021. Overall, we believe the risk associated with the pandemic is reducing as the Omicron variant appears less severe and governments are generally reducing restrictions as a result.

Leverage and interest cover covenant tests are within the permitted limits at all test dates in all scenarios modelled with no mitigating actions required.

After fully considering the current economic environment and the forecasting and modelling performed, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for at least 12 months from the date of signing this report and that it is therefore appropriate to adopt the going concern basis in preparing the Group's financial statements.

Long-term viability

In accordance with the requirements of the UK Governance Code, the Board has assessed the long-term viability of the Group. The Directors believe that a three-year period is appropriate for their viability assessment as it reflects the characteristics of the markets we overate in, it is supported by RPS' strategic budgeting and planning cycles, and it generally reflects the length of longer-term contracts that we enter into. It therefore represents a time frame over which the Directors can reasonably forecast the Group's performance.

The viability of the Group has been assessed considering the output of the annual strategic and budget planning processes, the Group's current financial position, including external funding in place over the assessment period, and a robust assessment of the principal risks facing the Group.

Whilst each of the risks on pages 52 to 60 has a potential impact and has been considered as part of the assessment, only those that represent severe but reasonably plausible scenarios were selected for modelling.

The scenarios have been modelled using the Group's existing £100m revolving credit facility which runs to July 2024 and core debt facilities of £55m which expire in September 2028. We have assumed for the purpose of the viability assessment the revolving credit facility will be extended on similar terms before July 2024.

GOING CONCERN AND LONG-TERM VIABILITY
CONTINUED

The scenarios reflect the potential impact of certain principal risks:

1. Significant forecast miss in fees and profit. This would arise from political events and economic environment risks, plus other risks including climate change, COVID-19 and the recruitment and retention of employees.
2. Deterioration of working capital and increased lock-up days.
3. Strengthening of sterling.
4. Significant uninsured claim or other one-off event that may occur as a result of regulatory and compliance risks, information technology and security risks, service failures and health, safety and wellbeing.
5. Combination of scenarios 1 to 4.

In each of the scenarios, the Group was able to continue operating well within its debt covenants and liquidity headroom.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue in operation and be able to meet its liabilities as they fall due over the period to March 2025.

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) STATEMENT

RPS is an international professional services firm providing climate-related services to clients. As a global firm, we are aware of the risks that climate change presents to our business, our employees, clients and investors. We are also mindful of the role we have to play in helping the world transition to a lower carbon future, through our consultancy advice and the projects we help deliver. This report presents our first TCFD review and is part of our ongoing work on our own carbon management strategy following the setting of Science-Based Targets (SBTs) and confirming our Net Zero position in relation to Scope 1, 2 and 3 GHG emissions.

Governance

Describe the Board's oversight of climate-related risks and opportunities	The Board oversees the delivery of the Group's strategy with the Group CEO ultimately being responsible for climate-change matters. In 2021, the Board agreed to the signing-off of Science-Based Targets, the Group's Net Zero position and introduction of climate change as a principal Group risk. Key and relevant climate topics are considered by the Group Leadership Team (GLT), which consists of Segment CEOs, Functional Directors, the Group Finance Director and Group CEO. Two Board members (the Group CEO and Group Finance Director) are included in the GLT. A member of the GLT acts as the executive sponsor for Environment, Social, Governance (ESG) & Sustainability, including climate-related matters.
Describe management's role in assessing and managing climate-related risks and opportunities	In Q4 2021, a Global Director of ESG & Sustainability and a Global ESG & Sustainability Manager were appointed. The Global Director assesses, monitors and reports on climate-related matters, including performance and will be reviewing opportunities for regular internal review and update of climate-related matters from 2022. The Global Director reports to the GLT Executive sponsor for ESG and Sustainability (Group Marketing Director), who in turn has a direct reporting line to the Group CEO. Our future work will support our existing carbon management disclosure under CDP. During 2021, three formal presentations on Sustainability and climate-change were made to the GLT and Board by the Global Director. Two of these sessions supported the decision to set and disclose our Science-Based Targets and Net Zero position, aligned to a 1.5°C pathway and which was formally announced in October 2021. Our business Segments and Functional Directors are responsible for the identification and management of their component business risks and opportunities, which are considered during our annual Group appraisal of risks and opportunities. Segment leadership teams will consider the climate-related risks that their component businesses are exposed to operationally, in addition to appropriate mitigation strategies on a quarterly basis. As of this year, climate-related risks are included within the Group's annual appraisal of corporate risks. The ESG & Sustainability team will be working closely with Segment and Functional leads in the creation of strategic plans and objectives in relation to climate change.

TCFD
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Strategy

Work to identify our short, medium and long-term climate-related risks and opportunities started in 2021 with submission of our latest CDP disclosure. We consider climate-related matters within the time horizons used in our Group strategy, as follows:

	Short Term	Medium Term	Long Term
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	0-2 years This period covers near-term climate matters and includes fluctuations in the market and investor pressures.	2-5 years This period covers the majority of our planned climate initiatives and new service line developments.	>5 years Covering a longer time frame, this includes our Net Zero and Science-Based Targets setting and performance.

In the meantime, our preliminary assessment below outlines the climate-related risks and opportunities that may affect RPS.

While our direct impact on the environment is comparatively modest, our Scope 3 GHG emissions are considered material and are therefore included within our SBTs. We have a part to play and we will be further building on and refining our climate change assessments. Further review will define the expected time horizons, magnitude of impact and next-step actions associated with these risks and opportunities.

Image above: Matt undertaking a site visit and field survey on pipeline corridor in northern Wisconsin

	Category	Description
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. **Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**		
Transition	**Policy and Regulation**	Risks: Potential increased energy pricing and transport/travel related fuel taxes through reduced certainty in security of supplies, changes in policy, government carbon tax rises and volatility in energy pricing. Risk to stability of financial and operational planning associated with the cost of travel and pricing. Opportunities: Finding alternative lower carbon means of transportation, partnering with suppliers offering low carbon options, negotiating travel contracts and transitioning increasingly towards a no-travel/digitised offering to reduce operational inefficiencies and improve profitability.
	Policy and Regulation	Risks: Potential for further disclosure and reporting on GHG emissions as part of financial planning, capital expenditure, acquisitions and asset management. Opportunities: To offer our reporting and footprinting services to an increasing client base requiring extended disclosures. To use our deep expertise to showcase leading approaches in this area.
	Policy and Regulation	Risks: Increased energy pricing and standards of energy performance in leased office portfolio e.g. Minimum Energy Efficiency Standards (MEES) leading to reduced availability of suitable offices, higher rental rates and higher energy billing/rents. Increased direct operational costs and earlier consideration of office location positioning/lease breaks. Opportunities: To secure bulk longer-term energy contracts, self-generated renewables, lower emission assets and sources of energy, smart offices, freehold assets, more efficient/Net Zero-aligned offices and buildings at lease renewal to reduce direct costs and smooth out volatility of energy pricing.
	Products and Services	Risks: Policy changes placing mandates on the regulation of products and services, affecting/materially changing our clients' businesses. Some clients may be unduly affected and unable to transition to a lower carbon environment, incurring financial difficulty and leading to reduced demand of our services. Others may expand and succeed in this landscape. Opportunities: To develop and respond to new areas of regulation and business and capitalise on new service lines. Policy change may conversely increase the demand for our Net Zero and climate-related services and support our business strategy and revenue generation.
	Technology	Risks: Transition to a lower carbon service provision requiring reduced travel and remote meetings increasing the need for capital expenditure in digital service provision and enhancements to IT systems, infrastructure and data storage. Greater consideration of depreciation of assets in financial planning and increasing need for operational maintenance and asset management costs. Risk of early failure of assets, and/or reduced returns of investment and reduced use of offices affecting profitability. Opportunities: Increased transition of mobile home working and transient office use can offer reduced travel, commuting and emission reduction benefits, while also reducing direct and indirect costs and increasing productivity. Less reliance on third-party transport at a time when travel disruption from climate-related impacts could affect our productivity. Moving to lower energy demand IT, technology and fleet reduces the cost of energy consumed and ownership.
	Markets	Risks: Markets move rapidly forward with demand for climate-related services and investor disclosures at rates which cannot be matched through employee attraction, service line positioning, insurance provision and/or organic growth. Opportunities: Early mover positioning and attracting multi-disciplinary employees who are able to respond to changing markets and geographies. Training, upskilling and awareness building from within and maintaining leading edge services and disclosure.
	Legal and Reputation	Risks: Poor perception of employees, internal and external stakeholders, clients and investors in our climate-related performance. Consequential risks of not attracting and retaining key employees, clients and investors. Risk of financial institutions and investors not providing finance for poor performance on sustainability and climate-related matters. Increasing rise of public external activism, possibility of internal/external stakeholder and investor pressures, leading to calls for more direct action on climate-related matters. Opportunities: To maintain consistent and appropriate climate-related disclosures, carbon management strategy and performance improvements.

TCFD
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	Category	Description
Physical (Acute)	**Extreme Weather/ Natural Events**	Risks: Travel and employee disruption as a result of extreme ad-hoc/frequent adverse or extreme weather events (floods, typhoons, hurricanes, tornados, wildfires). Changes to operations and reduced productivity affecting profitability, increased indirect financial costs of travel through delayed/cancelled flights, additional hotels and increased insurance provision. Opportunities: Seek transition to digital service provision and alternative lower carbon modes of transportation and support clients through delivery of low carbon strategy and project outcomes to reduce GHG emissions and lessen longer-term impacts of climate change.
Physical (Chronic)	**Long-Term Weather Variability and Climate Impacts**	Risks: Client businesses may relocate offices or geographies due to changing weather in local countries, increased heat stress, water scarcity and rising sea levels. Certain countries may be more affected in terms of economic, human capital and socio-political disruption (famine, agricultural failure, migration and displacement) leading to clients reassessing their project and long-term consultancy needs as other pressures take precedence. Potential need to relocate offices to continue to serve clients. Opportunities: Improve resilience of our clients through ongoing provision of climate-related advice on mitigation and adaptation. Provide low carbon engineering solutions in relation to flood risk and defence planning. Transition to digital solutions to continue serving clients and be responsive while reducing emissions and impacts.

RPS' approach to sustainability and climate change is being further developed taking into account governance and systems, policy and regulation, client programs, engagement and communication. Our business is focused around the increasing growth areas of urbanisation, sustainability and natural resources and our services are aligned to help our clients to transition towards a sustainable and low carbon future.

As part of our promise, we provide deep expertise solving complex problems that matter. The services we provide to our clients are meeting an increased demand for climate-related and sustainability services around developing areas such as renewables, carbon capture storage, carbon strategy and Net Zero planning, low carbon optioneering and engineering, and we are well-positioned for strong growth in this area. Within the UK, our Integrated Management System (IMS) mandates consideration of embodied carbon and low carbon engineering in large infrastructure and design projects, ensuring that climate-related matters are integrated into our projects that have potential to deliver on significant emission reductions.

Our business strategy is centred around these core areas and is directly tied to the generation of revenue and financial performance. Segment leads are responsible for responding to the future needs of the business, which includes consideration of climate change policy and regulation, in addition to our own SBT and Net Zero position. Given the significance of the opportunities to the business and their potential impact on revenue generation, climate change-related matters are discussed at management meetings and as part of segment line strategy. At the strategy stage, the Board is involved in review of segment plans.

In November of 2020, we committed to set a Science-Based Target (SBT) to ensure that our company performance is benchmarked against current climate change science. Our disclosures cover group-wide Scope 1, 2 and 3 GHG emissions and SBTs that commit to a 63% reduction in GHG emissions by 2034, and interim reduction targets of c.46% by 2030. We have modelled our target performance against both a well-below 2°C and 1.5°C trajectories which culminated in our successful submission of our 1.5°C-aligned target to the Science Based Targets initiative (SBTi) and which was verified in January 2022. We will continue to develop our approach and strategy to build climate-resilience into our Group strategy and enhance the processes and procedures. Over the next 12–36 months we will further review both our physical and transitional risks and opportunities to inform the overarching Group strategy.

Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks **Describe the organisation's processes for managing climate-related risks** **Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management**	The Board retains overall responsibility for setting the Group's risk management and internal control systems in relation to climate change. Climate-related risks are increasingly being considered and brought into our risk management framework and is a focus for our ongoing TCFD disclosure work. The GLT will oversee the operational management of the key climate-related risks to which the Group as a whole is exposed and the Group's Board will continue to review principal climate-related risks including those that would threaten its business model, future performance, solvency or liquidity. Climate-related risks were added as a principal business risk and to the Group risk register in 2021 and work is under development to screen client projects for climate-related and other governance and sustainability risks prior to commission. The Group Finance Director, supported by Internal Audit, prepares an Annual Review of Risk Management and Internal Control and presents this to the Group Board. As part of our ongoing TCFD disclosure work, further review will be undertaken to identify opportunities to improve on our identification, assessment and management of climate-related risks and how these are incorporated into our existing risk management and internal controls.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material **Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks**	In establishing verified Science-Based Targets (SBTs), our targets are aligned with a 1.5°C pathway. Our Scope 1, 2 and 3 GHG emissions performance data and the methodologies used are disclosed in the energy consumption and Streamlined Energy and Carbon Reporting (SECR) section of this report (see p.73). While our related risks are comparatively modest, we do acknowledge our more material Scope 3 GHG emissions and the need to establish robust emission reduction plans aligned with our key TCFD-identified strategic climate-related risks and opportunities. We track our performance against multiple climate related metrics (Scopes 1, 2 and 3) and have disclosed our Scope 3 emissions for the first time in this report. We will continue to disclose and aim to further expand on Scope 3 and other opportunities for reporting based on their materiality and relevance. Reductions in our Scope 3 emissions are included in the targets set by our verified SBTs. Our metrics allow us to monitor progress towards our SBTs and to ensure that we report in line with investor disclosure requirements and the CDP (formerly named Carbon Disclosure Project). RPS is also a signatory to the Business Ambition for 1.5°C; the UK consultancy sector's Pledge to Net Zero; and the Race to Zero campaigns. Consideration of our GHG emission risks is covered in our CDP annual submission and the TCFD strategy section above. Work will be completed over the next 12-36 months to further define our climate-related risks and opportunities, and will consider cross-jurisdictional TCFD-alignment where relevant.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Our current climate-related metrics are related to our SBT, Net Zero position and our SECR statement (SECR p.73) and are presented below. We will continue to review the appropriateness of these targets as progress is monitored and as future reviews improve our understanding of climate-related risks and opportunities. • By 2034, we have committed to reduce our GHG emissions (Scopes 1, 2 and 3) by 63% (in absolute terms) and by c.46% by 2030 (interim target), compared with a 2019 base year in line with a 1.5°C trajectory, equating to a 4.2% reduction in emissions year on year.

TCFD
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TCFD Compliance Statement

RPS Group plc has complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures, except for where disclosed below.

For each of the exceptions provided below, technical expertise constraints and the complex nature of discussions to be held within the business required further time and deliberation. For this reason the business has abstained from full disclosure as it carefully considers its position during this transitioning stage.

A plan detailing how the recommendations and actions will be developed over the next two to three years is being formed between the finance and sustainability teams. This plan will precede and support the work towards fuller disclosures by 2025.

Specifically, our disclosures currently exclude the following:

- Governance (sections (a) and (b)): Further review of governance structure; reporting lines, consideration of climate-related strategic, financial, risk and planning matters; performance and frequency of reporting to the board and at management level is required. We expect closer and fuller alignment with the disclosures to be gradually phased in between 2022 and 2025.
- Strategy: (sections (a), (b) and (c)): In combination with Governance changes, further consideration of material (financial) and actual impacts and risks affecting specific sectors and geographic regions of the business over the short, medium and long-term is required. An appraisal of climate-related impacts, risks and opportunities on the business, strategy and financial planning across our operations, investments, supply chain, services, acquisitions and divestments and adaptation/mitigation activities is required and how these impact on financial performance (revenues, costs, assets and liabilities). The applicability and use of climate-related scenarios is yet to be considered in the context of our business as is a review of our strategy's resilience to opportunities and risks in a 1.5°C-aligned scenario to 2034 and beyond. We expect closer and fuller alignment with the disclosures to be gradually phased in between 2022 and 2025.
- Risk Management: (sections (a) and (b)): Processes that formally identify, assess, control and manage the relative significance of specific climate-related risks and opportunities require consideration. The processes will need to consider prioritisation of, and potential size and scope of, identified risks and opportunities, in alignment with our existing risk management framework, controls, levels of materiality, mitigation and definitions, and including existing and emerging regulatory requirements and other relevant factors. We expect fuller alignment with the disclosures to be gradually phased in between 2022 and 2025.
- Metrics & Targets: (sections (a), (b) and (c)): In conjunction with strategic consideration of risks and opportunities, further review is needed in relation to historical and forward-looking cross-industry climate-related metrics (including related low carbon service opportunities), factoring in the impact of broader physical and transitional material matters. Consideration of targets in relation to financial and service-related goals is required. We expect closer and fuller alignment with the disclosures to be gradually phased in between 2022 and 2025.
- Other (Non-Disclosure Point): Materiality: Further clarity, consideration and disclosure on our levels of climate-related materiality and its relation to our financial definitions and planning is required. We expect to phase in improvements between 2022 and 2025.

Image right: Kieran at the A82 between Tyndrum and Bridge of Orchy, with Beinn Dorain in the background

ESG AND SUSTAINABILITY AT RPS

RPS operates with a strong sense of purpose. Sustainability is core to what we do. It is embodied in our purpose, to create shared value by solving problems that matter to a complex, urbanising and resource-scarce world.

Recent events have reinforced that environmental and social matters constantly change; they evolve; intensify; diminish; and create new challenges as well as opportunities. RPS is mindful of these changes and is agile enough to pivot as circumstances evolve. 2021 is no exception. Considerable strides have been made to ensure our approach, as we move into 2022, is bold, and clear.

Setting direction

To better respond to emerging global challenges and stakeholder requirements, an internal Environmental Social Governance (ESG) and Sustainability team was appointed.

By Q4 2021, a team comprising a Global Director of ESG & Sustainability and a Global ESG & Sustainability Manager was in place. The team is responsible for setting Group strategy, engagement, and direction on operational sustainability, ESG and reporting and will work closely with other segment and functional leads.

Work is underway on understanding where RPS is and where it needs to be for the years ahead. From the stakeholders we engage with through to defining future areas of sustainability focus, we are taking a fresh high-level look and re-evaluating our position with a view to creating an even stronger future legacy. First off the blocks was an accelerated climate change action plan for our own operations. Setting ambitious Net Zero position and Science-Based Targets in 2021, marking out our path in delivering towards a low-carbon future.

Our Sustainability Roadmap

To ensure that our legacy creates shared value for all our stakeholders, we need to be clear about our direction. Work to set out our sustainability strategy started in late 2021, with stages 1 through to 4 proposed for completion in 2022, and stages 5 to 6 proposed for ongoing action in 2022–25.

We have already adopted a more formal structure to understand our key material sustainability issues. This approach provides us with the information needed to make sound business decisions and sets a stronger foundation for review in future years.

Our process, takes account of the impacts that we make as a business, and those that we are directly affected by.

Stage 1 is well underway. We have begun to engage with our closest stakeholders to incorporate their views and needs. Subsequent reviews and discussions will inform stage 2, providing valuable ESG insights on what is most relevant to RPS and stakeholders.

The results of the first two stages will inform the direction of our strategy in stage 3. We recognise that further sustainability governance structures and KPIs may need to be introduced at stage 4, to capture improvements in performance and consider the use of committees or steering groups to provide diverse insights and perspectives that add value to our strategy.

We will implement our short, medium, and long-term plans at stage 5. And as our initiatives come to fruition, we will communicate our successes at stage 6 – ensuring that our process, plans, and outcomes are transparent to all our stakeholders.

Stage 1

Stakeholder Engagement –
Reconnecting on problems that matter

Stage 2

Materiality Assessment –
Considering shared value

Stage 3

Strategy Development –
Evaluating and agreeing direction

Stage 4

Governance and KPIs –
Structuring for success

Stage 5

Implementation –
Delivering action

Stage 6

Communication –
Ensuring transparency

Image top left: James carrying out a topographical survey of a reservoir.

NON-FINANCIAL REPORTING – ENVIRONMENT

Environmental Management

Environmental management of the business is covered by the individual business segments, in their management of an Integrated Management System (IMS) (which includes our Quality, Health and Safety and Environmental Management Systems) and the Group ESG and Sustainability functional leads who oversee general Group environmental strategy and direction.

Approximately 75% of the business globally is covered by ISO14001, a certified Environmental Management System (EMS). Where certified, all activities carried out by these offices, including field operations, are covered by the EMS. Approximately 10% of remaining offices will receive certification in 2022, with the remaining 15% representing smaller office operations which will be included as business needs arise.

The EMS ensures that RPS maintains compliance with all relevant national and regional legislation and relevant codes of practice, standards and other requirements as specified by regulators and our clients, as a minimum standard. Regular internal and independent third-party audits verify the effectiveness of our systems.

Office-based environmental management is handled locally by the IMS. Several offices have teams of environmental champions examining improvements through enhanced office recycling, digitisation of services and mobile apps to reduce business travel.

For clients and on specific projects of a certain size, the UK Consulting design team has initiated work to consider the operational carbon impact of relevant infrastructure and development projects as low carbon optioneering becomes a core service function. Pending success of this local initiative, we hope to roll out similar approaches for our other regional teams.

APPROXIMATELY
75%
OF THE BUSINESS GLOBALLY IS COVERED BY ISO14001

Energy and climate change

Taking action on climate change

The period under review was a pivotal year for action on climate change and our approach has been equally responsive. Following on from our commitment made in November 2020, we set a Science-Based Target (SBT) for our Greenhouse Gas Emissions (GHG) in 2021.

Our commitment has been independently verified by the Science Based Targets initiative (SBTi) and is aligned to an ambitious reduction pathway aimed at keeping global temperature increases limited to 1.5°C. This target not only applies to our scope 1 and 2 emissions but also our scope 3 emissions, marking a bold step-change in ambition.

In support of our commitment, RPS has signed up to the Race to Zero, UK Pledge to Net Zero and the Business Ambition for 1.5°C campaigns.

In 2021, we also formally set our position on our Net Zero pathway. We acknowledge solutions to mitigate global emissions are constantly developing and we need to be mindful of a changing landscape and thinking about what is appropriate to use. We expect to have transitioned strongly to Net Zero by 2030. The speed of transition will depend on several factors, not least, technological advances, position on policy and developments in climate science thinking.

First and foremost, will be the need for us to make GHG emission reductions of 63% by 2034 to align with our SBT. A general overview of our areas of interest for GHG emissions reductions is covered in our TCFD report (p.63). We will be putting in place strategic carbon reduction plans to mitigate our emissions globally.

This adds to our existing commitment to the CDP, which we have been officially scored on since 2011. This year our CDP score went up from a C to B-, prior to our public SBT and Net Zero disclosures and in recognition of other improvements made from 2020 to 2021.

This year's annual report sees our first Task Force on Climate-Related Disclosures (TFCD) report (see p.63). Throughout 2022 to 2025, we will build on our level of disclosure to include further review and more detailed consideration of climate-related risks and opportunities.

2021 – Energy consumption, GHG emissions and Streamlined Energy and Carbon Reporting (SECR)

During 2021, most RPS employees continued to work from home as national lockdowns dictated and government guidance was followed; offices remained open to service projects and client needs that were deemed essential, e.g. for national infrastructure, construction, utilities.

Scope 1 and 2 emissions from electricity in our offices and vehicles were marginally lower compared with previous years in light of continued COVID-19 restrictions. However, and as expected, reductions were not as significant as observed between 2019 and 2020; the latter of which was an exceptionally low emissions year as a result of the pandemic.

In 2021, an increase in Scope 3 emissions from employee commuting and business travel was observed as employees responded to client projects; returned to the office; and as IT equipment was purchased to permit working from home arrangements and continued digitisation of our service offering.

Methodology

The energy and carbon statements disclosed in this report have been calculated using an operational control reporting boundary and in accordance with the following standards:

- WRI/WBCSD (2004). Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard-Revised Edition.
- Department for Environment, Food and Rural Affairs and Department for Business, Energy and Industrial Strategy (2019): Environmental reporting guidelines: Including Streamlined Energy and Carbon Reporting requirements.

The following emission factors, reference documents and software tools were used in the calculation of our GHG emissions:

- UK Government GHG Conversion Factors for Company Reporting (2021 v1)
- Carbon Emission Factors and Calorific Values from the UK Greenhouse Gas Inventory (Ricardo Energy & Environment, 2021), to support the UK ETS 2021-UKETS-CEFsGCVs – Issue 1
- IEA Emission Factors 2021
- Quantis v3 for 2021 Specific Scope 3 Emissions (capital goods).

Analysis

Compared over the longer term and our 2019 baseline year, we have continued a downwards trend in Scope 1 and 2 GHG emissions for 2021, resulting in a 19.4% (c. 6,345 tCO_2e) overall reduction in total GHG emissions (Scopes 1-3) over the longer term; including a 20.1% fall in Scope 1; 42.9% fall in Scope 2; and 16.2% fall in Scope 3 GHG emissions since 2019.

Between 2021 and 2020, we saw an overall increase in total (Scope 1-3) GHG emissions of 18.7% (c. 4,150 tCO_2e), largely due to a return to work post-COVID-19. However, while these increases are largely seen across our Scope 3 GHG emissions, other GHG emissions decreased, as explained below.

Specifically, our Scope 1 GHG emissions decreased in 2021 compared to 2020 by 6.2% (c. 389 tCO_2e) set against a negligible global decrease in average emissions factors for natural gas and a slight increase in emission factors for diesel fuel. This decrease has been achieved through a reduction in the UK diesel van fleet (61 fewer vehicles), increase in the use of electric vehicles in the company car fleet and a redefinition of our fuel conversion factor calculation methodology (see table footnote).

Scope 2 GHG emissions (location-based) from electricity decreased by 6.6% in 2021 compared to 2020 (c. 115 tCO_2e), despite an approximate 10.4% average global emissions factor decrease for electricity over the period. An increase in electricity consumption was expected with gradual employee returns to offices.

NON-FINANCIAL REPORTING – ENVIRONMENT
CONTINUED

Comparable improvements in our Scope 1 and 2 GHG emissions/£m revenue intensity metrics are observed between 2020 and 2021, reflected by reductions in GHG emissions, despite slight increases in energy consumption as our emission factors methodology was revised (see table footnote).

Considering the GHG emissions/FTE intensity metric, we have seen an overall improvement in both energy consumption and GHG emissions intensity metrics between 2020 and 2021. The trends and variables seen between UK and Global figures are likely due to reduced office energy consumption with home working arrangements, and increased overall employee numbers. We expect emissions will rebalance further in 2022 as offices return to optimal occupancy levels.

Scope 3 emissions are formally reported for the first time in 2021. While we have seen an overall increase in Scope 3 emissions of 18.7% (c. 4,654 tCO_2e) in 2021 when compared against an exceptionally low emissions year in 2020, this is considered reflective of increased employee commuting and business travel as a proportion of employees who gradually returned to office working arrangements in 2021 and associated with purchasing additional IT hardware to facilitate digital transition and working from home arrangements. Employee numbers also increased by circa 400 in 2021. We are now seeing an expected bounce-back due to returns to work, and a rebalancing of our emissions.

A similar decline in Scope 3 performance across the revenue and FTE-based metrics is observed. As explained above, the differences may be explained through additional expenditure in IT hardware, resulting in increased emissions in Category 2 Capital Goods, and increase in Category 6 Business Travel expenditure, both of which impact on our GHG emission figures.

With our verified SBTs now set, we have targets to reduce our 2019 baseline emissions by 63% (in absolute terms) across our Scope 1-3 global emissions by 2034 and by c.46% by 2030 (interim target), which equate to 4.2% reductions in emissions year on year.

The last two years continue to be exceptional in terms of lowered energy consumption, mobility and global emissions and while an overall increase in emissions has been seen this year compared to last year, this is based on comparison with an exceptionally low consumption and emissions year of 2020.

Considering our 2019 baseline year, our global emissions have decreased over this period by 19.4%, representing an average 9.7% reduction year on year from 2019, which remains above our SBT aligned trajectory target of 4.2% per annum.

Image below: Helene and Charlotte from Metier OEC Academy, RPS Norway.

	GHG emissions 2021 (tCO_2e)			GHG emissions 2020 (tCO_2e)			Energy Consumption 2021 (MWh)			Energy Consumption 2020 (MWh)		
	UK	Global	Total	UK	Global	Total	UK	Global	Total	UK	Global	Total
Scope 1	**3,651**	**2,195**	**5,846**	**3,808**	**2,427**	**6,235**	**17,223**	**7,985**	**25,208**	**16,205**[1]	**8,744**[1]	**24,949**[1]
Natural Gas	247	708	955	178	689	868	1,347	1,786	3,133	970	1,684	2,653
Fuel (diesel & petrol for Company owned vehicles)	3,387	1,464	4,850	3,618	1,715	5,333	15,876	6,199	22,075	15,235[1]	7,060[1]	22,295[1]
Refrigerant Losses	18	23	40	12	23	35	N/A	N/A	N/A	N/A	N/A	N/A
Scope 2 location based (electricity)	**422**	**1,201**	**1,623**	**432**	**1,306**	**1,738**	**1,988**	**3,082**	**5,070**	**1,855**	**3,128**	**4,983**
Scope 1 & 2 Emissions and Energy Intensity Metrics	**tCO_2e/£m**			**tCO_2e/£m**			**MWh/£m**			**MWh/£m**		
	19.63	9.62	13.33	22.21	10.63	14.71	92.58	31.36	54.03	94.60[1]	33.80[1]	55.21[1]
	tCO_2e/FTE			**tCO_2e/FTE**			**MWh/FTE**			**MWh/FTE**		
	1.75	1.43	1.59	1.87	1.66	1.77	8.26	4.66	6.44	7.98[1]	5.28[1]	6.63[1]
Scope 3			**18,920**			**14,266**	N/A					
Category 1 Purchased Goods & Services			45			63						
Category 2 Capital Goods			1,873			1,041						
Category 3 Fuel & Energy Related Activities Not Included in Scope 1 or Scope 2			429			309						
Category 6 Business Travel			6,300			3,360						
Category 7 Employee Commuting			10,273			9,494						
Total Scope 3 Emissions Intensity Metrics			**2021 tCO_2e/£m**			**2020 tCO_2e/£m**						
			33.76			26.32						
			2021 tCO_2e/FTE			**2020 tCO_2e/FTE**						
			4.02			3.16						
Total GHG Emissions (Scope 1-3) Intensity Metrics			**2021 tCO_2e/£m**			**2020 tCO_2e/£m**	N/A					
			47.09			41.02						
			2021 tCO_2e/FTE			**2020 tCO_2e/FTE**						
			5.61			4.93						

1. Footnote: Emission factors for Fuel related energy consumption (MWh) have been revised following a change in our reporting methodology in 2021. UK Government GHG Conversion Factors for Company Reporting methodology has been used in preference of CDP Technical Note: Conversion of Fuel Data to MWh. The 2020 figures have been adjusted for consistency.

SECR 2021 methodology and scoped emissions

For the reporting year 1 January to 31 December 2021, our methodology is based on the documentation and emission factors outlined in the energy and and voluntary global GHG emissions section above. Our range of reported emissions include both mandatory (Scope 1 and 2) and voluntary global (Scope 3) emissions, defined as follows

- Scope 1 – direct emissions includes any gas data and fuel use for Company owned vehicles. Fugitive emissions from air conditioning are included where it is RPS' responsibility within the tenanted buildings
- Scope 2 – indirect energy emissions includes purchased electricity (location based) throughout the Group's operations
- Scope 3* – indirect emissions from GHG Protocol Category 1: Purchased Goods and Services; Category 2: Capital Goods; Category 3: Fuel and Energy Related Activities Not Included in Scope 1 or Scope 2; Category 6: Business Travel; and Category 7: Employee Commuting

* Our global Scope 3 emissions are being voluntarily reported for the first time this year, alongside our proactive commitment towards transparency on climate action and ESG data.

NON-FINANCIAL REPORTING – ENVIRONMENT
CONTINUED

Energy Efficiency Actions Undertaken in 2021 Reporting Year

Our carbon management, adaptation and mitigation strategy is currently under review to identify opportunities for energy efficiency improvement and energy reduction for 2022-25 and the longer term. These will likely include targeting the following areas:

- Continued electrification of the fleet;
- Rationalisation of offices and sustainable travel plans;
- Continued digitisation of our service offering;
- Energy and resource efficiency improvements in the property portfolio;
- Securing renewable energy supplies; and
- Supply chain procurement improvements and engagement.

Future initiatives also include those transitional opportunities mentioned in the strategic section of our TCFD report (p.63).

Improvement measures that were put in place over the reporting year, included the following.

Vehicle fleet

In late 2020, the company introduced a new car scheme in the UK, adding further electric vehicle (EV) and hybrid options to the fleet list.

Since the start of the scheme, there has been a significant uptake in the number of plug-in and electric vehicles, with 89% of new vehicles ordered in the UK fleet since 2020 now comprising plug-in, electric or hybrid variants. One-third of new vehicles ordered since 2020 comprises fully electric vehicles. Consequently, the number of diesel vehicles in the fleet has fallen, as have average fleet GHG emissions.

Digitisation of services

We continued to leverage and expand on digitised ways of working, including developing mobile applications to transfer project-related data, reduce face-to-face visits and the need for business travel.

Natural capital and resources

Global water scarcity

The demand for clean water resources is expected to outpace supply by 56% by 2030 (WRI 2020), with as many as 2.3 billion people currently living in water-stressed countries (UN-Water 2021). As an organisation employing close to 5,000 employees globally, we acknowledge that water has to be treated as a scarce resource. Some of our offices are located in areas facing water stress and climate variability, where the impact of our presence may necessitate implementing water reduction plans.

As a leading proactive approach for the professional services sector and to take ownership of the potential impact of our portfolio, we carried out a high-level global water stress screen to verify where offices may be in high or moderate water stress risk areas. We utilised the World Resources Institute's (WRI) water risk atlas, Aqueduct v3.0, in our review.

From our global portfolio of properties, 14% are physically located in higher water stress risk areas, 48% are located in moderate risk areas and 38% are in lower risk areas. By 2030, the proportion of our properties located in higher water stress risk areas is expected to increase from 14% up to 43% where limited action is taken on tackling global warming.

Of the offices located in current and future higher risk areas, we are taking steps to review how best to reduce our impact on natural capital through adapting our approach to water management.

Future directions

The business is well-placed to approach today's sustainability challenges. With a dedicated sustainability team in place and clear direction on our path ahead, we will be seeking to build on our internal strategy, carbon planning, ESG data disclosure, engagement, and reporting.

We will also continue to work with the business to identify and support opportunities for highlighting and better showcasing the innovative and ESG credentials of the client projects we are involved with.

NON-FINANCIAL REPORTING – SOCIAL

Our people are our greatest asset and key to our strength. We strive to create shared value for our people as well as our clients, investors and communities. Our people get to work on diverse, purposeful projects and they get to do it alongside some of the best people in the industry. In 2021, we focused on employee health and safety, made progress in gender diversity and sought the views of our circa 5,000 employees in our second ever global employee engagement survey – Your Voice.

Health and Safety

6 YEARS
LOWEST LEVEL OF RIDDOR INCIDENT RATE FOR SIX YEARS

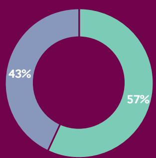
SAFE OFFICES
ALL OFFICES ASSESSED FOR COMPLIANCE WITH UK COVID-19 REGULATIONS PASSED

88%
I WORK IN A SAFE ENVIRONMENT YOUR VOICE 2021
(2018: 83%)

ISO 45001
ACCREDITATION MAINTAINED AND SECURED
BAFE CERTIFICATION
FOR LIFE SAFETY FIRE RISK ASSESSMENTS

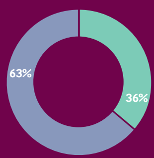
Gender Diversity

OUR BOARD



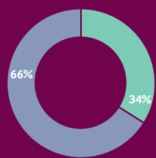
(2020: F57%: M43%)

GROUP LEADERSHIP TEAM



(2020: F27%: M73%)

GLOBAL EMPLOYEES



(2020: F32%: M68%)

Female Male

For information on our community support for increasing diversity in STEM go to page 27

Employee Engagement

YOUR VOICE - 2021 GLOBAL EMPLOYEE ENGAGEMENT SURVEY

85%
EMPLOYEE PARTICIPATION
(2018: 80%)

70%
EMPLOYEE ENGAGEMENT
(2018: 67%)

96%
EMPLOYEES RECEIVING QUALITY YEAR-END PERFORMANCE AND DEVELOPMENT CONVERSATIONS
(2018: 50%)

78%
CONFIDENCE IN THE FUTURE OF RPS
(2018: 74%)

YOUR VOICE

NON-FINANCIAL REPORTING – GOVERNANCE

Business relationships

In 2019, we launched our behaviours and embedded them across the Group with over 75% of employees completing the relevant online training. Our behaviours are at the core of how we do business and a key element of annual employee performance and development discussions. Sitting alongside our approach to corporate responsibility, they ensure we conduct business in a transparent and fair way with a focus on delivering our purpose of creating shared value.

We have policies and procedures that support our people and provide us with a framework to ensure they act in a consistent way with our behaviours. Employees are required to be sympathetic to the cultures and comply with the laws and regulations of the countries in which they operate, as well as giving due regard to the safety and wellbeing of all project personnel and relevant local communities. All RPS employees are expected to avoid any personal or professional interests that could conflict with their responsibilities to the Group and, should such a situation arise, they are expected to report it promptly.

Policies

Anti-bribery policy

The Group has in place an anti-bribery policy, which clearly states a number of obligations for our employees. Under no circumstances should employees offer, give, solicit, or accept a bribe whether by cash or other inducement. In addition, under no circumstances should employees encourage or procure any third party to offer, give, solicit or accept a bribe. The prevention, detection and reporting of bribery are key priorities for the Group. The Group maintains appropriate financial controls, one of the purposes of which is to detect any unusual payments made to third parties. The prevention and reporting of bribery are, however, the responsibility of all employees and they are required to promptly report any suspicion of bribery. The Group also expects its sub-contractors and agents to follow policies and practices that are consistent with its own policies.

As RPS may be held liable for bribery and/or tax evasion facilitated by an associated person while acting on our behalf, it has in place due diligence procedures which must be observed before an agent or intermediary is appointed.

The Group has introduced a Gifts and Entertainments Register to monitor the giving of and receiving Gifts and Entertainment. Where agreed limits of what can be accepted are exceeded, the gift or entertainment must be approved by that person's manger. All employees in the Group undergo Anti-Bribery training.

Our anti-bribery policy is communicated to our suppliers, sub-contractors, agents, partners and intermediaries with whom we are dealing.

The Group has a clearly stated zero tolerance policy in relation to acts of bribery and corruption and supports the UN Global Compact and the UN Convention on Anti-Corruption. There have been no reports or allegations of Bribery during the year.

Modern slavery statement

We support the objectives of the Modern Slavery Act and will not tolerate modern slavery or human trafficking within our own supply chain. During the year, the Group conducted a further review of its supply chain and published its statement accordingly. As far as is reasonably ascertainable, none of the Group's activities has directly or indirectly given rise to the abuse of human rights. We support the introduction of the Australian Federal Government's Modern Slavery Act and will review the Group's position in line with its guidance.

Health, safety and wellbeing policy

Our commitment to employee health, safety and wellbeing sits at the core of our Global People Strategy and is grounded in our Global RPS behaviours. Explicit in stronger together behaviour is that "We act reasonably for our own health, safety and wellbeing and that of others". It is our belief that accidents can be prevented, and we are committed to maintaining exemplary standards of health, safety and wellbeing.

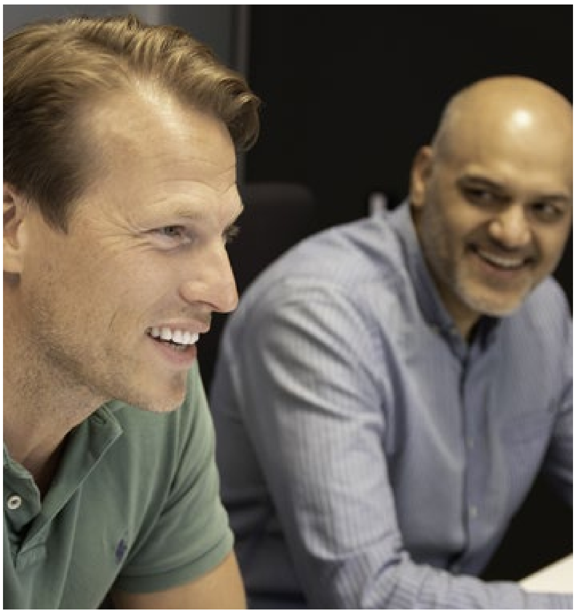


Image above: Michael and Eric from Digital team in Norway

We aim to promote a working environment that supports the physical and mental wellbeing of our employees, and it is our intention to achieve continuous improvement in our management systems, activities and performance. The policy is a standing agenda item and discussed at each Board meeting.

Diversity & Inclusion policy

The Group's diversity and inclusion policy sets out our approach and commitment to supporting a diverse and inclusive workplace. We regard this as critical to attracting and retaining the best talent for the company. RPS recognises the importance of creating a culture that encourages and visibly values different ideas, perspectives, and styles of thinking, making us as diverse as the communities and clients we work with. The policy also emphasises the importance of respect, empathy and fairness in all our interactions.

Environmental policy

The environmental policy outlines that we recognise that a changing climate, together with the pressures of population growth and urbanisation, require that society and business work together to adapt. RPS has unrivalled global capabilities that enable our clients to take a balanced approach to delivering a sustainable future. The work and due diligence performed in this area is more fully explained on pages 70 to 76,

Whistleblowing policy

Our whistleblowing policy ensures our employees feel empowered to raise concerns relating to malpractice or wrongdoing in confidence through an independent hotline/online portal administered by Ethics Point.

To date, we have had no incidents of whistleblowing reported into the hotline/online portal. Where any incidents of whistleblowing are reported, there is a process of bringing this to the Board's attention to seek guidance on how to respond. A number of our policies also make reference to employees reporting any concerns they may have whether by way of bribery or ethical issues generally and are invited to make use of the Company's whistleblowing hotline, should they wish to raise any issue confidentially.

Tax Policy

The Group has in place a published Tax Strategy and supporting policies and procedures to ensure tax matters are managed appropriately. As a multi-national group, tax affairs are complex and this can lead to uncertainty and risk. It is RPS policy to reduce uncertainty by ensuring tax-qualified people are employed in the key regions together with taking professional advice and liaising with tax authorities where appropriate.

Tax risk is regularly monitored through clearly defined accountabilities for the Segments and requirements to report tax exposures to Group. In addition, a number of internal procedure documents are circulated across the Group to ensure consistent treatment in tax reporting, transfer pricing and withholding taxes.

Respect for human rights

We do not maintain a standalone human rights policy. The Group supports and is guided by the Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group understands its responsibility to respect the human rights of the communities and workforces with whom it interacts, and employees are expected to conduct themselves in a commensurate manner.

Cyber and data security

Throughout 2021, we have strengthened our approach with new automatic technical and security measures. This is a key risk which is referred to on p. 59 where we talk about the mitigations we have put in place.

The Strategic Report as set out on pages 6 to 80 has been approved by the Board.

John Douglas
Chief Executive
15 March 2022

NON-FINANCIAL INFORMATION STATEMENT

Our annual report and accounts details our approach to environmental, social and employee-related matters. Below outlines where in this report you can find this information and where additional information can be found on our website.

Anti-fraud, bribery and corruption	**Anti-bribery policy**, see p. 78. **Whistleblowing policy**, see p. 79. **Code of conduct,** https://www.rpsgroup.com/media/6618/hr-78-code-of-conduct.pdf
Business model, principal risks and non-financial KPIs	**Business model**, see pages 42 and 43. **Principal risks**, see pages 53 to 60. We currently have no non-financial KPIs. This area will be kept under review.
Employees	**Engagement**, see p. 26. **Behaviours**, see p. 27. **Environmental policy**, see p. 79. **Diversity and inclusion policy**, see p. 79 and Nomination Committee report p. 104. **Health, safety and wellbeing policy** see pages 78 and 79. **Recruitment and retention of employees** see pages 54 and 55 of risk section and pages 24 and 25 of people section.
Environmental matters	**Environmental Policy**, see p. 79. **Sustainability**, see pages 70 to 76. **TCFD**, see pages 63 to 68.
Human rights	**Respect of Human Rights**, see p. 79. **Modern slavery statement**, see p. 78. **Code of conduct**, https://www.rpsgroup.com/media/6618/hr-78-code-of-conduct.pdf
Social matters	**People report**, see p. 27. **Social Focus**, see p. 77. **Environmental policy**, see p. 79. **Diversity and inclusion policy**, see p. 79.


rps

2. REPORT OF THE DIRECTORS

Image: Daniel, Drone Operator, North America

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of RPS Group Plc and its subsidiary undertakings (the "Group") for the year ended 31 December 2021. Certain matters that would otherwise be disclosed in the Report of Directors are reported elsewhere in the Annual Report and Accounts. The Directors' report should therefore be read in conjunction with the Strategic Report on pages 4 to 79, the Corporate Governance Report on pages 95 to 102 and other parts of the Annual Report and Accounts as referred to below.

Directors

The Directors of the Company as at 31 December 2021 were those listed on pages 88 to 90. There were no changes to the Board during the year.

The Directors' interests in the share capital of the Company are as shown in the Annual Report on Remuneration on pages 122 and 123. None of the Directors was materially interested in any significant contract to which the Company or any of its subsidiaries was party during the year.

Results and dividend

The Consolidated Income Statement is set out on p.156 and shows the profit for the year. Our dividend policy is to increase the absolute dividend modestly over time, but being thoughtful over the increases as we see opportunities for bolt on acquisitions, but transitioning over time to a 30% payout. Dividends in future years will be set as absolute dividends at a level that enables investment in organic and inorganic growth and maintains leverage within our target range. The Directors recommend a final dividend of 0.44p (2020 – nil) per share which, subject to approval at the Annual General Meeting to be held on 26 April 2022, will be paid to shareholders on 20 May 2022. This together with the interim dividend of 0.26p (2020 – nil) per share gives a total dividend of 0.7p per share for the year ended 31 December 2021.

Strategic report

The Group's Strategic Report can be found on pages 4 to 79. This report is required to contain a fair review of the Company's business and a description of the principal risks and uncertainties that it faces. The Strategic Report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of RPS as well as likely future developments. These statements involve risk and uncertainty as they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Nothing in the Strategic Report should be construed as a profit forecast.

Financial key performance indicators can be found on p. 1. The Directors review performance using these Alternative Performance Measures (APMs) as defined in note 3 to the Consolidated Financial Statements. The APMs used exclude certain items that the Board believes distort the trading performance of the Group. These items are either acquisition and disposal related or non-cash items. The Board does not at present use non-financial key performance indicators to assess the Group as a whole, although parts of the Group do use such indicators from time to time.

Consistent with its size and complexity, the Group has a large number of contractual relationships with clients and suppliers. In the Directors' view, however, there is no single contract or client relationship which is essential to the Group's business. The Group's subsidiary undertakings are listed in note 6 to the Parent Company Financial Statements.

The Group develops and delivers innovative technical solutions to its clients, the costs of which are expensed to the Consolidated Income Statement. The Group obtains enhanced tax relief for these costs in the United Kingdom and has adopted the RDEC (Research and Development Expenditure Credit) regime.

Non-financial information

The Company is required to report on non-financial information and the risks and polices in place. This can be found on pages 72 to 79.

Corporate governance

The Directors' report on Corporate Governance can be found on pages 95 to 102 and incorporates other parts of the Annual Report and Accounts as detailed therein.

Engagement

The Company uses various mechanisms to engage with its employees, suppliers and customers. How we engage with our employees can be found on p. 26 and our engagement with our clients is covered within our Strategic report on pages 30 and 31.

Employees

The Group's policies in relation to employees are disclosed on pages 24 to 28.

The Group gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by that person. Appropriate training, career development and promotion opportunities is also provided for disabled persons. Where existing employees become disabled continuing employment under normal terms and conditions will be provided wherever practicable.

Corporate responsibility

The Group's Corporate Responsibility statement is included on pages 70 to 79. This includes disclosures concerning Greenhouse Gas emissions as required pursuant to part 7 of The Companies Act (Strategic Report and Directors' Report) Regulations 2013. The Group made no contribution to political organisations during the year.

Substantial shareholdings

The Company is aware of the following interests in excess of 3% of the ordinary share capital of the Company as at 7 March 2022.

Shareholder	Total holding	% of ISC
Aberforth Partners	47,553,587	17.14
Fidelity International	19,260,960	6.94
BMO Global Asset Management (UK)	18,179,229	6.55
Redwheel	17,232,118	6.21
UBS Asset Management	14,969,684	5.39
Chelverton Asset Management	14,367,000	5.18
Schroder Investment Management	11,905,118	4.29
Artemis Investment Management	11,372,862	4.10
Dimensional Fund Advisors	8,469,861	3.05

Going concern

The Group's business activities, a review of the 2021 results together with factors likely to affect its future development and prospects are set out on pages 6 to 21. Note 28 to the Consolidated Financial Statements sets out the borrowings of the Group and considers liquidity risk, while note 30 describes the Group's approach to capital management and financial risk management in general.

The going concern statement together with the viability statement is set out in the Strategic Report on pages 61 and 62.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable laws and regulations. Each of the persons who is a Director at the time of this report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

REPORT OF THE DIRECTORS
CONTINUED

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. The Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland. Under company law, the Directors must not approve the accounts unless they are satisfied, they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

Group financial statements

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Group's ability to continue as a going concern

Parent Company Financial Statements

In preparing the Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and taking all reasonable steps for the prevention and detection of fraud or other irregularities.

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

Responsibilities pursuant to DTR4

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, 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 Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

Financial instruments

Details on the use of financial instruments and financial risk are included in note 30 to the consolidated financial statements.

Post balance sheet events

There are no significant post balance sheet events requiring adjustments to the year end results or disclosure.

Takeover Directive

The following additional information is provided for shareholders pursuant to the requirements of the Takeover Directive.

Share capital

As at 31 December 2021, the Company's issued share capital consisted of 277,510,925 ordinary shares of 3p each. Substantial shareholder interests of which the Company is aware are shown on p. 85.

Shareholder rights and restrictions

At a general meeting of the Company, every holder of ordinary shares present in person is entitled to vote on a show of hands and on a poll, every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. Holders of ordinary shares may receive interim dividends approved by the Directors and dividends declared in general meetings. On liquidation and subject to a special resolution, the liquidator may divide among members in specie the whole or any part of the assets of the Company. There are no shares in issue that carry special rights with regard to control of the Company and there are no restrictions on the transfer of ordinary shares in the Company other than those that may be imposed by law or regulation from time to time. The Company's Articles of Association may be amended by special resolution at a General Meeting of the shareholders.

Directors

Directors are appointed by ordinary resolution at a General Meeting of the shareholders. While the Board can appoint a Director, any Director appointed in that manner must be elected by an ordinary resolution at the next General Meeting. Under the Articles of Association any Director who has held office for more than three years since their last appointment must offer themselves for re-election at the next Annual General Meeting. It is the Company's policy, however, that all Directors should stand for annual re-election. The Directors have power to manage the Company's business subject to the provision of the Company's Articles of Association, law and applicable regulations. The Directors have power to issue and buy back shares in the Company pursuant to the terms and limitations of resolutions passed by shareholders at each Annual General Meeting of the Company. No such power was exercised during the year under review. Directors' interests in the share capital of the Company are shown in the table on pages 121 and 122.

Change of control

The Company's debt facilities include provisions that take effect on a change of control and provide that the Company may be unable to draw down any further amounts and/or that such facilities may be cancelled, thus restricting the Company's ability to operate.

Listing rule 9.8.4c

Pursuant to listing rule 9.8.4c the Company is required to disclose that an arrangement is in place whereby the trustee of the Company's employee benefit trust has agreed to waive present and future dividend rights in respect of certain shares that it holds. There are no other matters requiring disclosure required pursuant to this listing rule.

Directors' indemnities

Directors and Officers of the Company benefit from Directors' and Officers' liability insurance cover in the event of legal actions being brought against them as Directors of the Company. In addition, Directors are indemnified under the Company's Articles of Association to the maximum extent permitted by law, such indemnities being qualifying third-party indemnities.

Annual General Meeting

The Annual General Meeting will be held on 26 April 2022. The Notice of Annual General Meeting circulated with this Report and Accounts contains a full explanation of the business to be conducted at that meeting. This includes a resolution to re-appoint Deloitte LLP as the Company's auditor.

Signed on behalf of the Board

Nicholas Rowe
Company Secretary

15 March 2022

OUR BOARD

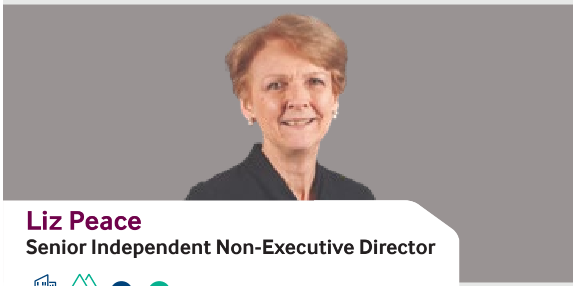
Key Urbanisation Natural Resources Sustainability People Clients Connectivity

Ken Lever
Non-Executive Chairman

Appointed: 1 November 2016
Tenure: 5 years 2 months

Skills and competencies: Ken has been RPS chairman since November 2016 and has extensive listed company experience in a number of UK industry sectors. A former partner at Arthur Andersen, Ken has spent more than 25 years working as an Executive Director at several leading international companies including Alfred McAlpine, Albright & Wilson, Tomkins and Xchanging plc. He holds a number of Non-Executive roles, including chairman of Biffa plc, the FTSE 250 integrated waste management company.

External appointments: Biffa plc, Rockwood Realisation plc and Vertu Motors plc.



Liz Peace
Senior Independent Non-Executive Director

Appointed: 11 July 2017
Tenure: 4 years 5 months

Skills and competencies: A former policy and corporate affairs expert at the Ministry of Defence and subsequently QinetiQ plc, Liz spent the next two decades as a leading and influential figurehead at the heart of the UK's property industry. First, as CEO of the British Property Federation and latterly, as chair and Non-Executive Director in a number of public and private entities and as a founding member of Real Estate Balance, an organisation seeking greater diversity and inclusion in the property industry.

External appointments: Chair of Churches Conservation Trust, Architectural Heritage Fund, Old Oak and Park Royal Development Corporation, the Univeristy of Cambridge Property Board and Real Estate Balance. Board member of Howard de Walden Estates, Homes for Londoners' and Connected Places Catapult.

John Douglas
Chief Executive

Appointed: 1 June 2017
Tenure: 4 years 7 months

Skills and competencies: A civil engineer by trade, John is an experienced senior executive having held Chief Executive Officer positions since 2011, having previously headed Coffey International, the Australian stock market listed global engineering and project management company, before joining RPS three years ago.

External appointments: None

Judith Cottrell
Group Finance Director

Appointed: 30 April 2020
Tenure: 1 year 8 months

Skills and competencies: Appointed to the Board in 2020, Judith, a former KPMG accountant, has worked for more than 20 years in senior finance and operational roles, including Chief Executive for RPS's Consulting UK & Ireland business, Chief Financial Officer for RPS Europe and Group Strategy Director. Over her career, Judith has experience of all aspects of acquisitions and divestments, together with corporate finance activities such as placings and rights issues.

External appointments: None

OUR BOARD
CONTINUED

Key Urbanisation Natural Resources Sustainability ● People ● Clients ● Connectivity

Allison Bainbridge
Independent Non-Executive Director

Appointed: 1 June 2017
Tenure: 4 years 7 months

Skills and competencies: Allison brings her significant knowledge and expertise of the UK's water and utilities sector to RPS, having joined the Board on a three-year term in 2017. Allison is currently Group Finance Director of Vp plc, the stock market listed equipment rental business, having formerly held finance director roles at Yorkshire Water and Kelda Group.

External appointments: Vp plc

Catherine Glickman
Independent Non-Executive Director

Appointed: 2 August 2018
Tenure: 3 years 5 months

Skills and competencies: Catherine has 40 years of HR experience, which includes two decades at Tesco – latterly as its Group HR director but also a member of its CSR committee. At Tesco, Catherine led major initiatives to deliver diversity and redesign of employee reward schemes. During her six years at biotechnology company, Genus, she led its global sales academy – and introduced performance management and talent planning.

External appointments: Renishaw plc, TheWorks.co.uk plc.

Michael McKelvy
Independent Non-Executive Director

Appointed: 1 May 2018
Tenure: 3 years 8 months

Skills and competencies: Michael brings to the Board table deep experience in infrastructure, environmental and engineering that has spanned over 40 years across North American and global markets. This included 27 years with CH2M and a seven-year period as President and CEO of Gilbane Building Company. In February 2022, Michael was appointed as President and CEO of McDermott International, a global provider of integrated engineering, fabrication, construction, procurement and installation services for the energy industry.

External appointments: President and CEO of McDermott International.

3. GOVERNANCE REPORT

Image: Robert at a commercial site valuation at large data centre, London

Image above: Lars, Survey & Geomatics team working on construction of underground bus lane in Utrecht, the Netherlands

CORPORATE GOVERNANCE
CHAIRMAN'S INTRODUCTION

Dear Shareholder
On behalf of the Board, I am pleased to present the Group's Corporate Governance Report for this year as outlined in full on pages 95 to 102.

Maintaining high standards of governance and our values are vital ingredients in driving success for RPS. The Board is fully committed to ensuring these standards and values come from the top and are embedded throughout the Group. The work to define purpose, promise and behaviours, which are an important component of this process, is described throughout the Annual Report.

Changes to the Board
There have been no changes to the Board during the year.

This is the first time for over three years that we have not had any Board changes. We now have a settled and interacting Board, further reinforced by the results of our Board Evaluation (see p. 99 for details).

Section 172 and Stakeholder Engagement
In 2020, we set out the Board's quick and swift response to the COVID-19 crisis, and how it engaged with its stakeholders during that challenging time and met with its duties under S172 of the Companies Act 2006. In 2021, all of our stakeholders have continued to be affected in some way and the Board has supported the business to act fairly at all times. The Board remain abreast of the business performance and operating challenges and input rapidly into the decision-making process. I have held regular weekly calls with our Chief Executive and held calls both separately and as a Group with members of our Group Leadership Team. We are not out of the woods as far as COVID-19 is concerned, but the actions that management has taken in 2021, in increasing profits, reintroducing returns to shareholders show that the Company is well-positioned for the times ahead.

The Board's statement in relation to Section 172 and stakeholder engagement and decisions taken in the interests of the Group's stakeholders is included on pages 44 to 50.

AGM Votes Against the Remuneration Report
It was disappointing to note that despite the intensive communication with shareholders that both Catherine Glickman, Chair of the Remuneration Committee and myself undertook on our remuneration practices, we still received a vote of c.31% against the Remuneration Report. We did a further consultation with our shareholders following this and established that the main reason behind the vote at last year's Annual General Meeting was the remuneration package agreed for Gary Young on his retirement.

This is discussed more fully in the Directors Remuneration Report on pages 111, 129 and 130.

Shareholder consultations
The main area of consultation with shareholders during the year has been around the Remuneration practices that we have in place for our CEO and subsequent further consultation with shareholders following the votes against the Annual Report.

Naturally, I was pleased to be reappointed to the role of Chairman in 2021, and I would like to thank shareholders for their support of my reappointment. Liz Peace, our Senior Independent Director, has again conducted the appropriate appraisal and consultation regarding my performance with the relevant stakeholders. The Board have confirmed that they remain fully supportive of me in my role and have recommended that shareholders vote on my reappointment at the Annual General Meeting. Further information can be found in the Corporate Governance report on p. 100. In context of the above, there have been previous comments from some shareholders and proxy voting agencies regarding the number of Board positions that I hold. It is, therefore, worth noting that I have now stood down as a director of Blue Prism plc following the delisting of that company. In addition, the shareholders of Gresham House Strategic plc (now Rockwood Realisation plc) have voted to place this investment fund into run-off. Following from this, it is likely that the composition of the Board will be reviewed, notwithstanding which the work involved for a small investment company in run-off will be substantially less.

CORPORATE GOVERNANCE
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In November 2021, John Douglas and Judith Cottrell held a Capital Markets Event for investors. With presentations from senior management in the UK and Australia, the meeting was held virtually, using our proprietary virtual consultation software and was well-received with over 100 investors attending.

In addition I and our Senior Independent Director as a matter of course offer to meet with our major shareholders in the time between the year end results announcement and the Annual General Meeting.

Workforce engagement

Notwithstanding the formal framework within which the Board operates, it is important that it remains connected with and understands the wider business. The Board receives regular presentations from the business segments and functions, and prior to COVID-19 taking a hold we had in place a program of holding Board meetings at operating business locations. Due to the various lockdown restrictions the Board has not, however, been able to visit RPS businesses and meet with as many of our employees as we would have liked. Employees have, however, been receiving regular video updates from John Douglas, our CEO, and from segment leaders, and the Board are eager to reintroduce visits to our sites as soon as we are able.

The two-day strategy review took place in October 2021, and was again undertaken in conjunction with the Group Leadership Team. It provided an excellent opportunity for the Board to gain greater insight into the challenges facing our business. I met separately with the Group Leadership Team to provide feedback from the Board on the Strategy sessions. I also held a virtual meeting with all of our senior management, throughout the world updating them on the Strategy of the Company and how the Board supports them in driving this forward.

Liz Peace also hosted two global Senior Leadership Group calls to share her perspective on how the built environment sector can reposition itself as a positive contributor to the economy, environment and society. This is something that RPS is strongly positioned to support.

The Non-Executive Board members are encouraged to visit the offices of the Company individually and meet and hear from our people about their expectations and experience of working for RPS. Catherine Glickman is the Non-Executive Director with Board responsibility for workforce engagement. However, with the restrictions imposed by the pandemic, the level of engagement has been curtailed.

Looking forward

Needless to say, 2021 continued to be as challenging as 2020, with many countries remaining in lockdown at the start of the year. As a Company we have shown our resilience, grown our profitability, reintroduced dividend payments to our shareholders and will be looking for further improvement in the coming year.

Ken Lever
Chairman

15 March 2022

CORPORATE GOVERNANCE REPORT

Effective Board

The Chairman's statement on pages 6 and 7 incorporates comments relating to the governance of the Group and provides a backdrop to this detailed report.

The Board operates within the framework of a charter incorporating the key aspects of the Group's governance arrangements. This includes the definition of roles, responsibilities and authorities as applicable to the Board, its Committees and its individual Directors.

How governance supports strategy

The Board is responsible for delivering value for shareholders by setting and approving the Group's strategy and overseeing its implementation by the Group Leadership Team. Information on our strategy is set out on pages 40 and 41.

During the year, the Board held its annual strategy meeting over two days in October 2021 and plan to have a follow-up throughout the year. Over the two days, the Board receives a presentation from each member of the Group Leadership Team on the strategies and business plans for each segment and functional area. The Board receives regular updates from each segment and functional area at Board meetings, which provide updates on strategy.

At the annual strategy meeting held in October, the Board confirmed that RPS' strategy, as detailed on pages 40 and 41, framed around our purpose, promise and behaviours, remains the right course of action. They also reaffirmed global key strategic opportunities where there remains prospects for future growth. These are renewables, sustainability (ESG), project management and transport infrastructure, plus carbon capture storage and flood/waste water storage.

The Board is responsible for setting the Group's purpose, promise and behaviours and we refer to these extensively throughout the Annual Report. These core elements of our strategy align to our focus on making RPS a great place to do great work (people), to deliver great work for our clients (clients) and make it easy to work together (connectivity). This year, the Company conducted its annual Your Voice Survey in which the employees fed back their views on the Company. It was encouraging to note that the number of respondents has grown from 80% in 2018 to 85%.

The Company scored highly in the following categories and above benchmark norms for:

- Health Safety & Wellbeing
- RPS is genuinely committed to satisfying its clients
- Employee engagement also scored highly increasing in score in comparison to the previous survey

There are still areas in which the Company needs to improve and a list of follow-up actions, including the following, was approved by the Board:

- Improving our ability to attract prospective employees: we are developing our external employee value proposition to attract people to come and work at RPS.
- Improving our ability to retain high-quality employees: we are improving our employee onboarding and information about career development paths for our employees, all part of "RPS being a great place to do great work". We are also developing functionality within our Progress On Demand online/digital employee platform, for employees to set out their career development plan as well as initiating a program that will provide ILM (Institute of Learning and Management) training to our people.

The Board will receive regular updates on the progression of these initiatives.

This year, much like 2020, was dominated by uncertainty in our markets. Notwithstanding this RPS is a brand built on a strong sense of purpose and this feeds through to our culture and consequently, our behaviours. At every level of the organisation, our people worked hard to solve problems that matter, be confidently pragmatic, make it easy to connect and focus on absolute delivery for our clients, all underpinned by an attitude and belief that we are stronger together (see People Report on pages 24 to 28 and Client Report on pages 30 and 31.

CORPORATE GOVERNANCE REPORT
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Image above: Magnus, Henning and Zlatko on site at Hausmann Hus, Norway

Our behaviours are at the heart of building an inclusive and diverse culture. For our new hires, this starts with behaviours training as a key component of our onboarding process. From the first day on site or in the office, we expect employees to be respectful of each other, acknowledge diversity and recognise the potential and contribution of everyone. The Board receives regular reports from the Group People Director which incorporate the development of appropriate culture. The Board is satisfied that the policies, practices and behaviours throughout the business are aligned to the Company's values and strategy and that it did not need to take any corrective action.

Workforce policies and practices

The Board and Group Leadership Team review and approve all key workforce policies and practices. During the year, the Board reviewed and aproved the policies highlighted below.

In 2021, we launched our Group Diversity and Inclusion Policy which laid out the foundation stones on which to build on action items commencing in 2021. The Policy was approved by the Board and the actions that we are taking around this are more fully discussed in the People Report on pages 24 to 28.

The Anti-Bribery Policy went through a detailed review, was updated and then issued to all our employees. At the same time, we have developed and will be implementing a training program to sit alongside this and a Gifts and Entertainments Register was introduced across the Group.

All of our polices are published on the Group intranet.

Board structure

At the date of this report, the Board comprised two Executive Directors, four Non-Executive Directors and the Chairman.

The Board Charter incorporates descriptions of the distinct roles of the Chairman and Chief Executive.

The Chairman provides leadership to the Board of Directors, sets its agenda and is responsible for its overall effectiveness and performance. This includes ensuring all Directors receive the right information in order to take a full and constructive part in Board discussions. The Chairman, with the involvement of the Executive Directors, also seeks to ensure effective communication with shareholders and will meet with major shareholders as reasonably required.

The Chief Executive is responsible for all executive management matters within the Group. This incorporates the development of Group strategy, budgets and business plans, as well as providing effective executive leadership and developing a culture which strikes an appropriate balance between entrepreneurship and the management of risk.

The Non-Executive Directors provide independent and considered advice to the Board in matters of strategy, risk and performance, while providing governance oversight through the operation of the Board's Committees.

The Senior Independent Director provides a sounding board for the Chairman to discuss confidential issues, leads the Board in the evaluation of the Chairman, leads the process and nomination for a new Chairman, is the focal point for Directors to raise any concerns regarding the Chairman, agrees the Chairman's portfolio time commitments, acts as a trusted intermediary for the Non-Executive Directors and addresses shareholders' concerns which have failed to be resolved by the Chairman, Chief Executive or Group Finance Director.

Independence of the Non-Executive Directors

A review of the independence of the Non-Executive Directors is carried out on annual basis to determine whether there are any relationships or circumstances that would impact on a Non-Executive Director's independence. This review confirmed the Board's view that it considers each of the current Non-Executive Directors to be independent in accordance with the Code. Catherine Glickman was formerly engaged in a consultancy capacity by the Group for a short period during 2017-18 to undertake specific tasks. The Board was satisfied at the time of her appointment that this did not constitute a material business relationship that would affect her independence.

The Chairman and Non-Executive Directors are generally appointed for three-year terms, which may subsequently be extended. Any term beyond six years for a Non-Executive is rigorously reviewed, taking account of the requirement to refresh the Board. All Directors are subject to annual re-election by shareholders.

The Board is assisted by the Audit, Remuneration and Nomination Committees. Separate reports from each of these Committees can be found on pages 103 to 142. The Chairman of each Committee provides regular updates at Board meetings.

Board responsibilities

The Board Charter incorporates a comprehensive schedule of matters that are reserved for the Board's decision and include the following:

- determination of the Group's overall strategy
- approval of annual budgets and business plans
- financial reporting including annual and half-year results and market updates
- recommendation and approval of dividends and other capital distributions
- approval of material corporate transactions including all acquisitions
- approval of policies and systems for risk management and internal control
- appointment of key advisers to the Group
- approval of major items of capital expenditure
- any substantive change in the nature of the Group's activities

Matters falling outside the Board's reserved list are delegated to the Group Executive under the leadership of the Chief Executive. Responsibilities are, subject to clear written limits, delegated further to the Group's Business segments. The Group Leadership Team meets regularly throughout the year and retains operational oversight of the Group's activities. This team currently comprises the Chief Executive, Group Finance Director, Group Marketing Director, Group People Director, Chief Information Officer and the Group's six Segment CEOs.

Board meetings and operation

The Board has eight regular scheduled meetings during the year and also holds ad hoc meetings as and when required. Overall, the Board met eleven times during the year. Due to the lockdowns in force across the world, the majority of these meetings took place across Microsoft Teams. The Board's agenda seeks to achieve a balance between review of performance, strategy development, adoption of appropriate corporate policies, risk management and regulatory obligations. During the year, the following items were considered at each meeting:

CORPORATE GOVERNANCE REPORT
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- Safety performance
- Financial and business performance
- Strategic priorities
- Emerging risks
- Material employment issues
- Significant litigation
- Investor and City relations

In addition to these, and at the appropriate point, the Board also considered:

- The Group's Annual Budget and Business Plan
- Group results and the Annual Report and Accounts
- Significant market announcements
- Board performance
- Review of internal control and risk management
- Dividends and dividend policy
- Reports from Board Committee Chairpersons

In addition to the matters above, the Board also considered and reviewed a number of additional items as detailed below.

The Board received an update on the progress and costs of the ERP program and proposed roll-out of the system to other segments in the Group.

The Board received a report on the cyber protection and security and agreed a budget to support the investment requirements necessary to deliver the effective information security and cyber security capabilities contractually required by many of our clients.

During the year, the Board approved the refinancing of the Company's revolving credit facility. The banks agreed to extend the RCF for two years to July 2024 and retired the £60m liquidity facility that the Company took out at the beginning of the lockdown period arising out of the COVID-19 pandemic. The Board also agreed to the issue of three seven-year term loan notes with Aviva and Legal & General Investment Management (LGIM). Aviva issued two loan notes, a £12.5m fixed tranche and a £12.5m floating tranche whilst LGIM agreed a £30m loan note. With the proceeds from the loan notes and the refinanced RCF, the Company was able to repay the Pricoa Loan notes that expired in September 2021. More information on this can be found in the finance section on p. 19.

The Board approved a new Treasury Policy during the year, which clearly set out the treasury risks that the Company faces and documented our approach to managing those risks.

The Board also approved a Capital Allocation Policy; this has been set against a backdrop of good profit performance and a cash generative business. The capital available to allocate to investing in the business and creating shared value is the cash the business generates and the available funding. The capital will be allocated across three areas being organic growth, bolt-on strategic acquisitions and returns to shareholders.

Outside of the normal Strategic session that the Board holds in October, the Board received presentation and updates on some of the key strategic priorities of the Group:

- The Group's plans to grow Project management both organically and globally.
- An update on renewables and the opportunities that were available through offshore wind projects as well as an update of the contracts secured to date.

In addition, the Board received the following presentations from management:

- On the impact that the long lockdown was having on the Netherlands business and the plans to rebuild and drive the business forward out of lockdown.
- From the Group Marketing Director on the Company's program of "Influencing Conversations to Win" the goals of which were:
  - Building employees confidence to have different types of conversations with clients.
  - Learning to view the buying process from the client's perspective.
  - Having a better understanding of what we do across RPS and how we cross-sell services to add value for our clients.
  - Leveraging these outcomes to enhance relationships with clients.

At the time of the latter presentation, 233 employees had gone through the 12-week program, with plans to extend it across all Segments of the business.

Detailed papers are available in advance of Board meetings in support of relevant agenda items through a Board portal. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and is available to assist Directors generally as well as advising on matters of corporate governance.

Prior to the holding of a majority of the Board meetings, the Chairman will either hold a private session with the Non-Executive Directors, or phone each Director individually to discuss the forthcoming business of the meeting and any particular issues they should focus on, or areas of concern they may wish to raise. Outside of Board meetings, the Chairman holds regular discussions with all Directors on issues that may arise between meetings and to provide briefings. The Non-Executive Directors met once during the year without the Chairman present.

Meetings Attended by Directors during the year

	Full Board	Audit Committee	Remuneration Committee	Nomination Committee
Ken Lever	11	-	-	1
John Douglas	11	-	-	-
Judith Cottrell	11	-	-	-
Allison Bainbridge	11	3	6	1
Liz Peace	11	3	6	1
Michael McKelvy	11	3	6	1
Catherine Glickman	11	3	6	1
Number of meetings held	**11**	**3**	**6**	**1**

Conflicts of Interest

Each Director is required to declare any matters that may give rise to a conflict of interest with the Company on appointment and subsequently as they may arise, in accordance with the Companies Act 2006. Where such a conflict or potential conflict arises, the Board is empowered (under the Company's Articles of Association) to consider such conflicts and authorise as appropriate and subject to such terms as the Board deems relevant. No such conflict arose during the year under review.

Independent advice

There is an agreed procedure for Directors to take independent professional advice at the Company's expense. The Company maintains Directors and Officers liability insurance.

Board performance and evaluation

During the year, the Board conducted an internal evaluation of its performance, the performance of the Committees and the individual Directors, which was overseen by the Chairman. The evaluation of the Chairman was overseen by the Senior Independent Director. The Board Evaluation consisted of each Director receiving a questionnaire which they were asked to complete and return to the Company Secretary and the Chairman and this formed the basis for one-to-one discussions held between the Chairman and the individual Directors. Having received feedback from Directors, the Board concluded that this previously adopted method continued to be the best methodology for evaluation purposes.

The Board review identified a number of items for prioritisation during the year:

- To progress the process of refining the overarching Corporate Strategy for the Group.
- To further develop the succession plans for Board executive directors.
- To consider plans for refreshing Board membership taking into consideration the Parker Review recommendations relating to ethnicity and that a number of Non-Executive Directors are approaching six years' tenure.

CORPORATE GOVERNANCE REPORT
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An evaluation of the Chairman was conducted by the Senior Independent Director who spoke with the Chief Executive Officer and Group Finance Director, discussing their working relationship and interaction with the Chairman. The Senior Independent Director then held a meeting with the Non-Executive Directors where she reported on her discussions with the Chief Executive Officer and Group Finance Director.

The Senior Independent Director also reviewed a number of areas: the Chairman's time commitment to his role: his leadership style; his ability to engage the Board and Committees in discussions by drawing on their skills, experience, knowledge and, where appropriate, independence; setting an effective agenda for the Board; acting on the results of the Board evaluation; and working well with the Chief Executive Officer. The Board concluded that the Chairman continued to perform a strong role on behalf of the Company and has an open dialogue with all members of the Board. This included speaking frequently to Board members prior to and after Board meetings to seek their views.

Number of Directorships Held by the Chairman

There have been concerns raised in the past regarding the number of directorships held by the Chairman. Liz Peace, as Senior Independent Non-Executive Director, has discussed these issues with our shareholders in meetings and via open letters that were published in both our 2019 and 2020 Annual Report. During the Chairman Evaluation process undertaken in the year, Liz Peace discussed at length with the Board the Chairman's time commitment. The Board remained of the firm view that the Chairman devoted more than adequate time to his duties at the Company, had never been unavailable when needed or been prevented or distracted from giving the issues at hand the time and attention that they deserve.

We have previously pointed out that the Chairman does not hold a full-time executive role and that taking into account his other directorships has more than enough adequate time during a working year to fulfil his duties and that this left him with more than sufficient free uncommitted time to deal with any unseen issues or problems.

It should be noted that the Chairman has now stood down as a director of Blue Prism plc following the delisting of that company. In addition the Chairman has informed the Board that following the shareholder support in December 2021 of the resolution put to the investment company Gresham House Strategic plc (now renamed Rockwood Realisation plc ("Rockwood")) placing it into run-off, Rockwood will be appointing a new Chair who will be reviewing the composition of the Board and at which time Ken Lever's position on that board will be considered. The Board of RPS believes that the Chairman plays a pivotal role in helping drive the strategy of the Group and remain fully supportive of the role and guidance he provides to the Company, particularly in these continued challenging times.

Training and induction

Directors receive information on the Company as well as the Board and its procedures on appointment. They also meet with other members of the Board to be briefed on strategy, financial matters and other key issues. Advice is available from the Company's solicitors, auditor and brokers if required.

Updates on key technical matters are provided as required including those relating to corporate governance and corporate social responsibility. During the year, the Chairman and Non-Executive Directors met with and received presentations from members of the Group Leadership Team as well as engaging with the Group's wider business activities more generally.

The Non-Executive Directors have access to a training academy managed by Deloitte LLP.

Communication

The Company attaches great importance to communication with its shareholders and other stakeholders. The Group website includes financial presentations, general information about the Group and its services, as well as regular corporate reporting including public details on projects the Company is engaged on.

In addition to presenting financial results, the Executive Directors hold meetings with the Company's principal shareholders to discuss the Company's strategy and performance. The Chairman and Senior Independent Director also meet with major shareholders from time to time. An investor relations update is provided at all regular Board meetings to ensure that the Board is kept aware of the views of larger shareholders and the investment community generally.

The Chairman of each of the Board Committees attends the Annual General Meeting and is available to answer questions.

Compliance with the Code

The Board complied with the provisions of the Code throughout the year, with the exception of provision 38 in respect of which the pension of the Chief Executive was not fully aligned with that of the workforce. The Board has previously informed shareholders in the past its intention to bring his pension contribution down to 15% over time. Following this year's pay review, we can confirm that the Chief Executive's pension contribution has now reduced to 15%. Whilst the Board recognises that this is still not in compliance with the Code, it does not intend to reduce this any further. As stated in our Remuneration report on p. 116 and the Chair's letter on p. 112, it is consistent with the fixed remuneration which was agreed with John Douglas when he joined the Company. In future, the pension contributions of all new appointees to the Board, including any future Chief Executives, will be in line with the wider workforce.

Descriptions of how the Board complies with the principles of the Code can be found on the following pages:

Board Leadership and Company Purpose – Our stakeholders report refers to how we engage with our stakeholders (see pages 44 to 50). We further developed our purpose and behaviours in the year and this can be found in the People report (see pages 24 to 28).

We further talk about the Board's activities and action taken in relation to its assessment and monitoring of culture on p. 96. Our codes and associated policies ensure our workforce can meet our expected values (see pages 78 and 79).

Division of Responsibilities – We clearly define in this report the roles of the Chairman, the Chief Executive and the Non-Executive Directors (see pages 96 and 97). We also consider external appointments prior to Board approval to ensure there is no compromise on time commitment. The Directors also took into account the time commitment of the Chairman, whose ongoing tenure the Board fully supports (see p. 100).

Composition, Succession and Evaluation – We have a clear process when considering appointments to the Board and are further developing our succession plans (p. 104). Our Board biographies demonstrate the skills and competencies of the Board and the areas in which they contribute to the long-term success of the Company (see pages 88 to 90). The results of the Board evaluation and items to progress during the year are discussed on p. 99.

Remuneration – The report of the Remuneration Committee and how we apply the remuneration policy and determine Executive Director and Group Leadership Team remuneration, are discussed on pages 110 to 142. No Director is involved in deciding their own remuneration.

Audit, Risk and Internal Control – We understand the importance and benefits of ensuring that both the internal audit function and the external auditor remain independent and that the Report and Accounts present a fair, balanced and understandable assessment of the Company's position. This is discussed further in the Audit Committee Report on pages 106 to 109. The effectiveness of our risk control environment is reviewed by the Board who considered both emerging risks and principal risks during the year (see pages 52 to 60).

The only instance where practice varies from the principles of the code is in relation to the Company's Whistleblowing policy, which is overseen by the Audit Committee. The Board has previously reviewed the current structure of the Company's whistleblowing arrangements, concluding that, in the first instance, the Whistleblowing policy should remain under the remit of the Audit Committee, but with the addition that any incidents reported through the policy be reported to the Board together with recommendations for follow-up actions or processes to be instigated.

As all Board members attend meetings of the Audit Committee either as a member or an invitee, it is to be expected that the Board will be aware at all times of any incidents that arise in this area.

CORPORATE GOVERNANCE REPORT
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Risk management and internal controls

Overview

The Board retains overall responsibility for setting the Group's risk appetite as well as risk management and internal control systems. The Board has maintained procedures in accordance with this throughout the year and up to the date of approval of the financial statements, as recommended in the UK Corporate Governance Code and the supporting document issued by the Financial Reporting Council 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The principal risks to which the Group is exposed and the measures to mitigate those risks are described on pages 53 to 60.

The key procedures established by the Company's Directors to ensure effective internal financial controls are:

Financial reporting

The Financial results for the Group are reviewed at each Board meeting. The detailed formal budgeting process for all Group businesses culminates in an annual Group budget approved by the Board.

Financial and accounting principles and internal financial controls assurance

The Group's accounting policies, principles and standards for effective financial control are clearly communicated to all its accounting teams and are monitored by the Internal Audit Manager through periodic detailed reviews to ensure close adherence to policies and procedures as well as to identify any control weaknesses.

Capital investment

The Group has clearly defined guidelines for capital expenditure. These include detailed appraisal and review procedures as well as due diligence procedures in respect of potential business acquisitions.

Treasury

The Group operates a central treasury function that undertakes required borrowing and foreign exchange transactions as well as daily monitoring of bank balances and cash receipts. Appropriate payment authorisation processes are in place throughout the Group. Speculative trading in financial instruments is not permitted.

During the year the Committee approved an updated treasury policy which established risk appetite and a more rigorous approach to risk management.

Base controls

An internal controls self-assessment system is operational throughout the Group. Within this, the Finance Directors of the Group's operating units regularly assess their operational controls against a standard base control set, in order to identify and mitigate any shortcomings effectively and inform new controls where appropriate.

Delegated authorities

A system of delegated authorities is in place throughout the Group, whereby incurring expenditure and assumption of contractual commitments can only be approved by specified individuals and within pre-defined limits.

Review and reporting

Internal controls and in particular any failures are reported to and reviewed at Group and operating Board meetings to facilitate effective implementation of system changes wherever required. The Audit Committee maintains a brief to keep the overall internal control systems under review. A detailed review of the Group's internal control system and risk management was undertaken and reviewed by the Board during the year. The Board and the Audit Committee were satisfied that the systems in place are appropriate and effective.

Annual review

A detailed report of the Group's systems of risk management and internal control was prepared during the year. Having reviewed and discussed this report, the Board was satisfied that these systems are effective.

The respective responsibilities of the Directors and the independent auditor in connection with the financial statements are explained on pages 85, 86, 151 and 152. The statement of the Directors in respect of going concern appears on p. 61. The long-term viability statement is on pages 61 and 62.

Takeover directive

Disclosures required under the Takeover Directive are included on p. 87 and form part of the Report of the Directors.

NOMINATION COMMITTEE REPORT

Ken Lever
Chairman

I am pleased to report to shareholders in my capacity as Chairman of the Nomination Committee. This report outlines the key responsibilities of the Committee and activities during the year.

Membership and Meetings

I and all of our Non-Executive Directors, Allison Bainbridge, Catherine Glickman, Michael McKelvy and Liz Peace, are members of the Committee. The Company Secretary acts as secretary of the Committee while Executive Directors and external agents may be asked to attend as required. The Committee met once during the year under review.

Responsibilities and activities

The Committee's key responsibilities include reviewing the Board structure, size and composition, as well as evaluating the balance of skills, knowledge and experience which may be required in the future and making recommendations to the Board accordingly. It is also responsible for nominating candidates to the Board when vacancies arise, recommending retiring Directors for re-election as relevant, and where appropriate considering any issues relating to any Director's continuation in office. The Committee also maintains an ongoing brief to consider succession planning at Board and Senior Executive level.

All of these activities were undertaken during the year, some of which are described in more detail below. The Committee has written terms of reference, which are available on the Company's website.

Board changes

There were no changes to the Board during the year.

Election and re-election of Directors

As in previous years and in accordance with the UK Governance Code, all Directors will stand for re-election at the Annual General Meeting. The range of skills and experience offered by the current Board is mentioned above and set out in full on pages 88 to 90. The Committee and the Board consider the performance of each of the Directors standing for election or re-election to be fully satisfactory and that they have demonstrated ongoing commitment to their roles. The Board strongly supports the election or re-election of all Directors and recommends that shareholders vote in favour of the relevant resolutions at the Annual General Meeting.

All of our Non-Executive Directors bring their skills and expertise to the Board:

- Ken Lever, our Chairman, has extensive experience of listed companies both in the UK and at an international level
- Liz Peace brings her property experience, which is especially relevant to the planning and development that RPS undertakes
- Catherine Glickman has 40 years of HR expertise, which is key to our strategic priority of making RPS a great place to do great work and brings considerable HR knowledge in her role as Chair of the Remuneration Committee

NOMINATION COMMITTEE REPORT
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- Allison Bainbridge is the recognised person on the Board having relevant financial experience from her role as Group Finance Director of Vp plc and has considerable knowledge and experience of the UK water and utilities sectors, which is particularly relevant to our Services segment
- Michael McKelvy has deep expertise in infrastructure and environmental engineering acquired from senior roles over many years includng at CEO level and has considerable knowledge of the North American market

Succession planning
The Committee reviewed in some detail the succession planning for the Company. In 2020, the Group started to formulate a talent and succession planning framework built around a number of guiding principles. A talent and succession planning review took place across the Group Leadership Team and their direct reports within the business. A further review is due to take place in 2022, across the whole of the Senior Leadership Group and at the same time to identify emerging talent. The Committee noted that the introduction of the Succession Planning Framework and the taking of a proactive approach to succession planning had been positively received within the Company.

During the year, Diane Christensen, who was the Head of HR for our Australia Asia Pacific business replaced Liza Kane as the Group People Director. Meanwhile, Meegan Sullivan, who was our Executive Director – Advisory for Australia Asia Pacific replaced Ross Thompson as Chief Executive Officer for Australia Asia Pacific. These appointments continue to emphasise the strong talent pool that exists among the Management Team and the Company will continue to embed the framework in the business and provide our people with options for the future.

Diversity
The Committee is aware that the Code places an increased emphasis on the role of the Nomination Committee in the areas of diversity and inclusion. To achieve our purpose of creating shared value, deliver on our promise to"make complex easy" for our clients and provide our people with "a great place to do great work", we aim to create and support a diverse and inclusive network.

We are committed to embedding diversity and inclusion principles in all people processes in order to be as diverse as the communities and clients we work with, thereby securing, developing and retaining the best available talent for the Company's future.

The Your Voice Survey scored highly amongst our employees in believing that RPS treats employees fairly regardless of their age, family/marital status, gender, disability, race/colour, religion or sexual orientation, scoring above industry benchmarks at 83%.

The Committee is aware of the Parker Review, which seeks to improve the ethnic and cultural diversity of UK Boards to better reflect their employee base and the communities they serve. It is mindful of the recommendation towards a "One by 2024" target, to have at least one director from an ethnic minority background on the Board by December 2024.

When considering appointments to the Board, the Committee evaluates the skills, experience and knowledge required for a particular role with due regard to the benefit of diversity. While the Committee will look to recruit the best available candidate for any role, the Group has previously set and announced a target that a minimum of 25% of its Board should be female.

We continue to make great strides with gender diversity. Females now form the majority of our Board – the split in their favour being 57:43. This is a notable landmark and is considerably higher than the Government's target of having 33% of women on FTSE350 Company boards by the end of 2020. During the course of 2022, we will take account of the Parker Review when considering the composition of the Board, and what, if any, changes need to be made.

We continue to increase the number of females in our Group Leadership Team with the ratio of females rising from 27% to 36% in 2021.

Further information on gender balance is also given in the People Report. The Committee is pleased to report these trends and believes that the enhanced balance of skills this has brought will be an important component in achieving the Group's strategic priorities.

Ken Lever
Chairman

15 March 2022

AUDIT COMMITTEE REPORT

Allison Bainbridge
Chair of the Audit Committee

I am pleased to present our Audit Committee Report for the year ended 31 December 2021. The report describes the Committee's ongoing responsibilities as well as major activities undertaken in the year and its policies in key areas.

Membership and meetings

The Committee constitutes Liz Peace, Catherine Glickman, Michael McKelvy and myself. There were no changes to the membership of the Committee during the year.

As the serving Finance Director of a fully listed public Company, I am identified as the Committee member having recent and relevant financial experience, although the Board considers that all members of the Committee have the experience that is relevant to the role. The Company Secretary acts as secretary of the Committee.

We hold three meetings during the year, one to consider audit planning and one to coincide with each publication of the Group's annual and interim financial results. Other matters that fall within the Committee's terms of reference are included on the agendas of these meetings, as required. The Group Chairman, Group Chief Executive and Group Finance Director all attend the Committee's meetings and members of the Group Finance team are asked to attend from time to time. The Deloitte Audit Partner and Director also attend meetings and in addition, a private session with the Committee without executive management present is held at least once a year.

Responsibilities and activities

The Audit Committee provides an independent overview of the effectiveness of the financial reporting process and internal financial control systems. The Committee also has responsibility for the appointment of the external auditor, including agreeing to its terms of engagement at the start of each audit, the audit scope and the audit fee.

After the full-year audit the Committee receives a detailed report from the auditor. The Committee reviews this report, as well as the integrity of the financial statements. This includes ensuring that statutory and associated legal and regulatory requirements are met as well as:

- considering significant reporting judgements and estimates
- the adoption of appropriate accounting policies and practices and compliance with accounting standards

It also incorporates consideration of significant accounting issues, as detailed below, and advises the Board about the fairness, balance and understandability of the Annual Report.

The Committee monitors the external auditor's effectiveness, independence and objectivity, including the nature and appropriateness of any non-audit fees. The Committee additionally assists the Board in monitoring and reviewing the Group's system of internal control and risk management, as described in the Corporate Governance Report. As part of this it reviews the Group's Whistleblowing Policy. This provides a mechanism whereby employees may, on a confidential basis, raise concerns where they discover information or observe behaviour that an employee believes shows serious malpractice or wrongdoing within the Group. There have been no whistleblowing reports made during the year.

All the activities detailed above were undertaken in the year, several of which are described in more detail below. The Committee's detailed terms of reference can be found on the Company's website.

Significant accounting issues

In respect of the year under review and as part of its role in reviewing estimates and judgements made by management, the following significant issues were reviewed and, in each case, addressed as indicated.

Intangible assets

This classification of assets is by far the largest on the Group balance sheet and as such receives careful attention from the Board and Committee who need to be satisfied that its carrying value is appropriate.

Goodwill impairment testing is normally undertaken on 30 November each year.

The Board and the Committee considered the appropriateness of the CGUs for goodwill testing along with the assumptions and estimates used in the modelling, including forecast 2021 performance, approved budgets for 2022 and the three-year strategic plan.

It was concluded that there were no indicators of impairment across the Group in 2021 and that no impairment charges were necessary.

Income statement classifications

In 2020, the Group began to report on Fee Revenue, Adjusted Operating Profit and Adjusted Profit Before Tax. Following the introduction of these measures, the Group Finance Director recommended that the Company now had comparable information to be able to report on Gross Profit and Administrative Costs in the 2021 year end income statement disclosure. The Board and Committee accepted the Group Finance Director's recommendation.

Contingent liability

The Board and Committee considered in detail potential issues regarding RPS' administration of government contracts and/or projects in the US. RPS has informed the US government of these potential issues and is continuing to identify the implications, if any, of the conduct under review. The related employment claims against the Group were also considered.

After careful consideration, the Board and Committee are satisfied that, at this stage, the impact (if any) is unknown and that it is not appropriate to recognise a provision in respect of these matters at this time. The Board and Committee are also satisfied that it is appropriate to treat these matters as contingent liabilities.

Exceptional items

The Group has presented exceptional items in the Income Statement since 2019. A paper was presented to the Committee detailing the items in question and confirming that those items are significant in quantum, treated consistently with prior years and are expected to be non-recurring. The Board and Committee are satisfied that it is appropriate to separately disclose those items.

Recoverability of trade receivables and accrued income

Potential risks arising from trade debtors not collected and/or non-billable accrued income therefore being overstated in the accounts are considered by the Board at its regular meetings as part of its review of business performance.

The Committee does not consider this to be a key area of risk. The number of fee-earning projects undertaken by the Company at any time is significant and there are relatively few that are individually material. The procedures in place for recognising such revenue are well-established and a good level of assurance is secured through the Committee's comprehensive financial review of monthly results.

AUDIT COMMITTEE REPORT
CONTINUED

Other Matters Considered by the Committee:

Treasury Policy

The Board approved a fully updated Treasury policy during the year. One of the key pieces of work done to support the new policy was to identify and document the Treasury risks that the Group faces and determine our risk appetite and approach to managing these risks. The Committee was presented with a report on each key risk that had been identified and described along with the certainty of any cash flow and income statements movements associated with those risks. The document describes the risk management objective for each of the risks usually to either minimise income statement volatility or to protect the cash value of transactions. The Committee was satisfied following the review that the treasury risks are being appropriately managed.

Risk Management Framework

The Audit Committee received a presentation from management on how risk reporting could be improved across the Group. A systemic approach was adopted complementing the existing risk policies, procedures and activities for health, safety and wellbeing across the business. The approach includes three key components of how risk management will be reported across the business. Firstly, a standard risk register to report ongoing management of the Group principal risks, and secondly, a standard risk register for reporting of the key risks for each business segment and Group function, both of which will be reviewed by the Board every six months. The third component involves standardisation of the way emerging risks and opportunities are reported in the monthly Segment and group function reports.

Internal Audit reviews COVID-19 lessons learned

The internal audit reviewed our response to COVID-19, the aims of which were to capture the knowledge gained from responding to the pandemic, to identify what changes had been made to internal controls and, for those changes which strengthen our way of working, to assess whether they have been embedded in our policies, procedures and systems to enhance our resilience for future crisis management.

The overall consensus from the leadership team was that the Company managed well in responding to the many challenges caused by the pandemic.

Fair, balanced and understandable view

Having reviewed the Annual Report and Accounts, the Committee concluded and advised the Board that in its view, taken as a whole, it is fair, balanced and understandable. The Board concurred with the Audit Committee's recommendation. In reaching this conclusion, the Committee and the Board were satisfied that the Group's performance across its segments, business model, strategy and key risks are also clearly explained in the relevant sections.

New accounting standards

No new or revised accounting standards or interpretations that have a material impact on the Group have been adopted or early adopted for the first time in the year.

Auditor independence

Deloitte LLP was appointed as Group auditor in June 2012 following a tender process. As a matter of general policy, audit partners are rotated at least every five years and in accordance with requirements, the Group's policy is that the Group audit appointment should be retendered at least every 10 years. The Board intends to put the audit out to tender in time for the 2022 audit.

The Group audit partner is Alex Butterworth who performed his first audit of the Group in 2019. Alex has informed the Group of his intention to retire in 2022 and has identified Peter Gallimore as his replacement. The Committee ensures that the Group auditor remains independent of the Group and reviews this on an annual basis, Deloitte will provide a written report to the Committee showing its compliance with professional and regulatory requirements designed to ensure its independence.

In addition, and as part of its responsibility to ensure audit independence and objectivity, the Committee has adopted a policy in relation to the use of the auditor for the provision of non-audit services. Under the terms of this policy, the provision of certain services is prohibited, including those listed below:

- Bookkeeping services
- Valuation services
- Investment advisory, broker and dealing services
- General management services
- Preparation of financial statements
- Design and implementation of financial systems
- Taxation services

Notwithstanding the general prohibition in respect of certain services, any other non-audit service to be provided by the Group auditor requires the approval of the Group Finance Director who will in turn refer the matter to the Audit Committee should any potential for conflict exist. The split between audit and non-audit fees for 2021 appears in note 11 in the consolidated financial statements.

Re-appointment of auditor

As noted above, the Audit Committee keeps the scope, cost and effectiveness of the external audit under review before making recommendations as to the annual re-appointment of the auditor. This assessment is based upon the Committee's interactions with the external auditor throughout the year and the quality of the reports, advice and guidance received. The Committee also receives feedback from finance teams across the Group on the effectiveness of the audit covering areas such as procedures performed, suggested process improvements, competency of audit teams and their understanding of the Group and markets in which we operate, and adherence to our timetables.

The Committee is satisfied that Deloitte continues to provide an effective service across the Group and accordingly recommended to the Board that a resolution to re-appoint Deloitte as auditor be proposed at the Annual General Meeting.

Internal control and audit

The Committee also monitors the ongoing effectiveness of the Group's internal financial controls and risk management processes as described on p. 102 as well as assisting the Board with its annual assessment of this area. Internal audit within the Group is undertaken by the Internal Audit Manager, who has a dual reporting line to the Chairman of the Audit Committee and the Group Finance Director. The Internal Audit Manager undertakes a planned program of reviews across the Group's operations that is approved in advance by the Audit Committee. Detailed reports are produced following each review and related follow-up actions identified. Summary reports are provided to the Audit Committee for consideration.

Allison Bainbridge
Chair of the Audit Committee

15 March 2022

REMUNERATION COMMITTEE REPORT

Catherine Glickman
Chair of the Remuneration Committee

Dear Shareholder,
This year, as we have navigated out of the pandemic, I would like to thank fellow Board and Committee members, the Group Leadership Team and all our colleagues at RPS for their continued commitment, professionalism and flexibility throughout. This letter together with the People section on pages 24 to 28 outlines decisions made in relation to reward during 2021 along with our intended plans for 2022. You will find the Annual Report on Remuneration on pages 111 to 121.

Throughout the year, our reward decisions have continued to be guided by our established reward principles. We adopt a fair, prudent and balanced approach that considers the experience of our employees, shareholders and other stakeholders. Decisions for the Executive Directors are taken in the context of decisions for the wider workforce and within the policy approved by shareholders.

Last year, we said fee growth with a continued focus on tight cash management and lock-up days was key to sustainable, profitable growth.

The reports from the Chair, CEO and Group Finance Director all describe the progress we have made this year. Whilst we continue to navigate the pandemic and new challenges are emerging – including inflation and the battle for talent – overall, we are a stronger business today than we were before the pandemic struck. 2021 has been a year of solid progress. We have returned to growth on both fee revenue and profit; our contracted order book has strengthened and we have maintained strong financial disciplines, ending the year with a best-in-class lock up result and a strong balance sheet. We have reinstated dividends to shareholders and seen the share price grow from the low in 2020. For colleagues, we have retained jobs and capability whilst growing our absolute headcount, investing in reward and development: we are pleased with the results of our employee survey given the challenges the business and our people have faced.

BUSINESS HIGHLIGHTS

The following metrics are relevant to remuneration outcomes:

- Adjusted Profit Before Tax with benefit of CJRS – £21.5m
- Fee growth – 5% (at constant currency)
- Average lock up days – 57
- Refinancing of banking facilities completed
- Cash conversion over three years of 134%
- Reinstated dividends
- Employee engagement up 3%
- Path to NetZero published and science-based targets approved.

Pay Policy

Our pay policy for Executive Directors is to target the median for the relevant market taking into account both geography and role. Annual percentage increases, should they be awarded, are generally consistent with the range awarded across the Group. Percentage increases in salary above this level may be made in certain circumstances, such as a change in responsibility or a significant increase in the scale of a role, or the Group's size and complexity.

Individuals who are recruited or promoted to the Board may on occasion have their salaries set below the targeted policy level until they become established in their role. In such cases, subsequent increases in salary may be higher than the average until the target positioning is achieved.

Further information on RPS' pay for performance culture can be found on page 28 of our People Report.

During the year, there has been a focus on fee growth and strong financial management by the Group Leadership Team as we work our way through the lasting impacts of the global pandemic. In what has been a challenging season for many people, we have continued to support our employees and successfully launched flexible benefits in the UK. In addition, we continue our efforts to engage with our employees on a regular basis and carried out an engagement survey during the year which saw 85% participation and a 3% improvement in engagement.

2021 AGM voting out-turn

The Committee was disappointed with the out-turn of the AGM with 31% of our shareholders voting against the Remuneration Report. We would like to thank all shareholders who engaged with us following the vote to discuss their concerns and reasons for voting against.

The majority of our shareholders referenced the leaver treatment for our former Finance Director, Gary Young, upon his retirement as the main area of contention. In particular was the notice period which began on the date of AGM rather than the date of his leaving announcement in February 2020. We understand the strength of our shareholders' views on this topic, i.e. when a Director makes the decision to step down from the Board, they should receive payment in line with their contracted period of notice. We will take this feedback into account when decisions are made for any future departing directors.

Remuneration Policy Extension

Our remuneration policy was last approved by shareholders in December 2019 and so we are required to further put a policy to shareholders by no later than December 2022.It is our intention to review our remuneration policy during 2022 but in the interim, and in order to align policy renewal to our corporate cycle, we are asking that at the forthcoming AGM shareholders allow us to carry forward our current remuneration policy. This is subject to minor change relating to pension contributions. Any Executive Director appointed after 1 January 2020 (which includes the current Group Finance Director) will receive an employer pension contribution in line with that available for the wider workforce in the relevant market and with equivalent service. In addition, the pension contribution of the Group Chief Executive is shown at 15% having now been reduced from 20%.

2021 Variable Incentive Outcomes – Rewarding Fee and Profit growth Annual Bonus for employees

Bonuses play a key part in retaining employees in professional services and in allowing us to manage our cost base flexibly. The Annual Discretionary Bonus Plan (ADBP) rewards our employees for performance and gives them a share in the success of the business. This year followed our normal cycle and we were able to pay bonuses in April, according to performance against the relevant targets.

Executive Director Short-Term Annual Bonus Plan (STABP)

The Remuneration Committee reviewed the out-turn of the FY21 STABP. The results for the year were as follows:

- Adjusted profit before tax: above target achievement with £21.5m. Out-turn adjusted, see paragraph below
- Fees: £476m, achieving 45.6% of maximum for this measure

REMUNERATION COMMITTEE REPORT
CONTINUED

- Lock-up days: 57 days against a target range of 66–61 days, a lock up result that is best in class
- Personal objectives: 55% of maximum for John Douglas and 80% of maximum for Judith Cottrell.

Given the significant progress in 2021 – and no award under the STABP in 2020 – the Committee were unanimous that the performance of the business this year warranted payment to the Executive Directors under the STABP. The Committee considered the out-turn against each of the elements, and agreed that the formulaic outcome would be adjusted. During FY21, the company has claimed a modest sum – £370,000 – from the Coronavirus Job Retention Scheme (CJRS) or "furlough scheme". Early in the pandemic, the EDs agreed employee retention was a key objective: they have used the scheme to maintain headcount, at a time when greater short-term cost reductions could have been made by reducing head count. The Committee felt this approach was responsible and in the best long-term interests of the Company, its employees and other stakeholders, but did not consider it appropriate for the bonus out-turn to include the benefit. The decision impacts the Adjusted PBT number for bonus purposes, reducing it for the calculation from the actual result of £21.5m to £21.1m. The impact on the bonus out-turn is to reduce John Douglas's bonus by £27,970 from 59.7% of maximum to 56.1% and Judith Cottrell's by £12,337 from 62.2% of maximum to 58.6%. 50% of any bonus paid is typically deferred into shares.

To date, John Douglas, our CEO, has voluntarily chosen to invest any cash element of bonus out-turn fully in shares. This, combined with John's significant personal investment including at the placing, results in him being the Group's 24th largest shareholder and the largest individual one.

Executive Long-Term Incentive Plan (ELTIP)

The three-year ELTIP is linked to the long-term growth of RPS, with performance metrics linked to total shareholder return (TSR), earnings per share (EPS) growth and cash conversion. The 2019 award will mature in March 2022: the cash conversion will be achieved in full with TSR and EPS both being below threshold. As a result, the projected vesting will be 25% of maximum. Further details are provided in the Report on pages 118 to 120.

Remuneration Decisions for 2022

Fixed Pay

RPS will be awarding salary increases to the wider workforce in recognition of their continued commitment, resilience and professionalism. On average, UK increases will be 3.5% with some segments in the UK receiving higher awards.

The Committee reviewed John's salary and approved an increase of 3.5% effective 1 January 2022. In our 2019 report, we committed to reducing John's pension contributions until it reaches 15% of salary. As such, from January 2022, the pension contribution will reduce from 16% of salary to 15% of salary. Whilst this is a higher pension contribution than that available to our wider workforce, it is consistent with the fixed remuneration agreed and detailed in John's employment agreement. Once again, we thank our shareholders for their engagement and support on this matter.

Judith Cottrell was internally promoted to Group Finance Director and appointed as a Board Director in April 2020. Her salary was set lower than market expectations with the intention that there could be increases to her salary at a rate higher than general awards for employees as she became more established within role.

Over the last year, Judith has continued to demonstrate the skills and calmness of a seasoned Group Finance Director. She has successfully completed refinancing RPS's banking facilities, tightly preserved cash so we are in a stronger position at year end, improved the capability and coherence of the Finance Team and under her sponsorship, delivered the key milestones of the ERP program for FY21. We thank our investors for their very positive feedback on Judith's performance and successful collaboration with John. In recognition of this, and to ensure that she is paid fairly and competitively against her internal and external peers, we intend to increase her salary to £310,000 per annum with effect from 1 January 2022. We will continue to review Judith's pay in future years to ensure it is fair and competitive rewarding her appropriately for her performance. Her pension contribution will continue at the rate of 7% of salary as available to the wider workforce with equivalent service, rising to 10% when she completes 10 years' service in 2025.

FY22 Variable Incentives

The Committee has agreed that the 2021 STABP and ELTIP structures continue to be appropriate for the Executive Directors for FY22.

Targets under the 2022 STABP will be disclosed in the FY22 Remuneration Report as is usual due to market sensitivity. For FY21, we introduced 'Fees' with a weighting of 20% and replaced cash conversion with cash lock-up. This structure remains appropriate given the strategy of the business and the market context and will be retained for 2022. We believe average lock-up is a better annual target and removes historical duplication of cash conversion in the STABP and ELTIP.

Details of the FY22 ELTIP can be found on p.112. There are no changes to the metrics and weightings. We have revised the target range for cash conversion as 2022 will be a year of investment for RPS. As such, to ensure that the business is not dissuaded from making value-enhancing investment decisions, cash conversion target ranges will be revised from 80%–100% to 60%–90%. EPS targets will be published by the time of the interim results and in the 2022 Directors' Remuneration Report.

Non-Executive Director Fees

During the year, we reviewed fees paid to our Chair and Non-Executives. We last increased the Chair's fee in January 2019: effective from 1 January 2022, it will increase from £140,000 to £155,000. This recognises Ken's contribution to RPS and is in line with the market. Base fees for Non-Executive Directors were last reviewed in 2017. The Board have agreed to simplify the fee structure and ensure it enables RPS to recruit and retain NEDs with the right experience and skills. From 1 January 2022, attendance fees have been removed; the base fee will increase from £45,000 to £52,500; the SID and Committee Chair roles will be paid £10,000. This positions the fees around median in the market and represents an effective increase of 9%.

In conclusion

We will continue to review any decision on Executive Director remuneration in the context of our broader workforce, stakeholders and shareholders. The Committee receives employee updates monthly, which include retention, morale, health and wellbeing, safety, reward, benefits and flexible working. We believe the decisions we have made this year align the experience of the Executive Directors with that of employees.

Both Ken Lever and I thank the shareholders that engaged with us in 2021 although the pandemic continued to restrict meeting in person. Please do contact us by emailing **investor.relations@rpsgroup.com** to discuss any aspect of this report and we will arrange a meeting in a format that works for you.

We very much hope that you will be happy to support the extension of the Remuneration Policy and the Annual Report on Remuneration.

Catherine Glickman

Catherine Glickman
Chair of the Remuneration Committee

15 March 2022

REMUNERATION AT A GLANCE

Summary of our current Remuneration Policy and structure for FY21

Key reward component	Key features
Base salary and core benefits	Competitive salary and benefits to attract right calibre of Executive
Short-Term Annual Bonus Plan (STABP) **60% Adjusted PBT** **20% Fees** **10% Cash** **10% Personal**	Incentivise achievement of annual objectives Max potential 150% of salary for CEO Max potential 125% of salary for GFD Key financial KPIs and personal objectives
Executive Long-Term Incentive Plan (ELTIP) **50% TSR** **25% EPS** **25% Cash**	Incentivise achievement of sustainable, strong, long-term performance, retain key individuals and align their interests with shareholders. CEO Award up to 150% of salary GFD Award up to 125% of salary
Shareholding requirements	Ensure material personal stake in the business CEO: 200% of salary GFD: 150% of salary

Reward linked to performance. What did we do?

Key reward component	What we have done
Base salary	Increased salary for CEO by 2%, with corresponding 2% reduction in pension allowance, and GFD by 12% effective from 1 January 2021 CEO: £529,000 GFD: £280,000
Short-Term Annual Bonus Plan (STABP)	**Bonus** CEO: £445,469 equating to 56.1% of maximum GFD : £205,239 equating to 58.6% of maximum
Executive Long-Term Incentive Plan (ELTIP)	CEO: 858,023 shares, value of £793,500 at grant GFD: 378,460 shares, value of £350,000 at grant

ELTIP awards vesting in 2022

Measure	Weighting	Performance Condition (20% vesting at threshold)	Result	Proportion Vesting
TSR	50%	Threshold of Median TSR Vest in full at upper quartile	Below Median	0%
EPS	25%	3% to 9%	Below Threshold	0%
Cash Conversion	25%	Threshold of 80% Vest in full for 100%	134%	100%
Total weighted result of amount vesting to Directors				25%

ANNUAL REPORT ON REMUNERATION

This Report details how the Company's Remuneration Policy for Directors was implemented during the financial year ended 31 December 2021.

It has been prepared in accordance with the provisions of the Companies Act 2006, the Large and Medium-sized Companies, and Group's (Accounts and Reports) Regulations 2008 (as amended in 2013) (the "Regulations"). An advisory resolution to approve this report and the Annual Statement will be put to shareholders at the forthcoming Annual General Meeting scheduled for 27 April 2022. The remuneration for the Executive Directors has been implemented in line with the policy approved by shareholders in 2019.

Director remuneration for the financial year ended 31 December 2021 (audited)

Executive Directors' total single figure remuneration

The following table sets out the breakdown total of the remuneration received by each of the Executive Directors during the year under review, with the comparative figures for the prior financial year. Figures provided have been calculated in accordance with the Regulations.

Executive Director £000s	Base salary[2]		Benefits[3, 4]		Bonus		Long-term incentives		Pension[7]		Total fixed remuneration		Total variable remuneration		Total	
Year	**2021**	2020	**2021**	2020	**2021**	2020	**2021**[5]	2020[6]	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Executive																
John Douglas	**529**	467	**89**	92	**445**	–	**136**	77	**85**	93	**703**	652	**581**	77	**1,284**	729
Judith Cottrell[1]	**280**	146	**22**	15	**205**	–	**–**	–	**20**	11	**322**	172	**205**	–	**527**	172

Notes:

1. Judith Cottrell was appointed to the board on 30 April 2020 and the figures for 2020 pertain to her service from that date.
2. The increase in salary between 2020 and 2021 is partially accounted for the 20% reduction in salary between April and October 2020.
3. Benefits – the value for benefits for each Executive Director shown comprises a Company car or Company car allowance, private medical insurance, life assurance, tax advice, Group income protection and dividend and matching shares from the all-employee SIP. The SIP matching and dividend shares amount to £1,832 for John Douglas and £1,828 for Judith Cottrell.
4. In the case of John Douglas, the benefit figure includes the grossed-up value of a serviced apartment provided which, for 2021, amounted to a grossed-up value of £64,000.
5. Long-term incentives 2021 – this relates to the award made in 2019 and the projected vesting in March 2022; two elements are based on the three-year financial period ended 31 December 2021, and TSR will be measured on the 3rd anniversary of the award. Twenty-five per cent of the award is projected to vest (including dividend equivalents) and is calculated using the quarter four average share price of 123.93p per share. There is no gain from share price appreciation.
6. Long-term Incentives 2020 – in respect of John Douglas, this relates to an exercise of 80,536 shares under the ELTIP which were exercised on 8 March 2021 at 95.4p per share. The value disclosed last year, £56,000, was based on the year end share price. There was no gain from share price appreciation between the award date and vesting date.
7. Pension – the Executive Directors are eligible to participate in defined contribution pension schemes or receive a salary supplement or a combination of the two, the value of which has been shown in the single figure remuneration for each.

ANNUAL REPORT ON REMUNERATION
CONTINUED

Pension allowance (audited)

RPS has committed to aligning pension contributions for any new appointees to the Board with those paid to the wider workforce. This approach was taken with the appointment of Judith Cottrell to the board; her pension contribution was cut from 10% to 5%, subsequently increasing to 7% when she reached her five-year anniversary.

As reported in 2019's Annual Report, John Douglas volunteered to a gradual reduction in his pension contribution from 20% to 15%. While this is a higher percentage of salary than that available to the wider workforce, the total of salary and pension is consistent with the fixed remuneration detailed in John's employment agreement on appointment as CEO in 2017. The Committee believes this is the most appropriate approach going forward and balances our commitment to the agreed terms provided to John while acting in the spirit of reducing pension contributions to align with those of the wider workforce. For 2021, John Douglas' pension was reduced from 18% to 16% and will be reduced to 15% from 1 January 2022.

Short Term Annual Bonus Plan outcomes for the financial year ending 31 December 2021 (audited)

For 2021, John Douglas and Judith Cottrell had a maximum annual bonus opportunity of 150% and 125% of salary, respectively. For both Executive Directors, the 2021 annual bonus determination was based on performance against Adjusted PBT (60%), fee revenue (20%), average lock-up (10%) and personal objectives (10%). As covered in more detail in the Chair's letter, discretion was applied to remove the impact of furlough from the bonus calculation. The proportion of the maximum due is 56.1% for the CEO and 58.6% for the GFD, both of which are lower than the average payment due for the 2021 ADBP which applies to approximately 300 of the most senior people in the organisation. Fifty per cent of any bonus due is subject to compulsory deferral into shares for a period of three years.

The table below shows the FY21 targets for each measure, actual performance and the amounts due.

		Performance required		**Actual performance**		**John Douglas**	**Judith Cottrell**
Measure	Weighting	Threshold (0% vesting)	Maximum (100% vesting)	Actual	% of element	Value	Value
Adjusted Profit Before Tax [1]	60%	£17.8m	£24.1m	£21.5m	58% ->52% [1]	£250,145 [2]	£110,335 [2]
Fees	20%	£410.1m	£554.9m	£476.1m	46%	£72,331	£31,904
Cash lock-up	10%	66 days	61 days	57 days	100%	£79,350	£35,000
Personal Objectives	10%	10%	See below.	55% / 80%	55% / 80%	£43,643	£28,000
					Bonus achieved for FY21	£445,469	£205,239
					% of maximum	56.1%	58.6%

Note

1. The actual column shows the published result for adjusted PBT of £21.5m equating to 58.4% of the maximum. The figure used for the bonus calculation after removing the impact of furlough was £21.1m which equated to 52.5% of the maximum.
2. The amounts due under the Adjusted Profit Before Tax component are shown after the removal of the benefit of monies from the furlough scheme.

Performance against the personal objectives and the Committee's assessment of performance for each Executive Director are set out in the table below.

CEO objectives FY21	
Grow the business sustainably as we emerge from the pandemic	• Grew Fee Revenue. • Improved Profit whilst investing in future business growth through people and other resources. • Progress made towards our business model targets of 5% organic growth and 10% margins. • Industry leading cash discipline: average lock-up days of 57 with strengthened balance sheet.
Further develop RPS' vision and strategy	• An improved, tighter, strategy and budget process in 2021 produced high-calibre commercial insight to support decision-making on future plans. • Strong communication to shareholders through successful Capital Markets Day.
Strengthen RPS' sustainability credentials	• Global Director of ESG and Sustainability appointed. • Development, approval and publication of science-based targets and a path to Net Zero. Grown our renewables business by leveraging our oil and gas expertise putting in place internal structures to connect renewables expertise around the business.
Strengthen and develop the leadership team	• Recent investment in robust succession planning and leadership development led to two key internal appointments to the Group Leadership Team (GLT): CEO, Australia Asia Pacific and Group People Director. Both women, improved GLT gender diversity, benchmarking strongly against peers. • Strong credentials on gender diversity within the business maintained, including Board ratio 4F:3M and improved GLT diversity appointment of AAP CEO Meegan Sullivan.
Build on the improvements in employee engagement	• The second global employee engagement survey saw very significant improvements in perceptions of leadership (senior leadership effectiveness up 11%, line manager effectiveness up 6%, clear direction and objectives up 12%). • Participation rates for the survey increased 5% to 85%. Engagement increased 3% to 70%. • 85% of employees thought RPS took health safety and wellbeing seriously, supporting the strong and improving safety statistics. • Areas of focus identified for 2022 include "attraction, retention and development" and "a culture of innovation and creativity". Very importantly, in a more inflationary era, we will work hard to build our employees' understanding of the value that RPS provides to its clients.
Further develop technology-enabled consulting solutions	• Technology investment for tech-enabled consulting was prioritised, specifically solutions that delivered intelligent solutions focused on client experience. • Success with cloud-based data management, ocean science tech and the cross-sell of virtual consultation software. • First phase of a development centre in Malaysia was completed and is already near full utilisation. • Rollout of global Enterprise Resource and Planning (ERP) system was rebooted in 2021, with three successful rollouts in Australia. Further rollouts planned for 2022.

ANNUAL REPORT ON REMUNERATION
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Group Finance Director objectives FY21	
Implement appropriate capital structure and review treasury policies	• Treasury policy updated and governance improved. • A new, disciplined, capital allocation policy designed to maintain leverage within the Group's target range announced in November 2021. The policy was well-received. • Successful negotiation of two-year extension of the RCF and a replacement of the Pricoa loan notes on better rates.
Progress implementation of the ERP	• Steady progress with the implementation and management of associated risks of the ERP. • Judith has played a key leadership role in the rollout of the system into Australia and management of the commercial position with Hitachi.
Improve engagement with investors and enhance reporting	• Judith quickly established a strong working relationship with the CEO. This was recognised by investors from whom she received strong support in 2021. • A review of Group forecasting processes led to significant improvements to the quality and accuracy of forward-looking information, resulting in better commercial decision-making.
Effective leadership	• Judith is an effective and influential member of the group leadership team. • Her stewardship of the global strategy and budget process resulted in significantly improved reporting, insight, and commercially astute outputs.
Continue improvements in cash management	• Judith led the business to again deliver best-in-class cash management. • Judith continues to lead the company-wide focus on disciplined billing and cash collection, delivering average lock-up days of 57. An eight-day reduction on a strong performance in 2020.
Improve employee engagement within the finance function	• The finance function has benefited from several internal initiatives in 2021, including a reorganisation of the finance management structure. • Regular, focused, global, and local department meetings were introduced in 2021. This has improved communication and led to improved engagement scores in the 2021 Your Voice employee survey compared to 2018.

Executive Long-Term Incentive Plan ("ELTIP") awards vesting in the financial year ending 31 December 2021 (audited)

ELTIP awards that had been granted to John Douglas and Gary Young (previous GFD who retired at 30 April 2020) became exercisable during the year, subject to the achievement of performance targets. Twenty-five per cent of the award vested based on performance. No discretion was applied. The following table below shows the number of shares granted and the number vesting , including dividend reinvestment shares.

Director	Date of Vesting	Number of shares granted at award	Shares vested after pro-rata	Number of shares that vested	Market price at date of grant	Market price at date of exercise	Value on exercise
John Douglas	08/03/2021	296,017	–	80,635	250.83p	95.4p	£76,831.34
Gary Young	08/03/2021	157,576	–	42,871	250.83p	93.01p	£39,876.03

Notes

1. The vested award made to John Douglas included 6,532 shares accrued as a dividend reinvestment under the rules of the ELTIP.
2. The vested award exercised by Gary Young included 3,477 shares accrued as a dividend reinvestment under the rules of the ELTIP.

Executive Long-Term Incentive Plan ("ELTIP") awards vesting in 2022 (audited)

ELTIP awards that had been granted to John Douglas and Gary Young become exercisable on 7 March 2022 based on the EPS and cash conversion performance conditions at the end of 31 December 2021 and TSR at the date of vesting. The table below provides the information on the targets and performance for each measure. It is anticipated that TSR will not vest based on the current share price.

Measure	Weighting	Performance condition (20% vesting at threshold)	Result	Proportion vesting
TSR	50%	Threshold of Median TSR Vest in full at upper quartile	Below Median	0%
EPS	25%	3% to 9%	Below Threshold	0%
Cash conversion	25%	Threshold of 80% Vest in full for 100%	134 %	100%
Total weighted result				**25%**

The TSR comparator group is the FTSE All Share. The Remuneration Committee is satisfied that the vesting outcomes in respect of the ELTIP are appropriate and reflect the underlying performance of the Company and therefore no discretion has been applied. The value of these awards are reflected in the single figure table and amounts as at the date of vesting will be restated in next year's DRR.

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ELTIP awards granted in the financial year ended 31 December 2021 (audited)

The table below sets out the details of the ELTIP awards granted on 16 March 2021 to John Douglas and Judith Cottrell. Vesting will be determined according to the achievement of certain performance measures. The Committee believes that the current application of the ELTIP drives behaviours that are consistent with the Company's purpose, promise, behaviours and strategy.

Director	Type of award	Basis of award	Face value of award at grant date (£)	Number of shares under option	Vesting date
John Douglas	Nil cost options	150% of salary	793,500	858,023	16 March 2024
Judith Cottrell	Nil cost options	125% of salary	350,000	378,460	16 March 2024

Note

1. The number of shares to constitute these awards was calculated by reference to the average of the Company's closing share price over the period 9–15 March 2021, being 92.48p.

The awards will vest subject to achievement of the following TSR and EPS targets over the performance period from 1 January 2021 to 31 December 2023. Targets for cash conversion have been set for the period 1 January 2022 to 31 December 2023: because of the exceptionally high cash conversion in FY20, it was difficult to set a sensible year 1 target, so suitably stretching targets have been set over a two-year period. The award is subject to a two-year holding period from the date of vesting.

Performance measure	Weighting	Measurement period	Performance target	Vesting level (% maximum)
Total Shareholder Return relative to the FTSE All Share	50%	Over the period to 31 December 2023	Upper Quartile	100%
			Median to Upper Quartile	Pro-rata on a straight-line basis between 20% and 100%
			Below Median	0%
Average annual growth in Earnings Per Share (measured on a constant currency basis)	25%	Over the period to 31 December 2023	12p	100%
			Between 8p and 12p	Pro-rata on a straight-line basis between 20% and 100%
			Below 8p	0%
Cash conversion	25%	Over the period 1 January 2022 to 31 December 2023	100%	100%
			Between 80% and 100%	Pro-rata on a straight-line basis between 20% and 100%
			80% and below	0%

Share Incentive Plan ("SIP") awards granted in the financial year ended 31 December 2021 (audited)

The following table sets out the number and value of matching and dividend shares that were awarded to the Executive Directors under the all-employee Share Incentive Plan during 2021. Executive Directors participate in the SIP on the same terms as other employees.

Executive Directors	Number of shares	Value of shares (£)
John Douglas	1,383	£1,800
Judith Cottrell	1,383	£1,800

Shares are valued by reference to their price as at date of award.

Payments to past Directors (audited)

As disclosed last year, Gary Young received private medical insurance until 31 March 2021 at a cost of £529. His 2018 ELTIP award vested on 8 March 2021 at a value of £39,876 consisting of 42,871 shares at a price of 93.01p each, of which 3,477 shares related to dividend equivalents. There were no STABP payments made to Gary in 2021. His 2019 ELTIP award, which has been pro-rated for time, will be released in 2022.

Payments for loss of office (audited)

No payments for loss of office were made during the year.

Non-Executive Directors' total single figure remuneration (audited)

The following table sets out the breakdown total of the remuneration received by each of the Non-Executive Directors during the year under review, with the comparative figures for the prior financial year. It should be noted that there was no change in fees between 2020 and 2021 other than the removal of the temporary 20% reduction in fees that applied between April and October 2020. Figures provided have been calculated in accordance with the Regulations.

Non-Executive Director £000s	Fee	Fee
Year	**2021**	**2020**
Ken Lever	140	127
Allison Bainbridge	55	50
Liz Peace	60	54
Michael McKelvy	50	46
Catherine Glickman	55	50

Note

1. No fees are paid in respect of membership, or Chair, of the Nomination Committee.

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Statement of Directors' shareholding and share interests (audited)

Directors' share interests as at 31 December 2021 or at date of retirement from the Board are set out below.

Director	Number of beneficially owned shares	Interests subject to performance conditions[1]	Interests subject to employment conditions[2]	Total interests
John Douglas	2,112,408	1,811,796	182,632	4,106,836
Judith Cottrell	50,859	592,794	62,797	706,450
Ken Lever	126,818	–	–	126,818
Allison Bainbridge	22,078	–	–	22,078
Liz Peace	18,363	–	–	18,363
Catherine Glickman	55,590	–	–	55,590

Notes:

1. Interests held under the Executive Long-Term Incentive Plan.
2. Interests held under (i) The RPS Group Plc Short-Term Annual Bonus plan and (ii) matching shares held for less than three years under the Share Incentive Plan.

Between 31 December 2021 and 14 March 2022, no changes in the share interests shown above occurred.

The Company's Remuneration Policy provides that John Douglas and Judith Cottrell are required to build and maintain shareholdings of 200% and 150% of basic salary, respectively. Executive Directors are required to retain 50% of the post-tax number of shares vesting under the STABP and the ELTIP until this requirement is met and maintained.

As at 31 December 2021, John Douglas held 2,112,408 beneficial shares in the Company ranking him as our 24th largest shareholder; this equates to 494 % of his salary. Judith Cottrell held 50,859 shares equating to 22% of her salary.

Short Term Annual Bonus Plan

The interests of the Executive Directors under the STABP are set out below:

	Number of awards at 1 January 2021	Number of awards granted	Number of awards lapsed	Number of awards exercised	Number of awards as at 31 December 2021	Market price at date of grant	Market price at date of exercise	Date from which released
John Douglas	56,789	5,013	–	61,802	–	250.83p	95.4p	08/03/2021
	98,198	–	–	–	98,198	181.47p	–	07/03/2022
	78,456	–	–	–	78,456	145.80p	–	24/02/2023
Judith Cottrell	34,982	–	–	–	34,982	50.50p	–	13/10/2023
Gary Young	25,403	2,242	–	27,645	–	250.83p	93.01p	08/03/2021
	49,005	–	–	–	49,005	181.47p	–	07/03/2022

Executive Long Term Incentive Plan

The interests of the Executive Directors under the ELTIP are set out below:

	Number of awards at 1 January 2021	Number of awards granted	Number of awards lapsed	Number of awards exercised	Number of awards as at 31 December 2021	Market price at date of grant	Market price at date of exercise	Date from which released
John Douglas	296,017[1]	6,532	222,013	80,536	–	250.83p	95.4p	08/03/2021
	420,234	–	–	–	420,234	181.47p	–	07/03/2022
	533,539	–	–	–	533,539	145.80p	–	24/02/2023
	–	858,023	–	–	858,023	92.48p	–	16/03/2024
Judith Cottrell	214,334	–	–	–	214,334	145.80p	–	24/02/2023
	–	378,460	–	–	378,460	92.48p	–	16/03/2024
Gary Young	157,576[2]	3,477	118,182	42,871	–	250.83p	93.01p	08/03/2021
	160,546[3]	–	–	–	160,546	181.47p	–	07/03/2022

Notes:

1. The award exercised by John Douglas included 6,532 shares accrued as a dividend reinvestment under the rules of the ELTIP.
2. The award exercised by Gary Young included 3,477 shares accrued as a dividend reinvestment under the rules of the ELTIP.
3. Following the retirement from the Board by Gary Young on 30 April 2020 this award will vest in full on 7 March 2022 subject to the prevailing performance conditions and the credit of dividend equivalent shares.

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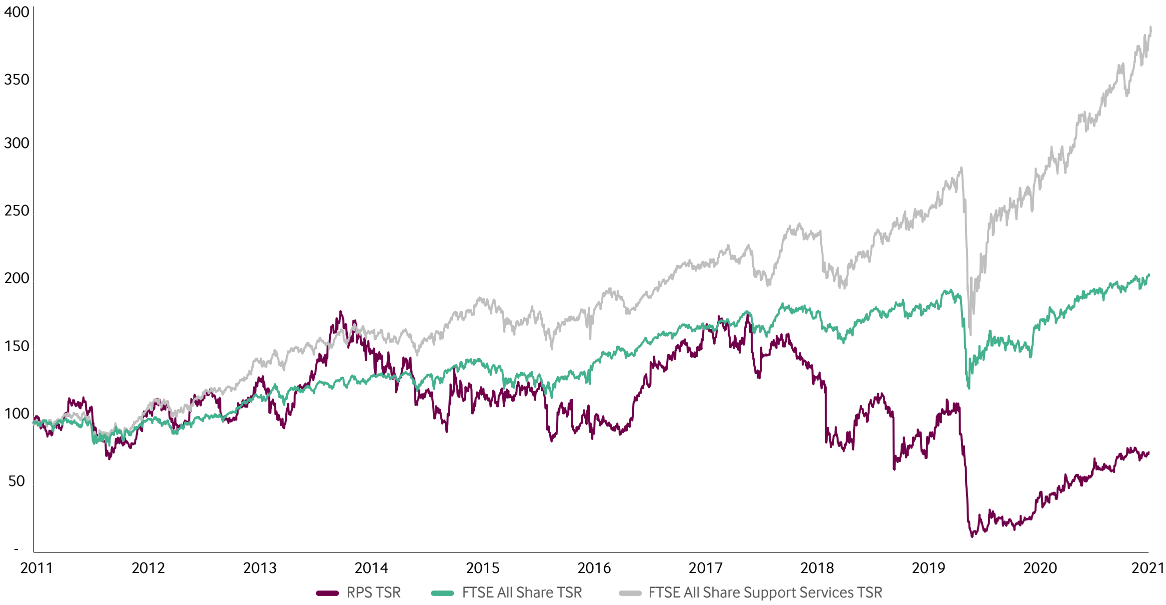
Total Shareholder Return Performance

The graph below shows the value of £100 invested in RPS over the past ten years compared with the value of £100 invested in the FTSE All Share and FTSE All Share support services. The Company has selected the FTSE All Share and the FTSE All Share Support Services as the broad equity market indices against which to compare the Company's total shareholder return performance as the Company has been a constituent member of these indices throughout the nine-year period.



Chief Executive Officer Remuneration

The table below shows the Group Chief Executive's total remuneration and percentage of opportunity achieved for variable remuneration elements.

	2012[1]	2013	2014	2015	2016	2017	2017[2]	2018	2019	2020[3]	2021
Element	**A Hearne**	**A Hearne**	**A Hearne**	**A Hearne**	**A Hearne**	**A Hearne**	**J Douglas**	**J Douglas**	**J Douglas**	**J Douglas**	**J Douglas**
Total Remuneration (single figure for the year – £000s)	1,650	883	922	748	981	627	351	888	934	729	1,284
Annual bonus (% of maximum opportunity)	77%	47%	32%	0%	20%	33%	33%	24%	15%	0%	56%
Long-term incentives (% of maximum number of shares capable of vesting)	100%	0%	0%	0%	0%	0%	0%	0%	12%	25%	25%

Notes

1. Single figure for 2012 includes the payment of deferred balances under the previous bonus banking plan from 2010 and 2011. These balances were earned during these years but subject to deferral until the end of 2012 and at risk of performance-based forfeiture.
2. The remuneration shown for Alan Hearne for 2017 in respect of the period to 31 August at which time he retired from the Board. The total remuneration shown for John Douglas is in respect of 2017 is the period from 1 September 2017, when he was appointed as Group Chief Executive. The remuneration for John Douglas in 2017 includes a proration of the annual bonus that was earned from 1 June 2017 being the date at which he joined the Board.
3. The total remuneration figure for 2020 has been updated to reflect the value of the 2018 ELTIP on the date of vesting, 8 March 2021.

Chief Executive Officer Pay Ratio

As required by the reporting regulations, the Committee has set out below the CEO pay ratio. The table provides the ratio between the CEO single figure total remuneration and total remuneration for all employees and the details of the salary and total remuneration for UK employees in 2020 and 2021. We have chosen option B as our method for calculating the pay ratio for this report, consistent with the methodology for reporting of the gender pay gap, as bonus payments for 2021 performance are not determined for some employees until after the publication of this report. The three individuals were identified using Gender Pay Gap reporting salary data with the snapshot date of 5 April 2021. The Committee is satisfied that the three individuals representing each quartile are reflective of the UK population. The salary figures shown below are based on the amounts paid for calendar years 2020 and 2021. Figures are correct as of 31 December 2021.

				Pay ratio			Remuneration	
	Year	Method	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Salary	2020	B	21	15	11	£21,856	£30,448	£41,336
	2021	B	22	16	13	£24,100	£32,437	£42,052
Total remuneration	2020	B	30	23	16	£23,756	£31,383	£45,588
	2021	B	52	39	28	£24,826	£33,300	£45,101

The Committee is mindful that the ratio of total remuneration will be volatile over time, in large part due to the relative weighting in the CEO's package of variable performance-based incentives. For example, the large increase in the ratio between 2020 and 2021 is primarily due to the CEO receiving no bonus in 2020. The Committee has therefore decided to also publish the pay ratio for salary. We believe this additional perspective on relative pay (in particular the trend over time) will help ensure that RPS Group is delivering against its stated policy for Executive Director salary increases generally to be consistent with the range awarded across the Group more broadly.

The Committee has considered the findings of the pay ratio analysis, which appear to be reasonable in the context of the RPS Group's sector and taking into account the composition of the Group's UK workforce against which CEO remuneration is compared. Going forward, the Committee will review the trend in pay ratios as well as the ratio for the relevant year and seek to understand the drivers of any short and medium-term changes to this.

Percentage change in the remuneration of Directors

The following table shows the percentage change in the Executive and Non-Executive Directors' salaries, fees, benefits and annual bonuses between financial years compared to the percentage change for all UK-based employees. It should be noted that the 2021 increases in salary for the Executive and Non-Executive Directors are largely driven by the 20% reduction in pay for six months of 2020 and, with the exception of the Chairman's increase in January 2019, all other changes to Non-Executive Directors' fees relate to changes in responsibility.

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Percentage change from 2020 Financial Year to 2021 Financial Year

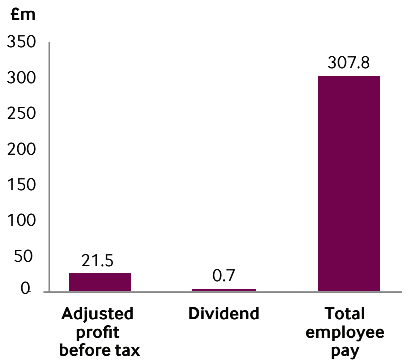
	Salary / Fees		Taxable benefits		Annual bonus	
	2019 to 2020	2020 to 2021	2019 to 2020	2020 to 2021	2019 to 2020	2020 to 2021
Employees	1.2%	4.4%	10.8%	**2.2%**	**-9.2%**	**33.2%**
John Douglas	-8.2%	13.3%	-49.0%	**-3.3%**	**-100.0%**	**N/A**
Judith Cottrell	N/A	24.4%	N/A	**46.7%**	**N/A**	**N/A**
Ken Lever	-9.3%	10.2%	Not eligible for bonus or benefits			
Allison Bainbridge	-9.1%	10.0%				
Liz Peace	-6.9%	11.1%				
Michael McKelvy	-11.5%	8.7%				
Catherine Glickman	-7.4%	10.0%				

Note

1. The salary of the Group Finance Director is based on an annual equivalent figure, i.e. the salary she would have received if she had been appointed on 1 January 2020, not 30 April 2020.
2. Employee data reflects the earnings of all UK-based employees.
3. The CEO and Group Finance Director received bonuses for 2021 but not for 2020.

Relative importance of spend on pay

The chart below shows the total remuneration paid to or receivable by all employees and total distributions to shareholders by way of dividends for 2021.



Executive Director service contracts and non-executive letters of appointment

Executive Director service contracts

When setting notice periods, the Remuneration Committee has regard to market practice and best governance practice. The Company's general policy is to provide contracts to Executive Directors with no greater than 12 months' notice.

The table below summarises the service contracts for the current Executive Directors.

Executive Director	Date of contract	Notice period
John Douglas	June 2017	12 months
Judith Cottrell	February 2020	12 months

None of the Directors' contracts provide for extended notice periods or automatic compensation in the event of a change of control.

Non-Executive Director letters of appointment

The Non-Executive Directors do not have service contracts but are appointed under letters of appointment which provide for a review after an initial three-year term. Following the expiry of the initial term, each Non-Executive Director is then subject to annual re-election at the Annual General Meeting, irrespective of which, all Directors are subject to annual re-election at the Company's AGM. Details of the terms of appointment of the Non-Executive Directors are shown below:

Non-Executive Director	Date of appointment	Unexpired term as at 31 December 2021
Ken Lever	November 2016	4 months
Allison Bainbridge	June 2017	4 months
Liz Peace	August 2017	4 months
Catherine Glickman	August 2018	4 months
Michael McKelvy	May 2018	4 months

Committee organisation

Role of the Remuneration Committee ("Committee")

The Committee held six meetings during the year timed to ensure the proper discharge of the activities described below. The Group Chairman attends the meetings of the Committee. The Group Chief Executive, Group Finance Director, Group People Director and Group Reward Director also attend meetings, although they and the Chairman are not present when discussion relates to their own remuneration. The Company Secretary acts as Secretary to the Committee and representatives from the Committee's advisers, Mercer Limited, attend meetings as and when required. The Committee considers reputational and other risks when assessing remuneration, particularly in relation to excessive and behavioural risks and believe that these risks have been properly mitigated. The table below shows the members of the Committee during 2021 and the number of meetings attended.

Non-Executive Director	Number of meetings attended
Catherine Glickman (Chair)	6/6
Allison Bainbridge	6/6
Michael McKelvy	6/6
Liz Peace	6/6

The Committee is responsible for determining the overall policy for Executive remuneration which is then subject to Board and shareholder approval. Within the context of the shareholder-approved policy, the Committee is responsible for determining the specific remuneration packages for the Executive Directors. This incorporates review of salaries as well as determining opportunities under the incentive plans and performance conditions relating to these plans. Activities also include the determination of terms for any Executive leaving or joining the Board.

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The Committee also has direct responsibility for the terms and conditions of those Senior Executives that sit immediately below Board level and form the Group Leadership Team. During the year, the Committee reviewed the terms and conditions of the Group including salary and incentives, approving any changes.

How the Committee addressed the factors in Provision 40 of the 2018 Code when determining remuneration

Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Remuneration is transparent and competitive. The outcomes of the variable elements are dependent on performance measures aligned with our strategy and the interests of all stakeholders. Performance targets are set in line with Group budgets and reviewed and tested by the Committee. Executive Directors are required to build meaningful personal shareholdings in the Company: this is monitored by the Committee.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We follow a standard UK market approach to remuneration with variable incentive schemes that are clear and consistent. The measures we have selected are used to monitor business performance, support the operation of the business and are reviewed regularly by management. Measures pay out on a straight-line basis.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The remuneration structure contains an appropriate balance of short and long-term incentives. Limits are set on the maximum incentive scheme awards that can be granted. The ELTIP incentivises Executive Directors to deliver against strategy over the longer term, and support the creation of sustainable shareholder value. The Committee also has discretion to override formulaic outcomes, with the ability to flex payments through malus and clawback.
Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	Scenario analysis is provided on page 137 and the policy details the limits and the Committee's ability to apply discretion to adjust the result of the STABP and ELTIP.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The remuneration structure contains a mixture of short and long-term incentives and the Committee considers the expectations of shareholders when setting targets. Outcomes are tested in the context of underlying Group performance, the broader economic environment and the wider workforce, ensuring that poor performance cannot be rewarded.
Alignment to culture Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	When the policy was developed, the Committee was clear that it should support our Purpose and Promise, and align with our Behaviours. Our Promise of "making complex easy" informed our remuneration policy: we will continue to have a simple policy, rewarding short and long term sustainable growth, through financial and non-financial metrics which are reviewed regularly to ensure they continue to support our strategy. The introduction of a new measure – Fees – and replacing Cash Conversion with Lock-Up Days in the short-term incentive are examples of this.

The Committee's detailed terms of reference can be found on the Company's website.

Consideration of employee remuneration and shareholders

Consideration of shareholder views

The Remuneration Committee takes the views of shareholders very seriously and these have been influential in shaping remuneration policy and practice. The Remuneration Committee will continue to consult with shareholders prior to any significant changes to the remuneration policy.

Employment conditions elsewhere in the Group

The Committee is cognisant of the provisions of the Code including their responsibility for the review of the wider workforce. During the first half of the year, the Committee received regular updates from the Group People Director on the number of employees that were on furlough, reduced pay or reduced hours. All employee cost reduction measures concluded by end of August 2021. The decisions taken in respect of the Executive Directors' and the Group Leadership Team's pay were taken whilst always considering the experience of the wider workforce.

In setting the remuneration policy for Directors, the Board is regularly updated by the CEO, Group People Director and Reward Director on pay, incentive plans and conditions of the RPS wider workforce. Decisions on the Executive Directors and Group Leadership Team are always taken in alignment with decisions on employees, including base salary increases, incentive awards and benefit changes. Although the 2020 Executive Director bonuses were not paid, RPS honoured all 2020 employee bonus schemes where the measures were achieved. No employee bonus payments were delayed in 2021.

The Remuneration Committee has not expressly sought the views of employees but the investment in people – their reward, development and retention – is a topic of debate regularly at the Board meetings. No remuneration comparison measurements were used when drawing up the Policy.

External advice

During the year the Committee received external advice in relation to Executive remuneration from Mercer Limited ("Mercer"). Mercer were selected following a competitive tender process and are a member of the Remuneration Consultants Group. Mercer voluntarily operates under the code of conduct in relation to Executive remuneration consulting in the UK. The fees paid to Mercer during the year were £39,890 in respect of advice for the Remuneration Committee and IFRS valuation of the ELTIP award. Another part of Mercer also provided support to the Company in relation to the 2021 employee engagement survey. The Committee is confident that the additional fees earned for the employee engagement survey are not sufficiently large to impact Mercer's independence as Remuneration Committee advisers. There is no connection between our advisers at Mercer Limited and any of our individual directors.

Shareholder voting

The Remuneration Committee's Annual Report for 2020 was approved at the Company's 2021 Annual General Meeting on 28 April 2021. The voting for this resolution is shown below.

Annual report	Number of Votes cast	% of Votes cast
Votes for	160,010,434	68.98
Votes against	71,965,553	31.02
Total	231,975,987	100.00
Withheld	53,270	–

As stated in the Chair's letter, the Committee was disappointed with the out-turn of the AGM with 31% of our shareholders voting against the Remuneration Report. We would like to thank all shareholders who engaged with us following the vote to discuss their concerns and reasons for voting against.

The majority of our shareholders referenced the leaver treatment for our former Finance Director, Gary Young, upon his retirement as the main area of contention. In particular was the notice period which began on the date of the AGM rather than the date of his leaving announcement in February 2020.

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We understand the strength of our shareholders' views on this topic, i.e. when a director makes the decision to step down from the Board, they should receive payment in line with their contracted period of notice. We will take this feedback into account when decisions are made for any future departing Directors.

The Company's remuneration policy was approved by shareholders at the General Meeting held on 16 December 2019 and applies for three years until 31 December 2022. The Company is asking that at the forthcoming AGM shareholders give further approval to the Company's existing remuneration policy subject to one change relating to pension contributions. The Remuneration Committee is intending to undertake a review of remuneration policy during 2022. In respect of the Remuneration Policy that was approved at a General Meeting on 16 December 2019, the voting in respect of the report was as shown below:

Remuneration policy	Number of votes cast	% of votes cast
Votes for	162,451,438	87.15
Votes against	23,949,709	12.85
Total	186,401,147	100.00
Withheld	58,147	–

Implementation of the remuneration policy in 2022
This section of the report details the Committee's intentions for remuneration arrangements in 2022. The key components of this policy as they apply to the Executive Directors of the Company are set out in the following section. The full policy statement is available on the Company's website.

Base Salary
With effect from 1 January 2022, John Douglas will receive a salary of £547,500 and Judith Cottrell will receive a salary of £310,000. This represents an increase of 3.5% for John Douglas and 10.7% for Judith Cottrell. The 3.5% increase received by John Douglas is in line with the average award within the UK and the wider business. John's pension will be reduced from 16% to 15%, in line with our commitment to shareholders.

Judith Cottrell was appointed as Group Finance Director and Board Director in April 2020. Judith was internally promoted and we stated that there may be increases to her salary at a rate higher than general awards for employees. This increase brings her in line with internal peers and closer to the market median for organisations of a comparable size and or sector. The Committee has discretion to review and provide further above inflation increases should this be deemed appropriate.

Benefits
As previously stated, John Douglas will continue to be provided with a serviced apartment up to a total value of £76,000 per annum including tax and national insurance. The grossed up value for 2021 was £64,000.

Pension
Pensions will be provided in accordance with the policy. As previously stated, John Douglas agreed to reduce his pension contribution over time to 15% which will come into effect from 1 January 2022. Judith Cottrell's contribution will continue to be 7% of salary in line with treatment for the wider UK workforce with equivalent service.

Annual Bonus
The bonus opportunity is unchanged for 2022 and will be 150% of salary for John Douglas and 125% of salary for Judith Cottrell.

For 2021, we introduced fees into the bonus and replaced cash conversion with cash lock-up. RPS will continue its focus on fee growth in 2022 and we believe retaining the use of cash lock-up for 2022, with cash conversion as part of the ELTIP, remains appropriate; as such the bonus awards for 2022 will consist of the following four measures: Adjusted PBT (60% weighting), fees (20% weighting), cash lock-up (10% weighting) and personal objectives (10% weighting).

The Committee considers prospective disclosure of targets to be commercially sensitive but will disclose targets retrospectively following the financial year end. The bonus will normally be paid 50% in cash and 50% in shares deferred for a period of three years.

ELTIP

ELTIP awards opportunities remain unchanged at 150% of salary for John Douglas and 125% for Judith Cottrell. Awards will be granted based on the five-day average share price prior to the day of grant.

The 2022 ELTIP awards will vest subject to the achievement of three measures: TSR (50% weighting), EPS (25% weighting) and cash conversion (25% weighting). The performance targets applicable for the 2022 ELTIP award are summarised below.

We have revised the target range for cash conversion as 2022 will be a year of investment for RPS. As such, to ensure that the business is not dissuaded from making value-enhancing investment decisions, cash conversion target ranges will be revised from 80%–100% to 60%–90%.

Performance measure	Weighting	Measurement period	Performance target	Vesting level (% maximum)
Total Shareholder Return relative to the FTSE All Share	50%	Over the period to 31 December 2024	Upper Quartile	100%
			Median to Upper Quartile	Pro-rata on a straight-line basis between 20% and 100%
			Below Median	0%
Average Annual Growth in Earnings Per Share (measured on a constant currency basis)	25%	Over the period to 31 December 2024		Targets and vesting levels will be published by the time of the interim results and in the 2022 Directors' Remuneration Report.
Cash conversion	25%	Over the period to 31 December 2024	90%	100%
			60% to 90%	Pro-rata on a straight-line basis between 20% and 100%
			60%	0%

Non-Executive Director Fees

There was no change in Non-Executive Director fees in 2021 and, with the exception of the Chairman, there have been no changes in fees for any of the Non-Executives since appointment other than to reflect changes in responsibility. Fees have been reviewed for 2022 taking into account relevant market data and employee increases in the corresponding period.

The Chairman's fee, which was last reviewed in January 2019, has been increased from £140,000 to £155,000, i.e. a 10.7% increase.

For the other Non-Executive Directors, who were all appointed in 2017 or 2018, we have increased the base fee to £52,500 and the fee for the SID and for chairing the Remuneration and Audit Committees to £10,000, whilst removing attendance fees. The net effect of this is an average increase of 9.1%.

This report was approved by the Board and has been signed on its behalf by:

Catherine Glickman

Catherine Glickman
Chair of the Remuneration Committee
15 March 2022

REMUNERATION POLICY

Our remuneration policy was last approved by shareholders in December 2019 and so we are required to further put a policy to shareholders by no later than December 2022. Our intention is to undergo a review of remuneration policy in 2022, but in the interim, and in order to align with our corporate cycle, we are asking shareholders to approve our existing policy at the forthcoming AGM, this being subject to minor change relating to pension contributions.

BASE SALARY

Element purpose and link to strategy	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Group.
Operation and maximum opportunity	An Executive Director's basic salary is considered by the Remuneration Committee on appointment and normally reviewed once a year, or when there is a significant change to the role or responsibility. When making a determination as to the appropriate remuneration, the Remuneration Committee, where it is relevant, benchmarks the remuneration against the Company's comparator group (organisations of comparable size and or sector to RPS in the FTSE All Share). The results of benchmarking will only be one of a number of factors taken into account by the Remuneration Committee which includes: • individual performance and experience of the Executive Director; • pay and conditions for employees across the Group; • the general performance of the Group; and • the economic environment. The Remuneration Committee policy in relation to salary is: • to position this around the median salary for the role on appointment, depending on experience and background; and • on promotion, to increase salary up to the median salary for the new role. Annual percentage increases are generally consistent with the range awarded across the Group. Percentage increases in salary above this level may be made in certain circumstances – such as change in responsibility or significant increase in the scale of a role or the Group's size and complexity. Individuals recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases, subsequent increases in salary may be higher than the average until the target positioning is achieved.
Performance measures and assessment	A broad assessment of individual and business performance is used as part of the salary review.

BENEFITS

Element purpose and link to strategy	To provide competitive benefits and to attract and retain high-calibre employees
Operation and maximum opportunity	The Remuneration Committee's policy is to provide a market competitive benefits package. The Executive Directors may receive the following benefits: • healthcare; • life assurance; • disability schemes; • Company car or car allowance; and • other benefits as provided from time to time, such as relocation allowances on recruitment. Benefit values vary year-on-year depending on premiums and the maximum potential value is the cost of the provision of these benefits.
Performance measures and assessment	Not applicable.

PENSION

Element purpose and link to strategy	To provide a competitive Company contribution that enables effective retirement planning
Operation and maximum opportunity	The Executive Directors are eligible to: • participate in defined contribution pension schemes; • or receive a salary supplement; • or a combination of the two. Other than basic salary, no element of the Directors' remuneration is pensionable. Salary supplements are not included in base salary in order to calculate other benefits and incentive opportunities. The CEO's pension contribution has been reduced to 15%. Any new Executive Director appointments from 1 January 2020 will receive an employer contribution in line with that available for the wider workforce in the relevant market.
Performance measures and assessment	Not applicable.

THE RPS GROUP PLC SHORT TERM ANNUAL BONUS PLAN (THE "STABP")

Element purpose and link to strategy	To incentivise achievement of annual objectives which support the Group's short-term performance goals.
Operation and maximum opportunity	Maximum awards each year under the STABP are equal to 150% of salary. The performance period is one financial year with pay-out determined by the Remuneration Committee following the year end, based on achievement against a range of financial and non-financial targets. 50% of the bonus award will be paid out in cash with the remaining 50% deferred into shares subject to a further three year vesting period. There are no further performance targets applicable to the deferred amount. Malus and clawback provisions may apply at the discretion of the Remuneration Committee where it considers such actions necessary and appropriate. The malus period would be up to the date of the bonus determination and three years after in respect of deferred shares under the STABP. The clawback period will be three years from the date of the bonus determination for any cash payments under the STABP. Participants may be entitled to dividend equivalents representing the dividends paid during the deferral period of the shares.
Performance measures and assessment	Performance targets will be set by the Remuneration Committee annually based on a range of financial and non-financial measures. Financial targets govern the majority of bonus payments, although non-financial metrics may also be used. The Remuneration Committee will determine the weighting of the various measures and targets to ensure that they support the business strategy and objectives for the relevant year. Targets are typically structured on a challenging sliding scale, with zero pay-out for achieving threshold performance through to full pay-out for maximum performance. The Remuneration Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year. The Remuneration Committee has the discretion to make downward or upward movements to the amount of bonus earned resulting from the application of the performance measures, if it believes that the bonus outcomes are not a fair and accurate reflection of business performance.

REMUNERATION POLICY
CONTINUED

THE RPS GROUP PLC EXECUTIVE LONG TERM INCENTIVE PLAN (THE "ELTIP")

Element purpose and link to strategy	To incentivise Executives to achieve sustainable, strong, long-term performance for the Company, to retain key individuals and to align their interests with shareholders.
Operation and maximum opportunity	Under the ELTIP, the Remuneration Committee may award annual grants of performance share awards in the form of nil-cost options or conditional shares ("ELTIP awards"). Maximum ELTIP awards each year are equal to 150% of base salary (200% of salary in exceptional circumstances). ELTIP awards will normally vest after a three-year performance period subject to the achievement of the performance measures. The Remuneration Committee will retain the discretion to determine whether to attach a holding period to a particular award at the date of each grant. Malus and clawback provisions may apply at the discretion of the Remuneration Committee where it considers such action necessary and appropriate. The malus period will be up to the date of vesting (i.e. three years from the date of grant). The clawback period will be two years from the date of vesting. Participants may be entitled to dividend equivalents during the deferral period of the shares.
Performance measures and assessment	Financial and non-financial measures may be applied to awards under the ELTIP. Targets are typically structured on a challenging sliding scale, with no more than 20% of the maximum award vesting for achieving the threshold performance level through to full vesting for maximum performance. The Remuneration Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the vesting period. The Remuneration Committee has the discretion to make downward or upward movements in the vesting of the ELTIP resulting from the application of the performance measures, if the Remuneration Committee believes that the outcomes are not a fair and accurate reflection of business performance. The Remuneration Committee will review the performance measures annually, in terms of the range of targets, the measures themselves and weightings applied to each element of the ELTIP. Any revisions to the measures and/or weightings in future years will only take place if it is necessary due to developments in the Group's strategy and, where these are material, following dialogue with the major shareholders.

ALL-EMPLOYEE INCENTIVES

Element purpose and link to strategy	To encourage all employees to become shareholders and thereby align their interests with those of shareholders.
Operation and maximum opportunity	Eligible employees may participate in the Share Incentive Plan or country equivalent. Executive Directors will be entitled to participate on the same terms. Maximum participation levels for all employees are set by reference to the plan rules and relevant legislation.
Performance measures and assessment	Not applicable.

SHAREHOLDING GUIDELINES

Element purpose and link to strategy	To ensure that Executive Directors' interests are aligned with those of shareholders over the longer term.
Operation and maximum opportunity	The Executive Directors are required to build or maintain a minimum shareholding in the Company. Shares included in this calculation are those held beneficially by the Executive Director and their spouse/life partner. The shareholding requirement is determined by the Remuneration Committee and may be up to 200% of salary. Executive Directors will be required to retain 50% of their post-tax number of shares vesting under the STABP and ELTIP until their requirement is met and then maintained.
Performance measures and assessment	Not applicable.
Element purpose and link to strategy	Post-Employment Shareholding Requirement
Operation and maximum opportunity	The Post-Employment Policy stipulates that the post-employment shareholding for the Executive Directors will be: • In Year One, the shareholding to be the lessor of the in-employment shareholding requirement or the current shareholding. • In Year Two, this will reduce to 50% of the figure.
Performance measures and assessment	Not applicable.

The Remuneration Committee has confirmed that the Post-Employment Shareholding will apply from 1 January 2020. It will not apply to any historical awards, or voluntary shares purchased, including the voluntary deferral into shares of any bonus above the mandatory deferral requirement (50%) under the STABP.

REMUNERATION POLICY
CONTINUED

Legacy remuneration payments and awards
Any remuneration payments or awards, notwithstanding that they are not in line with the Policy set out above, where the terms of the payment or award were agreed under a previous Policy will remain in place. Such payments or awards will be set out in the Annual Report on Remuneration for the relevant year.

Performance measures and targets
The short and long-term incentives have a number of different financial performance measures which the Remuneration Committee believes provide a direct link to the Company's strategy. The following table sets out the rationale behind the measures that will apply for STABP and ELTIP in 2022.

Plan	Link to Strategy
STABP	Adjusted Profit Before Tax (Adj PBT) is the key metric, hence its weighting in the incentive structure. It measures the overall success of the strategy, together with improving operating margins, operational efficiency, disciplined capital allocation and tight overhead management. We introduced a new metric in FY21 – Fee Revenue. As we emerge from the pandemic, an improving trajectory on Fee Revenue growth, in both core markets and the targeted areas of sustainability, urbanisation and natural resources, is a key measure of our successful recovery. Average lock-up days is tracked and industry benchmarked: it demonstrates financial discipline – how efficiently we are billing and collecting fees from our clients. The use of personal objectives allows tailoring of the STABP to each participant and ensures there is an element of pay-out that is assessed by reference to specific measures which reflect successful performance of individuals in their roles, as well as that of the Company. The use of profit, fees, average lock-up and personal performance as measures in the STABP is mirrored in the Annual Discretionary Bonus Plan (ADBP) which applies to approximately the top 300 employees in the organisation, ensuring alignment of management objectives.
ELTIP	EPS is considered to be an appropriate measure for aligning the interests of the Executive Directors with those of shareholders as well as being an established measure of RPS' long-term sustainable profitability.[1] The use of a relative TSR measure will ensure that the Executives' interests are aligned with investors and that maximum vesting will only occur if stretching levels of returns are achieved. Long-term cash conversion has been used to place emphasis on achieving cash efficiency over the longer term. In addition, it is an important measure for the Company to measure the efficiency of its profit and capital allocation.

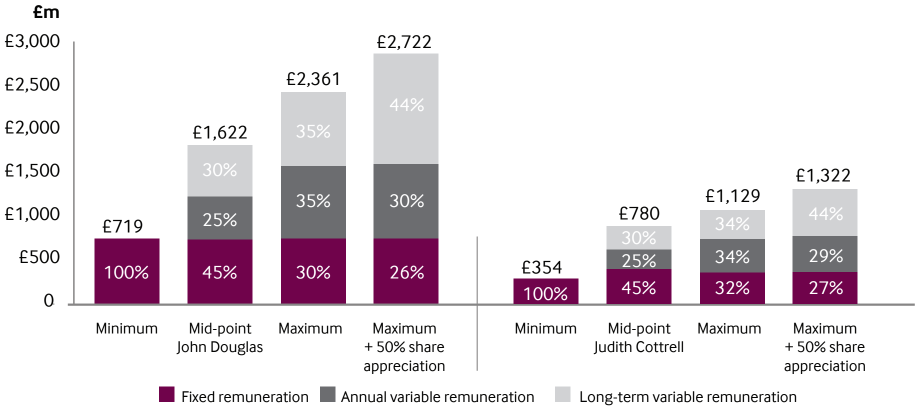
1. The Remuneration Committee will review the amount of EPS growth delivered by organic growth and acquisitions at the time of vesting to ensure that the outcomes are a fair and accurate reflection of business performance.

The Remuneration Committee is of the opinion that, given the commercial sensitivity of RPS' operations, disclosing precise targets for the STABP in advance would not be in shareholders' interests. Except in circumstances where elements remain commercially sensitive, actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs. ELTIP targets will normally be disclosed prospectively to shareholders in the Annual Report on Remuneration each year, or by the announcement of the interim results.

Discretion within the Policy
The Remuneration Committee has discretion in several areas of Policy as set out in this report. It may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Remuneration Committee has the discretion to amend Policy with regard to minor or administrative matters where, in its opinion, it would be disproportionate to seek or await shareholder approval.

Illustration of Policy

The composition and value of the Executive Directors' remuneration packages for 2022 at minimum, mid-point, maximum, and maximum plus 50% share price growth scenarios are as set out in the charts below. The Remuneration Committee seeks to ensure that a significant proportion of the Executive Directors' remuneration is performance-related and that performance targets are aligned with the Group's business objectives.



Element	Description	Minimum	Mid-point	Maximum	Maximum+ 50% share price growth
Fixed remuneration	Salary, benefits, pension			See note 1 below	
Annual variable remuneration	STABP (including deferred shares) Maximum opportunity of 150% of salary for CEO and 125% for GFD	None	50% of maximum[2]	100% of maximum	100% of maximum
Long-term variable remuneration[4]	Maximum opportunity of 150% of salary for CEO and 125% of salary GFD	None	60% of maximum[3]	100% of maximum	100% of maximum (+ the impact of a 50% growth in share price over the vesting period)

1. Represents current base salary, 2022 benefits payments and pension contribution (15% of salary for John Douglas and 7% of salary for Judith Cottrell).
2. As previously, represents the mid-point between zero bonus payment and maximum.
3. As previously, represents the mid-point between 20% vesting at threshold and maximum.
4. No allowance has been made for dividend equivalents.

REMUNERATION POLICY
CONTINUED

RECRUITMENT POLICY

The Company will pay total remuneration for new Executive Directors that enables it to attract appropriately skilled and experienced individuals, whilst not, in the opinion of the Remuneration Committee, being excessive. Where an existing employee is promoted to the Board, the Policy set out above will apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

RPS is an international consultancy business competing globally for staff and clients. It will need to recruit its next generation of Executives from a pool of talent which understands and can operate effectively in that market.

Element	Policy description
Base salary	The Remuneration Committee will offer salaries at around median level for comparative roles in line with its Policy for existing Executive Directors. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases, subsequent increases in salary may be higher than the employee average until the target positioning is achieved.
Benefits	The Remuneration Committee will offer the Company's standard benefit package.
Pension	Maximum employer contribution will be in line with that offered to the wider workforce in the relevant market.
Annual Bonus	A new Executive Director will be eligible to participate in the STABP with a maximum award of 150% of salary. In the year of recruitment, the Remuneration Committee may set specific objectives for the new Executive Director which differ from the standard performance measures for that bonus year in order to reflect the circumstances of his or her appointment.
Long term incentives	A new Executive Director will be eligible to participate in the ELTIP with a maximum award of 150% of salary. The Remuneration Committee retains the discretion to, in exceptional circumstances, increase the first ELTIP Award to the new Executive Director to 200% of salary.
Maximum Variable Pay	In the year of recruitment, the maximum variable pay is 300% of salary or, in exceptional circumstances, 350%.
Buy-outs	The Remuneration Committee does not have an automatic policy to buy out subsisting incentives granted by an Executive Director's previous employer and which would be forfeited on cessation. Should, however, the Remuneration Committee determine that it is appropriate to do so, it will apply the following approach. The fair value of these incentives will be calculated taking into account the following: • the proportion of the performance period completed on the date of an Executive Director's cessation of employment; • the performance measures attached to the vesting of these incentives and the likelihood of these being satisfied; and • any other terms and conditions having a material effect on their value. The Remuneration Committee may then grant up to the same fair value where possible under the Company's incentive plans, subject to the annual limits under these plans. It does, however, retain the discretion to provide the fair value under specific arrangements in relation to the recruitment of the particular individual.

Element	Policy description
Relocation policies	In instances where the new Executive Director is relocated from one work location to another, the Company will provide compensation to reflect the cost of that relocation, or in cases where he or she is expected to spend significant time away from their home location, in accordance with its normal relocation package for employees. The level of the relocation package will be assessed on a case-by-case basis but may take into consideration any cost of living differences, housing allowance and schooling, in accordance with the Company's normal relocation package for employees.

EXECUTIVE DIRECTOR LEAVER TREATMENT

Payments for loss of office

In determining any compensation, the Committee will take into account the best practice provisions of the UK Corporate Governance Code as well as published guidance from recognised institutional investor bodies. It will also take legal advice on the Company's liability to pay compensation and the quantum of any such compensation. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors, or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

When determining any loss of office payment for a departing Director, the Remuneration Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

REMUNERATION POLICY
CONTINUED

On loss of office occurring, salary, benefits and pension contributions would normally be paid over the notice period, although the Company has discretion to make a lump sum payment on termination equal to the value of these elements of remuneration. In all cases and in accordance with the above Policy, the Company will seek to apply mitigation to any payments due. Payments for loss of office under the Company's incentive plans may be made in line with the respective Plan rules as summarised in the table below:

Cessation of employment	Change of control
STABP	
Where a participant's employment is terminated after the end of a performance year but before the payment is made, the participant may remain eligible for a bonus award for that performance year subject to an assessment of the performance targets over the period. Where an award is made the payment may be delivered fully in cash unless the Remuneration Committee decides in its absolute discretion that such award should be delivered in the same way and at the same time as if the participant had not ceased to be in employment. No award will be made in these circumstances in the event of gross misconduct. If the participant is a good leaver during the performance year, a bonus will normally be paid in cash at the end of the year pro-rated for length of service and the achievement of perfomance targets measured over the full year. Any unvested deferred share bonus awards will vest in full on the normal vesting date. The Remuneration Committee has the discretion to determine that a bonus award may be paid in cash at the date of cessation, and/or that deferred share bonus awards will vest early, and/or in exceptional circumstances whether to pro-rata the award for the proportion of the relevant period completed on cessation of employment.	The participant will receive the annual bonus in cash immediately prior to the date of the change of control. The level of cash payment will be determined by the Remuneration Committee at its discretion by reference to the time elapsed from the start of the performance year to the change of control date and the performance levels achieved as at the date of the change of control (where applicable). The Remuneration Committee has the discretion to determine, in exceptional circumstances, whether to pro-rata the award for the relevant period completed on the change of control. Any unvested deferred bonus shares will also vest immediately prior to a change of control. In the event of an internal corporate reorganisation, the Remuneration Committee may decide (with the consent of the acquiring company) to replace unvested deferred awards with equivalent new awards over shares in the acquiring company.
A "good leaver" is defined as a participant ceasing to be in employment by reason of death, ill-health, injury, disability, redundancy, retirement, the company employing the participant ceasing to be a member of the Group, the participant's employing business being sold out of the Group or at the Remuneration Committee's discretion. Anyone who is not a good leaver will be a bad leaver. For a bad leaver, there will be no cash bonus pay-out for the year in which they leave and any unvested deferred share bonus awards will lapse.	

Cessation of employment	Change of control
ELTIP	
For good leavers, unvested awards will vest on the normal vesting date subject to (i) the extent any applicable performance targets have been satisfied at the end of the normal performance period; and (ii) pro-rating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period. The Remuneration Committee has the discretion to determine that the end of the performance period is the date of cessation and in exceptional circumstances whether to dis-apply the pro-rating of awards for the proportion of the relevant period completed on cessation of employment. A "good leaver" is defined as a participant ceasing to be in employment by reason of death, ill-health, injury, disability, redundancy, retirement, the company employing the participant ceasing to a member of the Group, the participant's employing business being sold out of the Group, or at the Remuneration Committee's discretion. Anyone who is not a good leaver will be a bad leaver. Bad leavers will forfeit all unvested awards. Vested awards that are subject to a post-vesting holding period will normally continue to be subject to that requirement post-employment.	Unvested awards will vest early subject to (i) the extent that any applicable performance measures have been satisfied at that time; and (ii) pro-rating to reflect the reduced period of time between grant and early vesting as a proportion of the vesting period that has then elapsed. At its discretion in exceptional circumstances the Remuneration Committee may consider whether to dis-apply pro-ration for time. In the event of an internal corporate reorganisation, the Remuneration Committee may decide (with the consent of the acquiring company) to replace unvested awards with equivalent new awards over shares in the acquiring company.

REMUNERATION POLICY
CONTINUED

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY
Policy table
The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than that of the Chairman whose remuneration is determined by the Remuneration Committee and recommended to the Board. The table below sets out the key elements of the Policy for Non-Executive Directors:

Element, purpose and link to strategy	Operation and maximum opportunity	Performance measures and assessment
To provide compensation that attracts high-calibre individuals and reflects their experience and knowledge, enabling them to guide the Company to successfully execute the business strategy.	Non-Executive Directors may receive a base fee and additional fees for the role of Senior Independent Director or membership and/or Chairmanship of certain committees. In exceptional circumstances, Non-Executive Directors may receive additional fees where additional time commitments are required. Fee levels are reviewed periodically taking into account the time commitment required of Non-Executive Directors. The fees paid to the Chairman and other Non-Executive Directors aim to be competitive with other fully listed companies which are considered to be of equivalent size and complexity and relative to the same comparator group as is utilised in assessing Executive Director remuneration. Their remuneration is determined within the limits set by the Articles of Association. The Company's policy is to set fees at up to median level and at a level necessary to attract and retain experienced and skilled Non-Executive Directors with the necessary experience and expertise to advise and assist in establishing and monitoring the strategic objectives of the Company. Fees also reflect the time commitment and responsibilities of the roles. Non-Executive Directors do not receive any bonus, do not participate in awards under the Company's share plans, and are not eligible to join the Company's pension scheme. Non-Executive Directors receive reimbursement of reasonable expenses (and any tax thereon) incurred undertaking their duties and/or Company business.	None

4. FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RPS GROUP PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of RPS Group plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes to the consolidated financial statements 1 to 31 and notes to the parent company financial statements 1 to 15.

  The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 11 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters The key audit matters that we identified in the current year were:

Key audit matters	• Revenue recognition – contract assets cut-off; and • Impairment of goodwill, intangible assets and property, plant and equipment Within this report, key audit matters are identified as follows: ○ Newly identified ↑ Increased level of risk ↔ Similar level of risk ↓ Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £1.6m which was determined on the basis of a range of measures which comprise Adjusted Profit Before Tax (Adjusted PBT), Revenue and Net Assets.
Scoping	We focused our group audit scope and work on the business units at 5 locations. Within the 5 locations, 18 business units were subject to a full audit scope, whilst 5 business units were subject to specified audit procedures. Our full scope audit procedures and specified audit procedures covered 92% of revenue, 92% of the group's adjusted profit before tax, and 99% of net assets.
Significant changes in our approach	Our approach in the current year is broadly consistent with 2020 in terms of overall coverage of the group and the number of full and specific scope entities. We have continued with the impairment of goodwill, intangible assets and property, plant and equipment as a key audit matter but at a decreased level of risk due to continued COVID-19 pandemic which had a significant but lesser impact on trading performance of the group in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- understanding the relevant controls relating to the assessment of the appropriateness of the going concern assumption;
- assessment of the judgements considered in modelling the going concern forecasts. This included analysing the forecast as against historical performance, including the current year which continue to be impacted by the COVID-19 pandemic;
- re-computing existing loan facilities covenants in order to check compliance over the going concern period and performing sensitivity analysis on the covenants;
- assessment of the wider macro-economic environment over the going concern period of the major countries in which the group operates, in particular expected recovery of the economies from the COVID-19 pandemic and whether this has been appropriately reflected in the forecast; and
- assessment of the appropriateness of the going concern disclosure.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RPS GROUP PLC

4. Conclusions relating to going concern continued
In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition – contract assets cut-off ⟺

Key audit matter description	The group is engaged in the provision of consultancy services through contractual arrangements with its customers. Revenue for the financial year 2021 is £560m (2020: £542m) with contract assets of £39m (2020: £37m). The specific key audit matter is around the recognition of contract assets on fixed fee contracts over £80,000 where the contracts remain open at year-end. There is judgement required around the recognition of the revenue and its recoverability in estimating the stage of completion and the costs to complete fixed fee open contracts. Given the level of judgement involved in the recognition of revenue in relation to fixed fee contracts, we identified a risk of potential fraud in the recognition of revenue. Further information on group's revenue recognition is disclosed in a. the accounting policies at 1(c); and b. Note 4 and 5 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over the recognition of revenue (including those related to contract assets recognition). We tested the relevant controls and placed reliance on these controls within certain components. We tested in detail a sample of contract assets and work-in-progress balances. We focused on fixed fee contracts over £80,000 by comparing them to the signed contract terms and where relevant agreeing inputs to the related time records, checking customer acceptances, billing milestones/schedules and understanding and challenging the estimated costs to complete. In our assessment of the stage of completion, wherever relevant, we discussed with the project managers the status of the projects to understand management's process. We recalculated the amount of revenue recognised against the percentage completion and checked that they agreed to the general ledger record.
Key observations	Based on the procedures we performed, revenue recognised in respect of contract assets for fixed fee contracts where open at year-end was appropriate.

5.2. Impairment of goodwill, intangible assets and property, plant and equipment

Key audit matter description	At 31 December 2021, the net book value of goodwill intangible assets and property, plant and equipment was £368m (2020: £379m). The assessment of the carrying value of goodwill, intangible assets and property, plant and equipment is a key audit matter due to the quantum of the balance recorded and the number of estimates and judgements involved in assessing impairment. The continued COVID-19 pandemic has had a significant but lesser impact on trading performance of the group as highlighted in the Financial Review section of the Strategic Report. The key audit matter is focused to the assumptions in the cash flow forecasts used in value in use calculations for Australia Asia Pacific, North America, Consulting (UK & Ireland), Services (UK) and Energy CGUs, specifically assumptions on growth and discount rates. At the year end, management performed a full impairment review and concluded that no impairment was required to the carrying value of these assets in respect of goodwill, intangible assets and property, plant and equipment for the current year (2020: impairment charge of £17.4m and £8.5m respectively against Consulting (UK & Ireland) and North America CGUs). Further information on group's impairment of non-financial assets is disclosed in • note 14 to the financial statements • the accounting policies at 1(e), and • the audit committee report on page 107
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls over management review of goodwill intangible assets and property, plant and equipment impairment. We challenged management's assumptions and the appropriateness of their judgements, estimates and forecasts used as part of their value in use calculations, specifically the following CGUs: Australia Asia Pacific, Consulting (UK & Ireland), North America, Services (UK) and Energy. This included discussions with both group and local management teams and corroboration of information obtained. We evaluated management's forecasts in light of current trading conditions as impacted by COVID-19, comparing them against historical results with particular focus on Australia Asia Pacific, Consulting (UK & Ireland) North America, Services (UK) and Energy CGUs. We involved our valuation specialists to independently develop an acceptable range of discount rates and compared our range to that determined by management. We examined the short-term and medium growth rates by using market data, relevant industry data and considering historical growth rates, assessed order book and headcount in order to check for any contradictory evidence. We benchmarked the long-term growth rates against external peer group published rates and market data. We assessed management sensitivities and also performed sensitivity analysis on the amount and timing of cash flows. We evaluated the adequacy of the associated disclosures.
Key observations	We concur with management that no impairment is required to the carrying value of goodwill, intangible assets and property, plant and equipment as at 31 December 2021.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RPS GROUP PLC

6. Our application of materiality
6.1. Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1.6m (2020: £1.5m)	£0.8m (2020: £0.7m)
Basis for determining materiality	In determining the benchmark for materiality, we considered metrics used by investors and other readers of the financial statements. In particular we identified a range of measures which included Adjusted Profit Before Tax (refer to Note 3), Revenue and Net Assets. Using our professional judgement we determined materiality to be £1.6m (2020: £1.5m). This is consistent with the basis as adopted in the prior year.	Materiality determined at 3% (2020: 3%) of the parent company net assets, capped at 50% of group materiality.
Rationale for the benchmark applied	Materiality has been determined using professional judgement with reference to balance sheet and income statement metrics, used by investors and other readers of the financial statements, including adjusted PBT, net assets and revenue in order to set materiality at an appropriate level which will take into account the impact of COVID-19 on profit, albeit reduced, in the current year. The determined materiality equates to 7% of Adjusted PBT, 0.46% of net assets and 0.29% of revenue (2020: 11% of Adjusted PBT, 0.43% of net assets and 0.28% of revenue).	Net assets have been chosen as a benchmark as it is considered the most relevant benchmark for investors and is a key driver of shareholder value. Materiality has increased by 14% compared to prior year which is consistent with group materiality due to the application of a component materiality threshold.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 70%) of group materiality	70% (2020: 70%) of parent company materiality
Basis and rationale for determining performance materiality	We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. In determining performance materiality, we considered the following factors: a. our risk assessment, including our assessment of the group's overall control environment and that in certain components we consider it appropriate to rely on controls for our revenue testing; and b. our past experience of the audit, which has indicated a low number of misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £80,000 (2020: £73,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls and assessing the risks of material misstatement at the group level.

Based on that assessment, we focused our group audit scope and work on the business units at 5 locations – UK, Australia, USA, Norway and Netherlands (2020: 5). Within the 5 locations, 18 (2020:18) business units were subject to a full audit scope, whilst remaining 5 (2020: 5) were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the group's operations at those locations.

These locations, incorporating those covered full scope and specified audit procedures, account for 99% (2020: 99%) of the group's net assets, 92% (2020: 92%) of the group's revenue and 90% (2020: 92%) of the group's adjusted profit before tax. These components were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Component materiality ranged from £0.56m to £0.62m (2020: £0.51m to £0.56m).

At the group level, we also tested the consolidation process, impairment of goodwill, intangible assets and property, plant and equipment, accounting for leases, borrowings and intercompany. We also carried out analytical procedures to ensure that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

INDEPENDENT AUDITOR'S REPORT

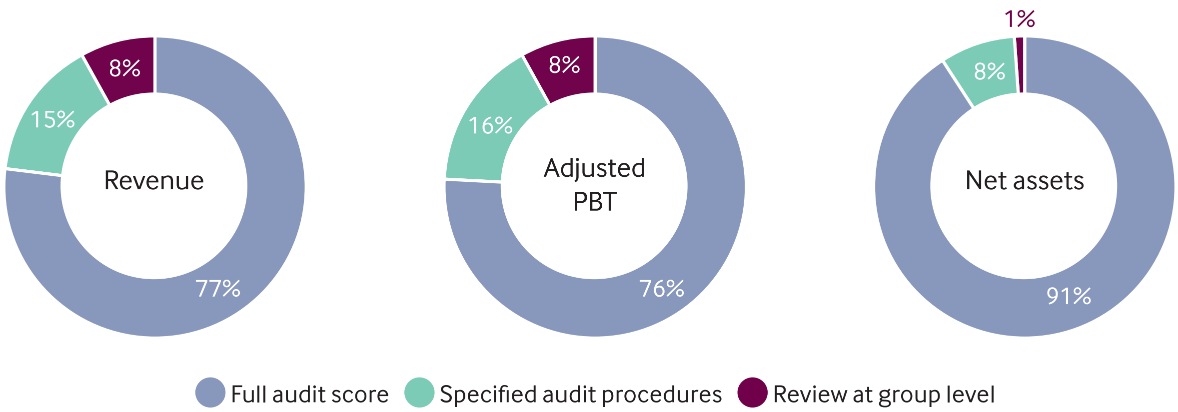
TO THE MEMBERS OF RPS GROUP PLC

7.1. Identification and scoping of components continued

The group audit team continued to follow a programme of planned review that has been designed so that the Senior Statutory Auditor and/or a senior member of the group audit team reviews overseas components selected by the Senior Statutory Auditor based on his judgement. Similar to previous year, in the current year, we could not visit any overseas locations due to the current travel restrictions as a result of the COVID-19 pandemic. Whilst we were unable to visit in the previous and the current year, we were involved in the work our components and reviewed the audit file of our overseas components remotely. Every year, regardless of whether we have visited or not, we include the component audit partner and other senior members of the component audit team in our team briefing, discuss risk assessment and review documentation of the findings from their work.

The extent of our involvement which commenced from the planning of the group audit included:

- setting the scope of the component auditor and assessment of the component auditor's independence;
- designing the audit procedures for all significant risks to be addressed by the component auditors and issuing group audit instructions detailing the nature and form of the reporting required by the group engagement team;
- providing direction on enquiries made by the component auditors and reviewing their reporting documents submitted to the group audit team;
- a review of the audit files for all our component auditors including the two overseas components we selected this year; and
- participating in the audit close meetings for each of the operating companies.



7.2. Our consideration of the control environment

The business units operate under a common control environment, with a centrally designed and monitored controls operating framework and utilise different IT infrastructures. We obtained an understanding of the relevant IT controls across all business units.

We involved our IT specialists to perform testing of the relevant general IT controls associated with the system used in production of certain system generated data from the key accounting, reporting and consolidation systems. We selected a sample of relevant controls for testing based on the frequency of each control. Based on the procedures performed, we were able to take a controls reliance approach on the revenue testing in certain components within the group.

7.3. Our consideration of climate-related risks

- In planning and executing our audit, we obtained an understanding of management's process for considering the impact of climate-related risks and controls that are relevant to the entity;
- As part of our audit, we made enquiries to understand and assess whether the risks identified by management are complete and consistent with our understanding of the entity as part of our own risk assessment procedures.
- We obtained the initial risk assessment prepared by management and the relevant board papers to perform our risk assessment and how these risks impact our audit and the financial statements.
- We challenged the extent to which climate change considerations had been reflected in management's impairment assessment process, going concern assessment and viability assessment; and
- We evaluated whether appropriate disclosures have been made and involved climate specialists to provide guidance on best reporting practices.

7.4. Working with other auditors

Working remotely, we exercised close supervision and oversight of our component audit teams through the performance of the following procedures:

- sent detailed instructions to all component audit teams outlining the specified procedures above;
- all component teams were included in team briefings, planning meetings and component risk assessments;
- we remotely reviewed supporting working papers prepared by components and related deliverables submitted to us; and
- close calls were held to discuss matters raised.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RPS GROUP PLC

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, IT, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition – contract assets cut off. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition – contract assets cut-off as a key audit matter related to the potential risk of fraud. The key audit matter section of our report explains the matters in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RPS GROUP PLC

13. Corporate Governance Statement
The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 61;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 61-62;
- the directors' statement on fair, balanced and understandable set out on page 86;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 52;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 52; and
- the section describing the work of the audit committee set out on pages 106-109.

14. Matters on which we are required to report by exception
14.1. Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

- Following the recommendation of the audit committee, we were appointed by the Board on 27 June 2012 to audit the financial statements for the year ending 31 December 2012 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 10 years, covering the years ending 31 December 2012 to 31 December 2021.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Alexander Butterworth ACA
(Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

15 March 2022

CONSOLIDATED INCOME STATEMENT

£m	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	4,5	**560.4**	542.1
Less: passthrough costs	3,4	**(84.3)**	(84.8)
Fee revenue	3,4	**476.1**	457.3
Cost of sales		**(256.0)**	(253.5)
Gross profit		**220.1**	203.8
Adjusted administrative expenses	3	**(191.8)**	(183.3)
Amortisation of acquired intangibles and transaction-related costs	3,6	**(3.8)**	(5.5)
Exceptional items	3,7	**(5.3)**	(39.2)
Administrative expenses		**(200.9)**	(228.0)
Operating profit/(loss)	8	**19.2**	(24.2)
Adjusted operating profit	3,4,6,7,8	**28.3**	20.5
Finance costs	9	**(6.8)**	(7.2)
Finance income	9	**–**	0.1
Adjusted profit before tax	3	**21.5**	13.4
Profit/(loss) before tax		**12.4**	(31.3)
Tax (expense)/credit	12	**(6.5)**	0.2
Profit/(loss) for the year attributable to equity holders of the parent		**5.9**	(31.1)
Basic earnings/(loss) per share (pence)	13	**2.17**	(12.95)
Diluted earnings/(loss) per share (pence)	13	**2.14**	(12.83)
Adjusted basic earnings per share (pence)	3,13	**5.70**	4.33
Adjusted diluted earnings per share (pence)	3,13	**5.61**	4.29

The notes on pages 161–203 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

£m	Note	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) for the year		**5.9**	(31.1)
Actuarial gains and losses on remeasurement of defined benefit pension scheme	29	**(0.2)**	(0.1)
Tax on share schemes	12	**0.2**	–
Cumulative foreign exchange differences reclassified to profit or loss on cessation of foreign operations		**0.2**	–
Foreign exchange differences on translation of foreign operations		**(9.0)**	8.9
Other comprehensive (expense)/income		**(8.8)**	8.8
Total recognised comprehensive expense for the year attributable to equity holders of the parent		**(2.9)**	(22.3)

The notes on pages 161–203 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

£m	Note	As at 31 December 2021	As at 31 December 2020
Assets			
Non-current assets:			
Intangible assets	14	**340.8**	350.5
Property, plant and equipment	15	**27.1**	28.5
Right-of-use assets	16	**28.9**	42.1
Deferred tax asset	23	**13.0**	11.2
		409.8	432.3
Current assets:			
Trade and other receivables	18	**159.8**	130.8
Corporation tax receivable		**0.5**	2.4
Cash at bank		**40.1**	43.2
		200.4	176.4
Liabilities			
Current liabilities:			
Borrowings	20	**–**	54.0
Lease liabilities	16	**10.9**	10.8
Deferred consideration	21	**2.3**	3.1
Trade and other payables	19	**129.9**	129.2
Corporation tax liabilities		**3.6**	3.0
Provisions	22	**22.0**	5.7
		168.7	205.8
Net current assets/(liabilities)		**31.7**	(29.4)
Non-current liabilities:			
Borrowings	20	**53.6**	–
Lease liabilities	16	**26.0**	38.1
Deferred consideration	21	**0.3**	2.7
Other payables		**0.1**	0.2
Deferred tax liability	23	**8.4**	8.4
Provisions	22	**4.5**	4.5
		92.9	53.9
Net assets		**348.6**	349.0
Equity			
Share capital	24	**8.3**	8.3
Share premium	24	**126.1**	125.3
Retained earnings		**173.2**	166.3
Merger reserve	24	**38.7**	38.7
Employee trust		**(10.8)**	(11.5)
Translation reserve		**13.1**	21.9
Total shareholders' equity		**348.6**	349.0

These financial statements were approved and authorised for issue by the Board on 15 March 2022.

The notes on pages 161–203 form part of these financial statements.

John Douglas
Director

Judith Cottrell
Director

On behalf of the Board of RPS Group Plc (Company number 2087786)

CONSOLIDATED CASH FLOW STATEMENT

£m	Note	Year ended 31 December 2021	Year ended 31 December 2020
Net cash from operating activities	28	**24.7**	84.0
Cash flows from investing activities:			
Deferred consideration		**(3.1)**	(3.0)
Purchase of property, plant and equipment		**(9.3)**	(5.0)
Purchase of intangible assets		**(1.1)**	(2.8)
Proceeds from sale of assets		**0.3**	0.4
Proceeds from sale of business		**–**	0.7
Net cash used in investing activities		**(13.2)**	(9.7)
Cash flows from financing activities:			
Proceeds from issue of share capital		**–**	19.4
Net repayment of bank borrowings		**–**	(55.4)
Repayment of US loan notes		**(54.8)**	–
Proceeds from term loans		**55.0**	–
Payment of lease liabilities		**(10.5)**	(11.0)
Bank arrangement fees		**(1.6)**	(1.0)
Dividends paid	25	**(0.7)**	–
Net cash used in financing activities		**(12.6)**	(48.0)
Net (decrease)/increase in cash and cash equivalents		**(1.1)**	26.3
Cash and cash equivalents at beginning of year		**43.2**	16.4
Effect of exchange rate fluctuations		**(2.0)**	0.5
Cash and cash equivalents at end of year	28	**40.1**	43.2
Cash and cash equivalents comprise:			
Cash at bank		**40.1**	43.2
Bank overdraft	28	**–**	–
Cash and cash equivalents at end of year		**40.1**	43.2

The notes on pages 161–203 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

£m	Note	Share capital	Share premium	Retained earnings	Merger reserve	Employee trust	Translation reserve	Total equity
At 1 January 2020		6.8	121.9	195.7	21.2	(10.1)	13.0	348.5
Loss for the year		–	–	(31.1)	–	–	–	(31.1)
Other comprehensive (expense)/income		–	–	(0.1)	–	–	8.9	8.8
Total comprehensive (expense)/income for the year		–	–	(31.2)	–	–	8.9	(22.3)
Issue of new ordinary shares	24	1.5	3.4	(0.9)	17.5	(2.1)	–	19.4
Share-based payment expense	31	–	–	3.4	–	–	–	3.4
Transfer on release of shares		–	–	(0.7)	–	0.7	–	–
At 31 December 2020		8.3	125.3	166.3	38.7	(11.5)	21.9	349.0
Profit for the year		**–**	**–**	**5.9**	**–**	**–**	**–**	**5.9**
Other comprehensive expense		**–**	**–**	**–**	**–**	**–**	**(8.8)**	**(8.8)**
Total comprehensive income/(expense) for the year		**–**	**–**	**5.9**	**–**	**–**	**(8.8)**	**(2.9)**
Issue of new ordinary shares	24	**–**	**0.8**	**(0.6)**	**–**	**(0.2)**	**–**	**–**
Share-based payment expense	31	**–**	**–**	**3.2**	**–**	**–**	**–**	**3.2**
Transfer on release of shares		**–**	**–**	**(0.9)**	**–**	**0.9**	**–**	**–**
Dividends paid	25	**–**	**–**	**(0.7)**	**–**	**–**	**–**	**(0.7)**
At 31 December 2021		**8.3**	**126.1**	**173.2**	**38.7**	**(10.8)**	**13.1**	**348.6**

The notes on pages 161–203 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

RPS Group Plc (the "Company") is a public company limited by shares domiciled in England under the Companies Act.

The address of the registered office is 20 Western Avenue, Milton Park, Abingdon, Oxon OX14 4SH. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 5–79.

The consolidated financial statements of the Company for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

(a) Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements are presented in pounds sterling, rounded to the nearest million. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

There are no new or revised standards and interpretations that are relevant to the Group and have been adopted for the first time in the year that have had a significant impact on the statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group:

- Onerous contracts; cost of fulfilling a contract – amendments to IAS 37;
- Annual improvements to IFRS standards 2018–2020;
- Property, plant and equipment; proceeds before intended use – amendments to IAS 16;
- Reference to the Conceptual Framework – amendments to IFRS 3;
- Disclosure of Accounting Policies – amendments to IAS 1;
- Classification of liabilities as current or non-current – amendments to IAS 1; and
- IFRS 17 Insurance Contracts – amendments to IFRS 17.

The accounting policies set out below have been applied consistently to both years presented in these consolidated financial statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary, including foreign exchange differences on translation, are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/ permitted by applicable IFRS Standards).

(c) Revenue

Consultancy

The Group delivers consultancy services to our clients on a time and materials or fixed fee basis. In both cases, revenue is recognised over the life of the project, as the services are performed by our staff. The Group delivers services that have no alternative use to us (advice to clients, which may take the form of reports, designs, etc.) as the services are specifically tailored to each client's projects and circumstances. The Group has a right to payment for work performed to date.

Time and materials projects typically have a single performance obligation to provide a variable amount of consultant hours to the customer at agreed rates. Revenue is recognised on an output method based on the number of hours worked at each rate plus the recharge of any out-of-pocket expenses incurred.

Fixed fee projects have a single or series of performance obligations which are satisfied over time. For each distinct performance obligation, revenue is recognised using an input method based on total costs incurred to date as a percentage of total estimated costs to complete the project or performance obligation.

Revenue and the associated margin are therefore recognised progressively as costs are incurred and the estimated costs to complete are updated regularly to take account of any risks. An anticipated loss on a performance obligation is recognised immediately when it becomes probable that the total estimated costs to complete will exceed the transaction price allocation to that performance obligation.

Software

The Group sells licences and access to software and applications. The software may be customised by RPS for each client, and where we sell customised software, we recognise revenue over the period of customisation. Access to applications is provided for a period and revenue is recognised evenly over that period.

Training

The Group provides classroom, field-based and online training services to clients, either on a course-by-course basis or through a program specifying the numbers of training days available to the client. Revenue is recognised as the courses are delivered to the clients.

Equipment

From time to time, the Group sells pieces of equipment to clients. In these cases, revenue is recognised when control of the asset passes to the customer and we have no remaining rights over the asset. The Group may also use its own equipment to collect data on behalf of clients or as part of larger projects. Revenue is recognised as data is collected or the service is performed using day rates agreed with clients.

Laboratory testing

The Group provides laboratory testing services and the revenue generated is recognised as samples are tested.

Agency agreements

The Group enters into certain agreements with clients where it manages client expenditure as an agent. It is obliged to purchase third party services and recharges those costs, plus a management fee, to the client.

In these cases, only the management fee is recognised as revenue as it becomes due to the Group. Trade receivables, trade payables and cash related to these transactions are included in the consolidated balance sheet.

Payment terms

For all revenue types, payment is typically due between 30 and 60 days after the invoice date, depending on the service, the client and the territory in which the Group is operating.

Fee revenue and passthrough costs

The Group disaggregates revenue into fee revenue and passthrough costs. Fee revenue is revenue from activity where RPS adds value. Specifically, this is the revenue from the Group's resource pool, that consists of its employees and associates, equipment and software, plus profit on passthrough costs. Passthrough costs represent costs incurred when delivering projects that are not directly related to the Group's resource pool. Such costs are recovered from clients and examples include the cost of subcontractors, travel, accommodation and subsistence.

Contract assets and liabilities

Contract assets are booked when the amount of revenue recognised on a contract exceeds the amount invoiced. Upon invoicing, the contract asset is reclassified to trade receivables. Where the amount invoiced exceeds the amount of revenue recognised, the difference is booked in contract liabilities.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

(d) Deferred consideration

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed.

Deferred consideration is stated at fair value and has been treated as part of the cost of investment. At each balance sheet date, deferred consideration comprises the fair value of the remaining deferred consideration valued at acquisition.

(e) Intangible assets

i. Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill has been recognised on acquisitions of subsidiaries and the business, assets and liabilities of partnerships. Goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses and is not amortised as it has an indefinite life. Goodwill is allocated to Groups of cash-generating units (CGUs) and is tested annually for impairment.

ii. Other intangible assets

Intangible assets other than goodwill that are acquired by the Group and internally generated software are stated at cost less accumulated amortisation and impairment losses. Where assets are:

- under construction, these are reviewed at the balance sheet date to determine whether there is an impairment.
- Intangible assets identified in a business combination are capitalised at fair value at the date of acquisition if they are separable from the acquired entity or give rise to other contractual or legal rights. The fair values ascribed to such intangibles are arrived at by using appropriate valuation techniques.
- Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

iii. Amortisation

Amortisation is charged to profit or loss in proportion to the timing of the benefits derived from the related asset from the date that the intangible assets are available for use over their estimated useful lives unless such lives are indefinite.

The Group's intangible assets are amortised on a straight-line basis over their expected useful lives:

Customer relationships	5 to 10 years
Trade names	1 to 5 years
Order backlog	1 to 6 years
Acquired software	4 to 8 years
Internally generated software	10 years
Intellectual property rights	4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated at each annual balance sheet date.

The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset is recorded at a revalued amount, in which case it is treated as a revaluation decrease to the extent that a surplus has previously been recorded.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying value of goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

(g) Critical judgements
In the course of preparing the financial statements, no significant judgements have been made in the process of applying the Group's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

(h) Sources of estimation uncertainty
From time to time, the Group makes provisions against known exposures. Estimates of likely economic outflows and the likelihood of those outflows are used in valuing those exposures.

Claims from clients and suppliers may result in payments to the claimants by the Group and its insurers. Where an outflow is considered probable and the Group can assess the gross value of any settlement and the insurance recovery, both are reflected in the balance sheet (note 22). Our assessment of the gross liability is estimated and that estimate impacts the value of both the provision and the related insurance recovery asset.

There are no other sources of estimation uncertainty.

2. OTHER ACCOUNTING POLICIES

(a) Foreign currency
i. Foreign currency transactions
Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in income.

ii. Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to pounds sterling at the exchange rate ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to pounds sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on retranslation are recognised in the translation reserve.

iii. Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. They are recycled and taken to income upon disposal of the operation.

iv. Foreign currency forward contracts

Foreign currency forward contracts are initially recognised at nil value, being priced-at-the-money at origination. Subsequently, they are measured at fair value (determined by level 2 inputs: price changes in the underlying forward rate, the interest rate, the time to expiration of the contract and the amount of foreign currency specified in the contract). Changes in fair value are recognised in the income statement as they arise.

(b) Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (f) above).

ii. Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as incurred.

iii. Depreciation

Depreciation is charged to income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Freehold buildings	50 years
Alterations to leasehold premises	Life of lease
Motor vehicles	4 years
Fixtures, fittings	3 to 10 years

(c) Leases

The Group assesses whether a contract is, or contains, a lease and recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

i. Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the useful life and the end of the lease term. In addition, the right-of-use asset may be periodically reduced by impairment losses and adjusted for certain remeasurements such as exercising a break or an extension option.

ii. Lease liabilities

Lease liabilities are measured at the net present value of the following lease payments:

- fixed payments less any incentives receivable;
- variable lease payments based on an index or rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Extension and termination options are included in many property leases across the Group to maximise operational flexibility and these options tend to be only exercisable by the Group and not the lessor. In determining the lease term, the Group considers the facts and circumstances that incentivise the Group to exercise an extension or termination option. Extension options are included to the extent they are reasonably certain to be exercised. Likewise, the period after a termination option is only excluded from a lease if the option to terminate is reasonably certain to be exercised.

The lease payments are discounted using the incremental borrowing rate in all cases, as the interest rate implicit in the Group's leases cannot be determined. The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. A corresponding adjustment is made to the carrying amount of the right- of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2. OTHER ACCOUNTING POLICIES CONTINUED

iii. Short-term leases and low value assets

Payments associated with short-term leases and leases of low value assets are recognised as an expense in the income statement on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less. Low value assets generally include small pieces of office equipment such as coffee machines and photocopiers where the total rentals payable are less than £4,000.

(d) Trade and other receivables

Trade and other receivables are recognised initially at their transaction price as defined by IFRS 15 and subsequently measured at amortised cost less expected credit losses. Trade and other receivables are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Impairment losses are taken to the income statement as incurred.

Financial assets

The Group's financial assets consist of trade receivables, contract assets and cash. These assets are measured at amortised cost as the Group's business model for managing these assets is to hold them until realisation of the asset as cash.

Impairment of financial assets

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics relating to the markets we operate in. The Group's history of such losses is not material, even during significant downturns, and consequently, the risk associated with the COVID-19 pandemic are deemed to be limited.

(e) Cash and cash equivalents

Cash at bank comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

(f) Employee benefits

i. Defined contribution plans

Obligations for contributions to defined contribution retirement benefit plans are recognised as an expense in the income statement as incurred.

ii. Defined benefit plans

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement gains and losses are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. These remeasurement gains and losses are not recycled to the income statement. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements (recognised in administrative expenses);
- net interest expense or income (recognised in finance costs); and
- remeasurement (recognised in other comprehensive income).

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit in the Group's defined benefit scheme.

iii. Share-based payments

The Group operates share-based payment arrangements with employees for shares in RPS Group Plc.

The Share Incentive Plan (SIP) is an all-employee share plan which operates in the UK, Ireland, Australia, Canada, Netherlands, Norway and USA. Employees purchase partnership shares on a monthly or annual basis using deductions from salary and the Group matches this by awarding matching shares. These matching shares are awarded at no cost to the employee and are released to the employee subject to continuity of employment provision after three years.

The Performance Share Plan (PSP) is a discretionary share incentive arrangement for certain senior employees of RPS Group Plc. The awards are granted over a fixed number of shares at no cost to the employees. At the end of the three year holding period the award will vest subject to continuity of employment conditions.

The **Executive Long Term Incentive Plan (ELTIP)** is a discretionary share incentive arrangement for RPS Group Plc's senior executives. The awards are granted over a fixed number of shares at no cost to the employees. At the end of the three year holding period the award will vest subject to the achievement of the performance measures outlined in the Remuneration Report. There is then a two year holding period for awards that have vested.

The **Short Term Annual Bonus Plan (STABP)** is an incentive scheme for RPS Group Plc's senior employees based on the achievement of a range of financial and non-financial targets over a one year period. 50% of the bonus award is paid in cash and 50% is deferred into shares which are subject to a three year holding period. There are no further performance conditions applicable to the deferred shares.

The fair value of equity-settled awards for share-based payments is determined at grant and expensed straight-line over the period from grant to the date of earliest unconditional exercise.

The Group calculates the fair market value of options using a binomial model and for whole share awards the fair value is based on the market value of the shares at the date of grant adjusted to take into account some of the terms and conditions upon which the shares are granted.

Those fair values are charged to the income statement over the relevant vesting period adjusted to reflect actual and expected vesting levels.

iv. Accrued holiday pay

Provision is made at each balance sheet date for holidays accrued but not taken, to the extent that they may be carried forward, calculated at the salary of the relevant employee at that date.

(g) Government grants

Government grants for furlough income and similar income are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the income will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

(h) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(i) Trade and other payables

Trade and other payables are stated at cost. Trade payables due within one year are not discounted.

Financial liabilities

The Group's financial liabilities consist of trade and other payables, contract liabilities and borrowings and are measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

2. OTHER ACCOUNTING POLICIES CONTINUED

(j) Borrowings
Bank overdrafts and interest bearing loans are initially measured at fair value and then subsequently measured at amortised cost using the effective interest rate method.

(k) Reserves
The description and purpose of the Group's reserves are as follows:

Share premium
Premium on shares issued in excess of nominal value, other than on shares issued in respect of acquisitions when merger relief is taken.

Merger reserve
Premium on shares issued in respect of acquisitions when merger relief is taken.

Employee trust
Own shares held by the SIP and Employee Benefit trusts. When the shares are released to staff, the related entry to the employee trust reserve is reversed to retained earnings.

Translation reserve
Cumulative gains and losses arising on retranslating the net assets of overseas operations into sterling.

Retained earnings
Cumulative net gains and losses recognised in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(l) Exceptional items
Exceptional items are items which, because of their size, nature or expected infrequency, merit separate presentation in the consolidated income statement to provide a consistent presentation of adjusted profit measures. Examples of exceptional items would include impairment charges, substantial legal costs, significant restructuring programs along with other significant non-recurring items where the Group considers separate disclosure would be useful.

(m) Income tax
Income tax on the income for the years presented comprises current and deferred tax. It is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and rules enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

(o) Share Scheme Trusts

The Company administers its share plans through two Trusts – the Employee Benefit Trust (EBT) and the SIP Trust. The SIP Trust is used for the HMRC-approved Share Incentive Plan and the EBT as used for all other plans. As the Company is deemed to have control of its share trusts, they are treated as subsidiaries and consolidated for the purpose of the Group accounts. The Trusts' assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The Trusts' investments in the Company's shares are deducted from shareholders' funds in the Group balance sheet as if they were treasury shares.

3. ALTERNATIVE PERFORMANCE MEASURES

Throughout this document, the Group presents various alternative performance measures. The measures presented are those adopted by the Chief Operating Decision Maker (CODM), deemed to be the main Board, and analysts who follow us in assessing the performance of the business.

Group profit and earnings measures

Adjusted operating profit and adjusted profit before tax

Adjusted profit before tax and adjusted operating profit are used by the Board to monitor and measure the trading performance of the Group. They exclude certain items which the Board believes distort the trading performance of the Group. These items are either acquisition and disposal-related, non-cash items, or they are exceptional in nature.

Delivering the Group's strategy includes investment in selected acquisitions that enhance the depth and breadth of services that the Group offers in the territories in which it operates. In addition, from time to time, the Group chooses to exit a particular market or service offering because it is not offering the desired returns. By excluding acquisition and disposal-related items from adjusted profit before tax, the Board has a clearer view of the performance of the Group and is able to make better operational decisions to support its strategy.

Accordingly, transaction-related costs including costs of acquisition and disposal, losses on the closure of businesses and amortisation of intangible assets are excluded from the Group's preferred performance measure. Similarly, exceptional items are excluded as they are not reflective of the Group's trading performance in the year. Adjusted administrative expenses also excludes the amortisation of intangible assets and exceptional items.

Items are treated consistently year-on- year, and these adjustments are also consistent with the way that performance is measured under the Group's incentive plans and its banking covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3. ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Adjusted operating profit is a derivative of adjusted profit before tax. A reconciliation is shown below.

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) before tax	**12.4**	(31.3)
Amortisation of acquired intangibles and transaction-related costs	**3.8**	5.5
Exceptional items	**5.3**	39.2
Adjusted profit before tax	**21.5**	13.4
Net finance costs	**6.8**	7.1
Adjusted operating profit	**28.3**	20.5

Adjusted profit attributable to ordinary shareholders and adjusted earnings per share

It follows that the Group uses adjusted profit attributable to ordinary shareholders as the input to its adjusted EPS measures. Again, this profit measure excludes amortisation of acquired intangibles, transaction-related costs and exceptional items, but is an after tax measure. The Board considers adjusted EPS to be more reflective of the Group's trading performance in the year.

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) attributable to ordinary shareholders	**5.9**	(31.1)
Amortisation of acquired intangibles and transaction-related costs	**3.8**	5.5
Exceptional items	**5.3**	39.2
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**0.5**	(3.2)
Adjusted profit attributable to ordinary shareholders	**15.5**	10.4

Constant currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the prior year's results have been retranslated using current year exchange rates. This eliminates the effect of exchange from the year-on-year comparison of results. The difference between the reported numbers and the constant currency numbers is the "constant currency effect".

£m	2020	Constant currency effect	2020 at constant currency
Revenue	542.1	(4.3)	537.8
Fee revenue	457.3	(3.0)	454.3
Adjusted profit before tax	13.4	(0.2)	13.2
Loss before tax	(31.3)	1.0	(30.3)

Segment profit
Segment profit is presented in our segmental disclosures. This excludes the effects of financing, amortisation and exceptional items which are metrics outside of the control of segment management. It also excludes unallocated expenses. This reflects the underlying trading of the business. A reconciliation between segment profit and operating profit is given in note 4.

Unallocated expenses
Certain central costs are not allocated to the segments because they predominantly relate to the stewardship of the Group. They include the costs of the main board and the Group finance and marketing functions and related IT costs.

Revenue measures
The Group disaggregates revenue into fee revenue and passthrough costs. This provides insight into the performance of the business and our productive output. (See note 1(c).) This is reconciled on the face of the income statement. Fee revenue by segment is reconciled in note 4.

Contracted order book
Contracted order book is the value of fee revenue work won and in contract, being contracts received from customers, purchase orders or similar commitment, where fee revenue is yet to be recognised at the balance sheet date.

A reconciliation of contracted order book to unsatisfied performance obligations (note 5) is shown below:

£m	As at 31 December 2021	Restated as at 31 December 2020
Total unsatisfied performance obligations (note 5)	**391.7**	357.1
Less: passthrough costs	**(43.1)**	(44.7)
Constant currency effect	**–**	(6.1)
Contracted order book	**348.6**	306.3

Cash flow measures

EBITDAS and EBITAS
EBITDAS is operating profit adjusted by adding back non-cash expenses, tax and financing costs. The adjustments include interest, tax, depreciation, amortisation and transaction-related costs and share scheme costs. This generates a cash-based operating profit figure which is the input into the cash flow statement.

A reconciliation between operating profit and EBITDAS is given in note 28. EBITAS is an equivalent measure, but is after depreciation costs.

Conversion of profit into cash
A key measure of the Group's cash generation is the conversion of profit into cash. This is the cash generated from operations divided by EBITDAS expressed as a percentage. This metric is used as a measure against which the Group's long and short-term performance incentive schemes are judged and reflects how much of the Group's profit has been collected as cash in the year.

Net bank borrowings
Net bank borrowings is the total of cash and cash equivalents and interest bearing bank loans. This measure gives the external indebtedness of the Group (excluding lease liabilities), and is an input into the leverage calculations. This is reconciled in note 28.

Leverage
Leverage is the ratio of net bank borrowings (adjusted to include bonds, indemnities and guarantees and to exclude restricted cash) plus deferred consideration to annualised EBITDAS and is one of the financial covenants included in our bank facilities.

Tax measures

We report one adjusted tax measure, which is the tax rate on adjusted profit before tax ("adjusted effective tax rate"). This is the tax charge applicable to adjusted profit before tax expressed as a percentage of adjusted profit before tax and is set out in note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segment information is presented in the financial statements in respect of the Group's business segments, as reported to the CODM. The business segment reporting format reflects the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments of the Group are as follows:

- Energy
- Consulting – UK and Ireland
- Services – UK and Netherlands
- Norway
- North America
- Australia Asia Pacific

Segment results for the year ended 31 December 2021:

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	83.3	1.6	(13.4)	71.5	4.8
Consulting – UK and Ireland	147.3	1.8	(34.0)	115.1	9.0
Services – UK and Netherlands	95.4	1.7	(9.8)	87.3	6.9
Norway	62.7	–	(0.8)	61.9	5.1
North America	42.8	0.3	(7.5)	35.6	3.5
Australia Asia Pacific	128.9	0.1	(24.3)	104.7	10.8
Group eliminations	–	(5.5)	5.5	–	–
Total	560.4	–	(84.3)	476.1	40.1

Segment results for the year ended 31 December 2020:

£m	External revenue	Intersegment revenue	Passthrough costs	Fee revenue	Segment profit
Energy	89.5	1.0	(14.8)	75.7	4.5
Consulting – UK and Ireland	135.5	1.2	(28.7)	108.0	6.3
Services – UK and Netherlands	96.6	1.9	(12.8)	85.7	5.4
Norway	57.8	0.1	(1.9)	56.0	4.5
North America	48.7	0.6	(10.3)	39.0	2.9
Australia Asia Pacific	114.0	0.1	(21.2)	92.9	8.2
Group eliminations	–	(4.9)	4.9	–	–
Total	542.1	–	(84.8)	457.3	31.8

£m	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	**560.4**	542.1
Less: passthrough costs	**(84.3)**	(84.8)
Fee revenue	**476.1**	457.3
Segment profit	**40.1**	31.8
Unallocated expenses	**(11.8)**	(11.3)
Adjusted operating profit	**28.3**	20.5
Amortisation of acquired intangibles and transaction-related costs	**(3.8)**	(5.5)
Exceptional items	**(5.3)**	(39.2)
Operating profit/(loss)	**19.2**	(24.2)
Net finance costs	**(6.8)**	(7.1)
Profit/(loss) before tax	**12.4**	(31.3)

	Carrying amount of segment assets		Segment depreciation and amortisation	
£m	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
Energy	**73.9**	73.0	**2.9**	3.4
Consulting – UK and Ireland	**150.5**	158.1	**4.3**	4.6
Services – UK and Netherlands	**99.7**	102.3	**4.8**	5.2
Norway	**51.7**	51.8	**2.0**	2.3
North America	**51.1**	50.3	**2.7**	3.4
Australia Asia Pacific	**115.4**	115.9	**4.6**	5.7
Unallocated	**62.6**	57.3	**1.6**	1.7
Group total	**604.9**	608.7	**22.9**	26.3

The table below shows revenue and fee revenue to external customers based upon the country from which billing took place:

	Revenue		Fee revenue	
£m	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
UK	**207.5**	190.9	**171.1**	160.8
Australia	**140.7**	128.6	**115.2**	105.5
USA	**71.9**	81.1	**60.4**	64.7
Norway	**62.9**	57.7	**61.9**	56.0
Netherlands	**35.9**	39.9	**30.7**	32.6
Ireland	**31.4**	34.4	**29.3**	30.5
Canada	**6.4**	6.4	**5.2**	5.2
Other	**3.7**	3.1	**2.3**	2.0
Total	**560.4**	542.1	**476.1**	457.3

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4. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

£m	Carrying amount of non-current assets As at 31 December 2021	As at 31 December 2020
UK	**170.2**	177.9
Australia	**98.8**	98.4
USA	**32.6**	39.5
Ireland	**40.9**	45.0
Norway	**35.5**	37.8
Canada	**13.0**	12.8
Netherlands	**18.4**	20.5
Other	**0.4**	0.4
Total	**409.8**	432.3

5. REVENUE
Disaggregation of revenue
The Group segmental information disclosed in note 4 best depicts how the nature, timing, amount and uncertainty associated with our revenues and cash flows are affected by economic factors. Segments are structured along geographical and market lines, and risks are broadly consistent within the segments as a result.

Unsatisfied performance obligations
The transaction price allocated to partially satisfied or unsatisfied performance obligations at the balance sheet date are set out below. These obligations equate to the contracted work which the Group has on hand at the year end.

£m	As at 31 December 2021	Restated as at 31 December 2020
To be undertaken and recognised within one year	**257.8**	231.2
To be undertaken and recognised between one and two years	**70.1**	53.5
To be undertaken and recognised after two years	**63.8**	72.4
	391.7	357.1

These obligations will be recognised as revenue over time.

The Group has reassessed its calculations of contracted work on hand and has restated the prior year to included revenue over the entire duration of multi-year contracts. This has led to an increase of £50.2 million in the prior year.

The impact on revenue of projects where work was undertaken in 2020 but related revenue recognised in 2021 was immaterial.

The revenue recognised in the year that was included in contract liabilities in the previous year was £25.7 million (2020: £21.1 million).

6. AMORTISATION OF ACQUIRED INTANGIBLES AND TRANSACTION-RELATED COSTS

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Amortisation of acquired intangibles	**3.8**	5.5
Transaction-related costs	**–**	–
Total	**3.8**	5.5

7. EXCEPTIONAL ITEMS

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Impairment of goodwill (note 14)	**–**	25.9
Restructuring costs	**2.8**	6.0
Legal fees	**0.8**	1.8
ERP implementation costs	**1.7**	2.2
Impairment of ERP	**–**	2.9
Loss on disposal	**–**	0.4
Total	**5.3**	39.2

The Group recognised a goodwill impairment charge in the previous year of £25.9 million relating to the impairment of the Consulting and North America CGU groups caused by the market uncertainty from the COVID-19 pandemic. No goodwill impairments have been recorded in the current year.

Restructuring costs are costs arising from actions taken in light of the pandemic to align our operating model to the new environment. In the current year these comprise the impairment of right-of-use assets and onerous contract provisions for associated property costs for excess office space following a move to hybrid working once COVID-19 lockdown restrictions eased in 2021. These costs were partly offset by a restructuring credit of £0.8 million for the sublet of a property vacated and impaired in the prior year. Restructuring costs of £6.0 million in the previous year were incurred as a result of actions taken to mitigate the impact of COVID-19 on the Group. These costs comprised the impairment of right-of-use assets for properties that had been vacated, onerous contract provisions for associated property costs and the redundancy costs incurred when matching our resource base to market demand.

Further legal fees of £0.8 million (2020: £1.8 million) were incurred investigating potential issues regarding the administration of US government contracts and/or projects, and the investigation is ongoing (note 26).

ERP implementation costs of £1.7 million (2020: £2.2 million) were incurred in the current year on change management and data migration plus stabilising the 2019 pilot rollouts including the removal of the Hitachi Essentials solution. The Group recognised an impairment charge of £2.9 million in the previous year in respect of those parts of the system which needed to be redeveloped or are no longer part of the global design for future implementations.

On 31 December 2020, the Group disposed of the trade and assets of its specialist geology business in the Energy segment. The cash consideration was £0.7 million and the loss on disposal of £0.4 million primarily related to the goodwill associated with the business.

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8. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

£m	Year ended 31 December 2021	Year ended 31 December 2020
Staff costs (note 10)	**307.8**	297.7
Furlough income	**(0.6)**	(4.2)
Depreciation of property, plant and equipment	**8.0**	9.4
Depreciation of right-of-use assets	**10.4**	10.9
Amortisation of internally generated software	**0.7**	0.5
Profit on disposal of property, plant and equipment and right-of-use assets	**(0.2)**	–
Loss allowance on trade receivables and contract assets (note 18)	**1.1**	2.5
Short-term and low value lease rentals	**0.2**	0.2
Net foreign exchange differences	**0.1**	–
Amortisation of acquired intangibles	**3.8**	5.5
Impairment of goodwill (note 7)	**–**	25.9
Impairment of internally generated software (note 7)	**–**	2.9
Impairment of property, plant and equipment	**1.7**	–
Impairment of right-of-use assets (note 7)	**1.4**	2.0

9. NET FINANCING COSTS

£m	Year ended 31 December 2021	Year ended 31 December 2020
Finance costs:		
Interest and charges on loans and overdraft	**(3.8)**	(4.4)
Interest on lease liabilities	**(1.7)**	(1.9)
Amortisation of prepaid financing costs	**(1.2)**	(0.7)
Unwind of discount on deferred consideration	**(0.1)**	(0.2)
	(6.8)	(7.2)
Finance income:		
Deposit interest receivable	**–**	0.1
Net financing costs	**(6.8)**	(7.1)

10. EMPLOYEE BENEFIT EXPENSE

£m	Year ended 31 December 2021	Year ended 31 December 2020
Wages and salaries	**264.8**	256.5
Social security costs	**25.1**	24.2
Pension costs – defined contribution plans	**14.6**	13.5
Pension costs – defined benefit plans	**0.1**	0.1
Share-based payment expense – equity settled	**3.2**	3.4
	307.8	297.7
Average monthly number of employees (including Executive Directors) was:		
Fee earning staff	**4,069**	4,180
Support staff	**877**	875
	4,946	5,055

The Group considers the Directors to be the key management personnel and details of Directors' remuneration are included in the Remuneration Committee Report from page 110. The share-based payment charge in respect of key management personnel was £0.8 million (2020: £1.0 million). Social security costs in respect of these personnel were £0.2 million (2020: £0.2 million).

11. AUDITOR'S REMUNERATION

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Statutory audit of the Company's annual accounts	**0.2**	0.2
Statutory audit of the Group's subsidiaries	**0.8**	0.7
Total audit fees	**1.0**	0.9
Other assurance services	**–**	0.1
Total audit-related assurance services	**1.0**	1.0
Other services	**–**	–
Total fees	**1.0**	1.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. INCOME TAXES

Analysis of tax expense/(credit) in the consolidated income statement for the year:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Current tax:		
UK corporation tax	**(0.1)**	0.1
Overseas tax	**8.6**	6.2
Adjustments in respect of prior years	**(0.3)**	(1.1)
	8.2	5.2
Deferred tax:		
Origination and reversal of temporary differences	**(2.6)**	(5.5)
Effect of change in tax rate	**0.9**	0.6
Adjustments in respect of prior years	**–**	(0.5)
	(1.7)	(5.4)
Total tax charge/(credit) for the year	**6.5**	(0.2)
In addition to the amount credited to the consolidated income statement, the following items related to tax have been recognised:		
Deferred tax credit in other comprehensive income	**(0.2)**	–

The effective tax rate for the year on profit/(loss) before tax was 52.4% (2020: 0.6%). The effective tax rate for the year on adjusted profit before tax was 27.9% (2020: 22.4%) as shown in the table below:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Total tax expense/(credit) in income statement	**6.5**	(0.2)
Add back:		
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items	**(0.5)**	3.2
Adjusted tax charge on the profit for the year	**6.0**	3.0
Adjusted profit before tax	**21.5**	13.4
Adjusted effective tax rate	**27.9%**	22.4%
Tax rate impact of amortisation of acquired intangibles, transaction-related costs and exceptional items	**24.5%**	(21.8%)
Statutory effective tax rate	**52.4%**	0.6%

The Group operates in and is subject to income tax in many jurisdictions. The weighted average tax rate is derived by weighting the rates in those jurisdictions by the profits before tax earned there. It is sensitive to the statutory tax rates that apply in each jurisdiction and the geographic mix of profits. The statutory tax rates in our main jurisdictions were UK 19.0% (2020: 19.0%), US 21.0% (2020: 21.0%) and Australia 30% (2020: 30%) and the weighted average tax rate increased to 29.2% in 2021 (2020: 16.8%).

The actual tax charge differs from the weighted average charge for the reasons set out in the following reconciliation:

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Profit/(loss) before tax	**12.4**	(31.3)
Tax at the weighted average rate of 29.2% (2020: 16.8%)	**3.6**	(5.3)
Effect of:		
Irrecoverable witholding tax suffered	**0.7**	0.8
Impairment of goodwill	**–**	5.7
Effect of change in tax rates	**0.9**	(0.1)
Adjustments in respect of prior years	**(0.3)**	(1.6)
Losses not recognised	**0.2**	–
Income not taxable	**(0.4)**	–
Other differences	**1.8**	0.3
Total tax expense/(credit) for the year	**6.5**	(0.2)

The Group operates, mainly through our gas and oil exposed businesses, in jurisdictions that impose withholding taxes on revenue earned in those jurisdictions. This tax may be off-set against domestic corporation tax either in the current year or in the future within certain time limits. To the extent that full recovery is not achieved in the current year or is not considered possible in future years, the withholding tax is charged to the income statement. Whilst the overall irrecoverable withholding tax decreased in the year, it represented a larger proportion of the overall tax rate.

Enacted changes in the tax rate impact the carrying value of deferred tax balances, principally those related to the amortisation of intangible assets. The UK corporation tax rate is increasing to 25% on 1 April 2023; the impact of this is included in the deferred tax balances that are not expected to unwind before that date.

Adjustments in respect of prior years arise when amounts of tax due calculated when tax returns are submitted differ from those estimated at the year end. In 2021, the credit relates to adjustments in respect of 2020 filed tax returns and additional losses carried back in the UK.

Other differences include expenses not deductible for tax purposes such as entertaining, share scheme charges, depreciation of property, plant and equipment which do not qualify for capital allowances. They also include items that are deductible for tax purposes, such as goodwill and other asset amortisation, but are not included in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share were based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the related period as shown in the table below:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) attributable to equity holders of the parent	**5.9**	(31.1)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**272,073**	240,155
Effect of employee share schemes	**4,069**	2,162
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**276,142**	242,317
Basic earnings/(loss) per share (pence)	**2.17**	(12.95)
Diluted earnings/(loss) per share (pence)	**2.14**	(12.83)

The calculations of adjusted earnings per share (see note 3) were based on the number of shares as above and are shown in the table below:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(loss) attributable to equity holders of the parent	**5.9**	(31.1)
Amortisation of acquired intangibles and transaction-related costs (note 6)	**3.8**	5.5
Exceptional items (note 7)	**5.3**	39.2
Tax on amortisation of acquired intangibles, transaction-related costs and exceptional items (note 12)	**0.5**	(3.2)
Adjusted profit attributable to equity holders of the parent	**15.5**	10.4
Adjusted basic earnings per share (pence)	**5.70**	4.33
Adjusted diluted earnings per share (pence)	**5.61**	4.29

14. INTANGIBLE ASSETS

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non-compete agreements	Acquired software	Internally generated software	Goodwill	Total
Cost:									
At 1 January 2021	**3.5**	**133.0**	**19.9**	**9.2**	**0.6**	**3.2**	**12.8**	**429.1**	**611.3**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**1.1**	**–**	**1.1**
Exchange differences	**–**	**(1.8)**	**(0.3)**	**(0.1)**	**–**	**–**	**–**	**(6.9)**	**(9.1)**
At 31 December 2021	**3.5**	**131.2**	**19.6**	**9.1**	**0.6**	**3.2**	**13.9**	**422.2**	**603.3**
Aggregate amortisation and impairment losses:									
At 1 January 2021	**3.5**	**122.7**	**19.9**	**9.2**	**0.6**	**3.1**	**3.5**	**98.3**	**260.8**
Amortisation	**–**	**3.7**	**–**	**–**	**–**	**0.1**	**0.7**	**–**	**4.5**
Exchange differences	**–**	**(1.6)**	**(0.3)**	**(0.1)**	**–**	**–**	**–**	**(0.8)**	**(2.8)**
At 31 December 2021	**3.5**	**124.8**	**19.6**	**9.1**	**0.6**	**3.2**	**4.2**	**97.5**	**262.5**
Net book value at 31 December 2021	**–**	**6.4**	**–**	**–**	**–**	**–**	**9.7**	**324.7**	**340.8**

£m	Intellectual property rights	Customer relationships	Order backlog	Trade names	Non compete agreements	Acquired software	Internally generated software	Goodwill	Total
Cost:									
At 1 January 2020	3.6	131.9	19.7	9.1	0.6	3.2	11.4	423.9	603.4
Additions	–	–	–	–	–	–	1.4	–	1.4
Disposals	–	–	–	–	–	–	–	(1.0)	(1.0)
Exchange differences	(0.1)	1.1	0.2	0.1	–	–	–	6.2	7.5
At 31 December 2020	3.5	133.0	19.9	9.2	0.6	3.2	12.8	429.1	611.3
Aggregate amortisation and impairment losses:									
At 1 January 2020	3.6	116.6	19.5	9.0	0.6	3.1	0.1	72.2	224.7
Amortisation	–	5.2	0.2	0.1	–	–	0.5	–	6.0
Impairment	–	–	–	–	–	–	2.9	25.9	28.8
Exchange differences	(0.1)	0.9	0.2	0.1	–	–	–	0.2	1.3
At 31 December 2020	3.5	122.7	19.9	9.2	0.6	3.1	3.5	98.3	260.8

Net book value at 31 December 2020	–	10.3	–	–	–	0.1	9.3	330.8	350.5

Customer relationships relate to assets acquired in business combinations and have remaining useful lives of 1-8 years.

Goodwill

The Group tests annually for impairment or when there are any impairment triggers.

The determination of whether or not goodwill is impaired requires an estimate to be made of the value in use of the CGU groups to which goodwill has been allocated. Those value in use calculations include estimates about the future financial performance of the CGUs based on budgets and forecasts, medium-term and long-term growth rates, discount rates and the markets in which the business operates. The cash flow projections in the first five financial years reflect management's expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, including recovery from the impact of COVID-19. Thereafter, a perpetuity is applied.

The Group has considered the impact of climate change as part of its projections. As a people business, the impact on the valuation of our assets is limited and the Group is not involved in many activities and client projects that may be affected detrimentally by climate change. The Group sees significant opportunity across the business from the impact of climate change, specifically around renewables, sustainability and the effect of increasing regulation on our clients.

Key assumptions

The key assumptions in the value in use calculations are the discount rates applied, the growth rates and margins assumed over the forecast period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

14. INTANGIBLE ASSETS CONTINUED

Discount rate applied

The discount rate applied to a CGU represents a pre-tax rate that reflects the market assessment of the time value of money at the end of the reporting period and the risks specific to the CGU. The Group bases its estimate for the pre-tax discount rate on its weighted average cost of capital (WACC). The inputs to this calculation are a combination of market, industry and company-specific data.

	31 December 2021	31 December 2020
Consulting (UK and Ireland)	**12.4%**	12.2%
Services (UK)	**13.0%**	13.1%
Services (Netherlands)	**13.7%**	14.2%
Norway	**12.4%**	12.2%
North America	**12.7%**	12.3%
Australia Asia Pacific	**14.4%**	14.7%
Energy	**13.6%**	15.8%

Growth rates

The growth rates applied reflect management's judgement regarding the potential future performance of the business. The medium term comprises the years 2023 to 2026 and includes higher growth rates in the earlier years in some CGUs as the economies and markets in which we operate continue to recover from the COVID-19 related downturn. Recovery to the level of profits seen prior to the pandemic will be gradual.

The long-term growth rate applied to the perpetuity calculations was between 2.0% and 2.5% per annum. The Energy CGU rates have been amended in the current year to reflect the longer term prospects of this business including the continued investment in gas and oil and the move to renewables. Renewables is a key global growth market for the Group. These rates reflect the average long-term growth rates of the economies in which the CGUs are based and our assessment of the longer term prospects of the businesses.

Long-term growth rates	**31 December 2021**	31 December 2020
Consulting (UK and Ireland)	**2.1% – 2.5%**	2.1% – 2.5%
Services (UK)	**2.1%**	2.1%
Services (Netherlands)	**2.0%**	2.0%
Norway	**2.3%**	2.3%
North America	**2.3%**	2.3%
Australia Asia Pacific	**2.5%**	2.5%
Energy	**2.1% – 2.5%**	(2.0%)

Summary of results

There were no indicators of impairment and no further impairments were identified in the modelling performed.

Sensitivity of results to changes in estimates

The valuation of goodwill allocated to CGU groups is most sensitive to the achievement of the 2022 budget, the medium-term growth rates assumed for the following four years and the discount rate. Whilst we are able to manage staff costs, direct costs and overheads, the revenue projections are inherently uncertain due to the short-term nature of our order books in some areas of the business and the continuing impact COVID-19 is having on market conditions in certain geographies.

Consequently, further underperformance against the budget and medium-term growth rates is possible, which could lead to an additional reduction in the carrying value of the CGUs. It is also reasonably possible that the budget and growth rates are exceeded if market conditions allow.

Our modelling considers the reasonably possible impact on our budgets of a worsening of the COVID-19 pandemic, potential climate change upside and downside and a general worsening of economic conditions. The directors believe there to be no reasonable changes in estimates on the achievement of the 2022 budget and the discount rate applied that would result in a material adjustment to the carrying amounts of goodwill as at 31 December 2021.

Goodwill acquired in a business combination is allocated at acquisition to the Groups of CGUs that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

£m	As at 31 December 2021	As at 31 December 2020
Energy	**36.1**	36.0
Consulting (UK and Ireland)	**94.6**	96.6
Services (UK)	**50.1**	50.1
Services (Netherlands)	**9.7**	10.1
Norway	**30.5**	31.0
North America	**31.9**	31.6
Australia Asia Pacific	**71.8**	75.4
	324.7	330.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. PROPERTY, PLANT AND EQUIPMENT

£m	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1 January 2021	**10.7**	**6.9**	**3.0**	**79.4**	**100.0**
Additions	**0.2**	**0.7**	**0.1**	**8.3**	**9.3**
Disposals	**–**	**(0.1)**	**(0.7)**	**(9.6)**	**(10.4)**
Exchange differences	**(0.6)**	**(0.3)**	**(0.1)**	**(1.6)**	**(2.6)**
At 31 December 2021	**10.3**	**7.2**	**2.3**	**76.5**	**96.3**
Depreciation:					
At 1 January 2021	**4.1**	**4.7**	**2.3**	**60.4**	**71.5**
Charge for the year	**0.2**	**0.1**	**0.4**	**7.3**	**8.0**
Impairment	**1.2**	**0.5**	**–**	**–**	**1.7**
Disposals	**–**	**(0.1)**	**(0.7)**	**(9.5)**	**(10.3)**
Exchange differences	**(0.2)**	**(0.2)**	**(0.1)**	**(1.2)**	**(1.7)**
At 31 December 2021	**5.3**	**5.0**	**1.9**	**57.0**	**69.2**
Net book value at 31 December 2021	**5.0**	**2.2**	**0.4**	**19.5**	**27.1**

£m	Freehold land and buildings	Alterations to leasehold premises	Motor vehicles	Fixtures, fittings, IT and equipment	Total
Cost:					
At 1 January 2020	10.2	6.6	3.1	75.7	95.6
Additions	–	0.3	0.1	5.0	5.4
Disposals	–	(0.2)	(0.2)	(2.9)	(3.3)
Exchange differences	0.5	0.2	–	1.6	2.3
At 31 December 2020	10.7	6.9	3.0	79.4	100.0
Depreciation:					
At 1 January 2020	3.7	3.9	2.0	53.7	63.3
Charge for the year	0.2	0.8	0.4	8.0	9.4
Disposals	–	(0.2)	(0.2)	(2.3)	(2.7)
Exchange differences	0.2	0.2	0.1	1.0	1.5
At 31 December 2020	4.1	4.7	2.3	60.4	71.5
Net book value at 31 December 2020	6.6	2.2	0.7	19.0	28.5

16. LEASES

£m	Properties	Vehicles	Office equipment	Total
i. Right-of-use assets				
At 1 January 2021	**38.5**	**3.4**	**0.2**	**42.1**
Additions	**5.3**	**2.9**	**–**	**8.2**
Depreciation	**(8.2)**	**(2.1)**	**(0.1)**	**(10.4)**
Impairment	**(1.4)**	**–**	**–**	**(1.4)**
Remeasurements[1]	**(8.6)**	**0.2**	**–**	**(8.4)**
Derecognition	**(0.4)**	**–**	**–**	**(0.4)**
Exchange differences	**(0.7)**	**(0.1)**	**–**	**(0.8)**
At 31 December 2021	**24.5**	**4.3**	**0.1**	**28.9**
At 1 January 2020	40.8	3.8	0.2	44.8
Additions	7.8	1.5	0.2	9.5
Depreciation	(8.6)	(2.1)	(0.2)	(10.9)
Impairment	(2.0)	–	–	(2.0)
Remeasurements[1]	1.0	0.1	–	1.1
Derecognition	(1.3)	–	–	(1.3)
Exchange differences	0.8	0.1	–	0.9
At 31 December 2020	38.5	3.4	0.2	42.1

[1] Remeasurements in the year relate to the reassessment of lease terms for the likely exercise of break options.

£m	**As at 31 December 2021**	As at 31 December 2020
ii. Lease liabilities		
The maturity profile of the Group's lease liabilities based on contractual undiscounted cash flows:		
Less than one year	**12.0**	12.4
One to five years	**25.4**	31.6
More than five years	**2.2**	10.4
Total undiscounted lease liabilities	**39.6**	54.4
Lease liabilities included in the balance sheet:		
Current	**10.9**	10.8
Non-current	**26.0**	38.1
Total	**36.9**	48.9

£m	**As at 31 December 2021**	As at 31 December 2020
iii. Amounts recognised in profit or loss		
Depreciation on right-of-use assets	**10.4**	10.9
Impairment of right-of-use assets	**1.4**	2.0
Interest expense on lease liabilities	**1.7**	1.9
Expense relating to short-term leases	**0.2**	0.2

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
iv. Amounts recognised in statement of cash flows		
Total cash outflow for leases	**10.5**	11.0

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17. SUBSIDIARIES

The Group consists of RPS Group Plc (the parent company incorporated in the UK) and its subsidiaries. A list of the Group's subsidiaries, including the name, country of incorporation and proportion of ownership interests is given in note 6 to the Parent Company's financial statements.

18. TRADE AND OTHER RECEIVABLES

£m	As at 31 December 2021	As at 31 December 2020
Trade receivables	**86.3**	78.4
Contract assets	**38.6**	36.8
Prepayments	**14.5**	12.5
Other receivables	**20.4**	3.1
	159.8	130.8

Trade receivables and contract assets net of loss allowance are shown below.

£m	As at 31 December 2021	As at 31 December 2020
Trade receivables	**88.7**	81.2
Loss allowance	**(2.4)**	(2.8)
Trade receivables net	**86.3**	78.4

£m	As at 31 December 2021	As at 31 December 2020
Contract assets	**44.3**	42.9
Loss allowance	**(5.7)**	(6.1)
Contract assets net	**38.6**	36.8

All amounts shown under trade and other receivables fall due within one year.

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short-term nature and the loss allowances recorded against them. The individually impaired balances mainly relate to items under discussion with customers.

No interest is charged on overdue receivables. At the year end, the Group's debtor days were 44 (2020: 41).

The following table shows the movement in lifetime expected credit losses that have been recognised in accordance with the simplified approach set out in IFRS 9:

£m	Trade receivables	Contract assets	Total
At 1 January 2021	**2.8**	**6.1**	**8.9**
Income statement impact of movement on loss allowance	**0.1**	**1.0**	**1.1**
Amounts written off	**(0.4)**	**(1.2)**	**(1.6)**
Exchange differences	**(0.1)**	**(0.2)**	**(0.3)**
As at 31 December 2021	**2.4**	**5.7**	**8.1**
At 1 January 2020	3.0	5.3	8.3
Income statement impact of movement on loss allowance	0.5	2.0	2.5
Amounts written off	(0.8)	(1.4)	(2.2)
Exchange differences	0.1	0.2	0.3
As at 31 December 2020	2.8	6.1	8.9

The carrying amounts of the Group's trade and other receivables are denominated as follows:

£m	As at 31 December 2021	As at 31 December 2020
UK Pound Sterling	**72.0**	54.2
US Dollar	**27.6**	24.8
Euro	**19.8**	20.0
Australian Dollar	**28.2**	19.8
Canadian Dollar	**1.9**	2.1
Norwegian Krone	**9.2**	7.7
Malaysian Ringitt	**0.9**	1.6
Other	**0.2**	0.6
	159.8	130.8

The maximum exposure to credit risk at the reporting date is £139.4 million (2020: £127.7 million). The concentration of credit risk is limited as the customer base is large and unrelated.

Other receivables includes the expected insurance recoveries related to warranties provisions (note 22).

19. TRADE AND OTHER PAYABLES

£m	As at 31 December 2021	As at 31 December 2020
Trade payables	**23.4**	30.4
Accruals	**52.2**	43.5
Contract liabilities	**31.5**	25.7
Creditors for taxation and social security	**20.4**	27.5
Other payables	**2.4**	2.1
	129.9	129.2

All amounts shown under trade and other payables fall due for payment within one year. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value due to the short-term nature of these liabilities.

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20. BORROWINGS

£m	As at 31 December 2021	As at 31 December 2020
US loan notes	–	54.9
Term loans	55.0	–
Total bank loan, notes and overdrafts	55.0	54.9
Arrangement fees	(1.4)	(0.9)
Net bank debt	53.6	54.0
Leases	36.9	48.9
Total borrowings	90.5	102.9

£m	As at 31 December 2021	As at 31 December 2020
The term loans, loan notes and overdrafts are repayable as follows:		
Amounts due for settlement within 12 months	–	54.9
Amount due between one and two years	–	–
In the third to fifth years inclusive	–	–
After more than five years	55.0	–
	55.0	54.9

The principal features of the Group's borrowings at the balance sheet date are as follows:

(i) An uncommitted £3.0 million bank overdraft facility, repayable on demand (undrawn at year end).

(ii) A multicurrency revolving credit facility of £100.0 million with Lloyds Bank plc, HSBC UK Bank plc and National Westminster Bank plc, expiring in July 2024.

There were loans drawn totalling £nil at 31 December 2020 (2020: £nil).

In September 2021, the Group agreed to extend the revolving credit facility by two years to July 2024 and on the same date the multicurrency revolving credit facility of £60.0 million with the same lenders expired.

(iii) In September 2021, the Group repaid the US private placement notes of US$34.1 million and £30.0 million and replaced these with the following loans, all expiring in September 2028:

- A £30.0 million 7 year fixed rate loan held with Legal and General Investment Management
- A £12.5 million 7 year floating rate loan held with Aviva Investments
- A £12.5 million 7 year fixed rate loan held with Aviva Investments

The key covenant tests for the revolving credit facility and the 7 year loans remain the same as the previous facilities: maximum leverage is 3.0x and minimum interest cover is 4.0x.

The revolving credit facility and loans are guaranteed by the Company and certain subsidiaries but no security over the Group's assets exists.

The carrying amounts of borrowings approximate their fair values, as the impact of discounting is not significant.

Liquidity risk

The Group has strong cash flow and the funds generated by operating companies are managed on a country basis. The Group also considers its long-term funding requirements as part of the annual business planning cycle.

Loan liquidity risk profile (undiscounted):

£m	As at 31 December 2021	As at 31 December 2020
<1 year	**3.0**	56.8
1-2 years	**3.0**	–
>2 but <5 years	**6.3**	–
>5 years	**58.3**	–
	70.6	56.8

The liquidity risk profile above shows the expected cashflows in respect of the Group's loan facilities comprising payments of capital and interest assuming that the loan balance at year end remains constant until expiry of the facilities and foreign exchange rates remain constant at the rates existing at the year end.

21. DEFERRED CONSIDERATION

£m	As at 31 December 2021	As at 31 December 2020
Amount due within one year	**2.3**	3.1
Amount due between one and two years	**–**	2.4
Amount due between two and five years	**–**	–
Amount due after five years	**0.3**	0.3
	2.6	5.8

Deferred consideration relates to payments due to vendors of acquired companies which are due to be made on future anniversaries of the acquisitions.

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22. PROVISIONS

Long service leave
The provision is in respect of long service leave entitlement available to certain staff employed in Australia.

Onerous contracts
The provision for onerous contracts relates to the running costs of vacant properties and other onerous contracts.

Warranty
This provision is in respect of contractual obligations and is expected to be utilised within one to two years.

Dilapidations
The dilapidations provision is in respect of reinstatement obligations related to leasehold properties and will be utilised within ten years.

£m	Long service leave	Onerous contracts	Warranty	Dilapidations	Total
As at 1 January 2021	4.8	0.8	1.5	3.1	10.2
Additional provision in the year	0.9	2.5	15.5	0.6	19.5
Utilised in year	(0.2)	(0.4)	(0.8)	(0.2)	(1.6)
Released	(0.4)	–	(0.1)	(0.8)	(1.3)
Exchange difference	(0.2)	–	–	(0.1)	(0.3)
As at 31 December 2021	4.9	2.9	16.1	2.6	26.5

£m	As at 31 December 2021	As at 31 December 2020
Due as follows:		
Within one year	22.0	5.7
After more than one year	4.5	4.5
	26.5	10.2

The carrying value of the provisions disclosed above is a reasonable approximation of their fair value.

Claims from clients and suppliers may result in payments to the claimants by the Group and its insurers. Where an outflow is considered probable, the claim is fully provided for at the lower of the insurance excess or the expected outflow at the balance sheet date. Provisions against these claims are disclosed in warranty provisions in the table above. When the Group can assess the gross value of any settlement and the insurance recovery, these are both reflected in the balance sheet.

The net provision warranties balance, after taking into account expected insurance recoveries included within other receivables, was £1.1 million (2020: £1.5 million).

23. DEFERRED TAXATION

£m	Property, plant and equipment timing differences	Goodwill and intangible assets	Employment benefits	Share-based payments	Provisions and other timing differences	Losses	Total
At 1 January 2020	(0.2)	(6.2)	2.4	(0.2)	1.7	–	–
Credit/(charge) to income statement	0.3	0.3	0.7	(0.1)	0.6	4.2	6.0
Credit/(charge) to income statement due to change in tax rates	0.1	(0.7)	–	–	–	–	(0.6)
Exchange differences	0.1	(0.1)	–	–	(0.1)	–	(0.1)
At 31 December 2020	0.3	(6.7)	3.1	(0.3)	2.2	4.2	2.8
Credit/(charge) to income statement relating to current year	1.2	(0.5)	0.9	–	1.6	(0.6)	2.6
Credit/(charge) to income statement due to change in tax rates	0.5	(2.1)	(0.1)	–	0.2	0.6	(0.9)
Credit to equity	–	–	–	0.2	–	–	0.2
Exchange differences	–	–	(0.1)	–	–	–	(0.1)
At 31 December 2021	**2.0**	**(9.3)**	**3.8**	**(0.1)**	**4.0**	**4.2**	**4.6**

£m	**As at 31 December 2021**	As at 31 December 2020
Deferred tax assets	**13.0**	11.2
Deferred tax liabilities	**(8.4)**	(8.4)
	4.6	2.8

The deferred tax assets recognised on losses relate to the US and the UK where it is deemed that there are sufficient future taxable profits in these jurisdictions. These losses are available for offset against future taxable profits and can be carried forward indefinitely. The other deferred tax assets recognised are timing differences on deductions for tax purposes and as such there is no restriction on recoverability.

No deferred tax liability is recognised on temporary differences of £3.3 million (2020: £3.4 million) related to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The amount of tax that would be payable on the unremitted earnings is £0.4 million (2020: £0.4 million).

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. SHARE CAPITAL

	2021			2020		
Issued and fully paid	**Number**	**£m Share capital**	**£m Share premium**	Number	£m Share capital	£m Share premium
Ordinary shares of 3p each:						
At 1 January	**276,903,032**	**8.3**	**125.3**	227,139,412	6.8	121.9
Issues in respect of placing	**–**	**–**	**–**	45,881,365	1.4	0.5
Issued under the Share Incentive Plan	**359,826**	**–**	**0.2**	3,522,152	0.1	2.0
Issued in respect of the Performance Share Plan	**35,213**	**–**	**0.1**	298,440	–	0.7
Issued in respect of the ELTIP	**212,854**	**–**	**0.5**	61,663	–	0.2
At 31 December	**277,510,925**	**8.3**	**126.1**	276,903,032	8.3	125.3

In the previous year, on 3 September 2020, 44,625,417 new ordinary shares of 3 pence each were issued at 44 pence each, a premium of 41 pence per share. The premium on issue, after the deduction of transaction costs, was credited to the merger reserve. The placing was structured so that merger relief was applicable on the issue of the shares. On the same day, 1,255,948 new ordinary shares of 3 pence each were subscribed by certain directors of the Company at an issue price of 44 pence per share. The total consideration was £20.2 million and £19.4 million after the deduction of transaction costs.

Number	**As at 31 December 2021**	As at 31 December 2020
Ordinary shares held by the ESOP Trust	**5,713,609**	6,239,325
Ordinary shares held by the SIP Trust	**8,167,683**	8,121,148

The total number of issued and fully paid shares is inclusive of the shares held in the ESOP and SIP Trusts. These shares are deducted from equity through the EBT reserve. The ESOP Trust has elected to waive any dividend on the unallocated ordinary shares held.

25. DIVIDENDS

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Amounts recognised as distributions to equity holders during the year:		
Interim dividend for the year ended 31 December 2021 of 0.26 pence (2020: nil) per share	**0.7**	–
	0.7	–
Proposed final dividend for the year ended 31 December 2021 of 0.44 pence (2020: nil) per share	**1.2**	–

26. CONTINGENCIES

From time to time, the Group receives claims from clients and suppliers. Some of these result in payments to the claimants by the Group and its insurers. The Board reviews all significant claims at each Board meeting and more regularly if required. Where we consider there to be a probable outflow, we have fully provided for the lower of the insurance excess or the expected outflow at the balance sheet date. Where we have provided up to the excess, in some cases the Group has not shown the gross value of any outflow and the potential insurance recovery where it does not have sufficient information at this time to assess what an insured settlement value could be and therefore what the gross settlement and insurance recovery would be. The Board is currently satisfied that the Group has sufficient provisions at the balance sheet date to meet all likely uninsured liabilities.

As previously announced, RPS has notified the US government of potential issues regarding its administration of government contracts and/or projects. We are continuing to identify the implications, if any, of the conduct under review. The impact, if any, is unknown. During the year a further £0.8 million of legal fees were incurred investigating this matter and were presented within exceptional items (note 7).

27. RELATED PARTY TRANSACTIONS

Related parties, following the definitions within IAS 24, are the subsidiary companies, members of the Board, key management personnel and their families. Transactions between the Company and its subsidiaries are on an arm's length basis and have been eliminated on consolidation and are not disclosed in this note. The Group considers the Directors to be the key management personnel. The Remuneration Committee Report contains details of Board emoluments.

In the previous year on 3 September 2020, the following Directors subscribed for new ordinary shares of 3 pence each in the Company at a price of 44 pence per share (note 24):

Director	Number of shares	Consideration £
Ken Lever	56,818	25,000
John Douglas	1,136,363	500,000
Judith Cottrell	13,636	6,000
Liz Peace	11,363	5,000
Catherine Glickman	34,090	15,000
Allison Bainbridge	3,678	1,618
Total	**1,255,948**	**552,618**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

£m	Year ended 31 December 2021	Year ended 31 December 2020
Operating profit/(loss)	19.2	(24.2)
Adjustments for:		
Depreciation of owned assets	8.0	9.4
Depreciation of right-of-use assets	10.4	10.9
Impairment of owned assets	1.7	–
Impairment of right-of-use assets	1.4	2.0
Amortisation of internally generated software	0.7	0.5
Amortisation of acquired intangible assets	3.8	5.5
Impairment of goodwill	–	25.9
Impairment of internally generated software	–	2.9
Net investment in sublease	(0.7)	–
Non-cash movement on provisions	2.2	2.3
Share-based payment expense	3.2	3.4
Loss on sale of businesses	–	0.4
Profit on sale of assets	(0.2)	–
Other non-cash movements	0.2	–
EBITDAS	49.9	39.0
(Increase)/decrease in trade and other receivables	(14.9)	29.0
Increase in trade and other payables	1.2	25.4
Cash generated from operations	36.2	93.4
Interest paid	(5.9)	(6.0)
Interest received	–	0.1
Income taxes paid	(5.6)	(3.5)
Net cash from operating activities	24.7	84.0

The table below provides an analysis of liabilities arising from financing which comprises net bank borrowings, comprising cash and cash equivalents, interest bearing loans and finance leases, during the year ended 31 December 2021.

£m	At 1 January 2021	Financing cash flows	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	At 31 December 2021
Cash at bank	43.2	(1.1)	–	–	(2.0)	40.1
Overdrafts	–	–	–	–	–	–
Cash and cash equivalents	43.2	(1.1)	–	–	(2.0)	40.1
Bank loans and notes	(54.0)	1.4	(1.1)	–	0.1	(53.6)
Net bank borrowings	(10.8)	0.3	(1.1)	–	(1.9)	(13.5)
Less: cash and cash equivalents	(43.2)	1.1	–	–	2.0	(40.1)
Leases	(48.9)	10.5	–	0.6	0.9	(36.9)
Liabilities arising from financing	(102.9)	11.9	(1.1)	0.6	1.0	(90.5)

£m	At 1 January 2020	Financing cash flows	Non-cash changes: Prepaid arrangement fees	Non-cash changes: Lease accounting adjustments[1]	Foreign exchange	At 31 December 2020
Cash at bank	17.7	25.0	–	–	0.5	43.2
Overdrafts	(1.3)	1.3	–	–	–	–
Cash and cash equivalents	16.4	26.3	–	–	0.5	43.2
Bank loans and notes	(110.5)	56.4	(0.7)	–	0.8	(54.0)
Net bank borrowings	(94.1)	82.7	(0.7)	–	1.3	(10.8)
Less: cash and cash equivalents	(16.4)	(26.3)	–	–	(0.5)	(43.2)
Leases	(49.8)	11.0	–	(9.2)	(0.9)	(48.9)
Liabilities arising from financing	(160.3)	67.4	(0.7)	(9.2)	(0.1)	(102.9)

[1] Includes lease additions, remeasurements and disposals

The cash balance at 31 December 2021 includes £1.4 million (2020: £1.4 million) that is restricted in use, either as security or client deposits.

29. DEFINED BENEFIT PENSION SCHEMES

The Group has one defined benefit pension scheme, arising from the acquisition in 2013 of the OEC Group. The scheme is closed to new entrants.

The scheme is administered by a fund that is legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees are responsible for the investment policy with regard to the assets of the fund.

Under the plans, the employees are entitled to post-retirement yearly instalments amounting to 66% of pensionable salary on attainment of a retirement age of 67. The pensionable salary is the difference between the current salary of the employee and the state retirement benefit.

The scheme exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The most recent full actuarial valuation of the plan assets and present value of the defined benefit liability was carried out in December 2021 by a qualified actuary.

The principal assumptions used for the purposes of actuarial valuation were as follows:

	As at 31 December 2021	As at 31 December 2020
Discount rate	**1.50%**	1.50%
Expected rate of salary increase	**2.50%**	2.00%
Inflation	**2.25%**	1.75%

The assumed life expectations on retirement at age 67 are:

Years	**As at 31 December 2021**	As at 31 December 2020
Retiring today:		
Males	**20.0**	19.9
Females	**23.2**	23.1

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29. DEFINED BENEFIT PENSION SCHEMES CONTINUED

This is based on Norway's standard mortality table with modifications to reflect expected changes in mortality.
Amounts recognised in income in respect of these defined benefit schemes are as follows:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Current service cost (including tax)	**0.1**	0.1
Net interest (income)/expense	**–**	–
Components of defined benefit costs recognised in profit or loss	**0.1**	0.1

The service charge for the year has been included in the income statement in administrative expenses. The net interest (income)/expense has been included within net finance costs.

Amounts recognised in the statement of comprehensive income are as follows:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Actuarial (gains)/losses arising from:		
Changes in financial assumptions	**0.2**	0.2
Derecognition of surplus	**–**	(0.1)
Remeasurement of the net defined benefit liability	**0.2**	0.1

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Present value of defined benefit obligations	**(2.9)**	(2.6)
Fair value of plan assets	**2.8**	2.6
Net (liability)/asset arising from defined benefit obligations	**(0.1)**	–

Movements in the present value of defined benefit obligations in the year were as follows:

£m	Year ended 31 December 2021	Year ended 31 December 2020
Defined benefit obligation at 1 January	**2.6**	2.7
Current service cost	**0.1**	0.1
Interest cost	**–**	–
Remeasurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in financial assumptions	**0.3**	(0.1)
Benefits paid	**(0.1)**	(0.1)
Defined benefit obligation at 31 December	**2.9**	2.6

Movements in the fair value of plan assets in the year were as follows:

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Plan assets at 1 January	**2.6**	2.8
Remeasurement gains/(losses):		
The return on plan assets (excluding amounts included in net interest expense)	**–**	–
Actuarial gains/(losses) arising from changes in financial assumptions	**0.1**	(0.3)
Contributions from the employer	**0.2**	0.2
Benefits paid	**(0.1)**	(0.1)
Administration costs	**–**	–
Plan assets at 31 December	**2.8**	2.6

The major categories and fair values of scheme assets at the end of the reporting period were:

	As at 31 December 2021	As at 31 December 2020
Shares	**11.5%**	9.1%
Other investments	**0.2%**	0.7%
Short term bonds	**12.6%**	13.8%
Term bonds	**61.6%**	62.3%
Property	**14.1%**	14.1%
Total	**100.0%**	100.0%

Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding all other assumptions constants would have affected the defined benefit obligation as follows:

	As at 31 December 2021	
£m	**Increase**	**Decrease**
Discount rate (1% movement)	**(0.4)**	**0.4**
Future salary growth (1% movement)	**0.1**	**(0.1)**
Future pension growth (1% movement)	**0.4**	**–**
Mortality rates (1 year movement)	**(0.1)**	**0.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

30. FINANCIAL RISK MANAGEMENT
(a) Capital management
The capital of the Group consists of debt (which includes the borrowings and facilities disclosed in note 20), cash and cash equivalents and equity attributable to equity holders of the parent (comprising issued capital, reserves and retained earnings as disclosed in the consolidated balance sheet). The Group's capital allocation policy aims to maintain leverage within the Group's target range of 1x to 2x EBITDAS through a disciplined approach that creates sustainable shared value for all stakeholders. Key points of the capital allocation policy are:

- Invest in organic fee growth.
- Accelerate fee growth with strategic bolt-on acquisitions that are cash-generative and value-creating for the Group.
- Implement a sustainable dividend policy, returning to industry norms whilst retaining adequate capital to invest in strategic acquisitions and organic growth. Over time, the absolute dividend will increase to a pay-out ratio of c.30% of profit after tax before amortisation of intangibles and transaction-related costs and tax thereon.

The Group's borrowings are managed centrally and funds are onward lent to operating subsidiaries as required. At the start of the year the Group had a committed £100 million multicurrency revolving credit facility (the 'A facility') and a £60 million revolving credit facility (the 'B facility') that had been arranged in the previous year in response to the challenges that arose from the COVID-19 pandemic. In September 2021, the Group agreed to extend the A facility by two years to July 2024 and on the same date the B facility expired. There are two financial covenants related to the A facility; interest cover must be no less than 4.0x and the leverage ratio of Group net borrowings (including deferred consideration) to EBITDAS adjusted to include the annualised contribution of acquisitions in the year should be no greater than 3.0x. The covenant tests were not breached during the year and have not been since the year end.

Seven year non-amortising notes with principal of £30.0 million and US$34.1 million were issued in September 2014 bearing fixed interest at 3.98% and 3.84% per annum, respectively. In September 2021, these loan notes were repaid in full and were replaced with the following loans, all expiring in September 2028:

- A £30.0 million 7 year fixed rate loan held with Legal and General Investment Management
- A £12.5 million 7 year floating rate loan held with Aviva Investments
- A £12.5 million 7 year fixed rate loan held with Aviva Investments

The financial covenants associated with these loans are the same as for the revolving credit facility above. These loan notes represent the Group's core debt.

The Group's businesses provide a good level of cash generation which helps fund future growth. The Group seeks to minimise borrowings by utilising cash generated by operations that is surplus to the immediate operating needs of the business and an objective is to maintain a minimum level of cash at bank.

(b) Financial instruments
The Group's financial assets comprise cash and trade and other receivables. The Group's financial liabilities comprise bank loans, lease liabilities, deferred consideration and trade and other payables. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

Fair values

The fair value of the financial assets and liabilities of the Group are considered to be materially equivalent to their book value. The classification of financial instruments is shown in the table below.

£m	As at 31 December 2021	As at 31 December 2020
Cash	**40.1**	43.2
Trade and other receivables	**140.0**	118.3
Financial assets	**180.1**	161.5
Borrowings	**55.0**	54.9
Lease liabilities	**36.9**	48.9
Deferred consideration	**2.6**	5.8
Trade and other payables	**25.9**	32.7
Financial liabilities	**120.4**	142.3

Interest rate and currency risk are the most significant aspects for the Group in the area of financial instruments. It is exposed to a lesser extent to liquidity risk that is reviewed in note 20. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(c) Interest rate risk

When additional funds are required, the Group draws down term loans, typically between one and three months, against its revolving credit facility at fixed rates of interest for the term of the loan. The Group has not entered any contracts to fix interest rates beyond the period of the term loans but will consider doing so if borrowings become significantly larger and longer term. The Group's overdraft bears interest at floating rates. Surplus funds are placed on short-term deposit or held within instant access deposit accounts earning floating rate interest.

Interest rate risk and profile of financial liabilities

The interest rate risk profile of the Group's financial liabilities (undiscounted) at 31 December was as follows:

	Floating rate		Fixed rate		Non-interest bearing		Total	
£m	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Sterling	**12.5**	–	**55.0**	51.2	**11.4**	14.2	**78.9**	65.4
Euro	**–**	–	**4.0**	5.2	**2.4**	3.1	**6.4**	8.3
Australian Dollar	**–**	–	**14.7**	16.9	**3.2**	6.2	**17.9**	23.1
Canadian Dollar	**–**	–	**0.6**	1.1	**0.5**	1.3	**1.1**	2.4
US Dollar	**–**	–	**4.5**	31.3	**2.9**	3.1	**7.4**	34.4
Norwegian Krone	**–**	–	**3.1**	3.8	**5.3**	4.7	**8.4**	8.5
Other	**–**	–	**0.1**	0.1	**0.2**	0.1	**0.3**	0.2
Total	**12.5**	–	**82.0**	109.6	**25.9**	32.7	**120.4**	142.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

30. FINANCIAL RISK MANAGEMENT CONTINUED

The maturity profile of financial liabilities at 31 December was as follows:

	Floating rate		Fixed rate		Non-interest bearing		Total	
£m	2021	2020	2021	2020	2021	2020	2021	2020
Within one year	–	–	13.2	68.9	25.8	32.5	39.0	101.4
In one to two years	–	–	8.9	11.7	0.1	0.2	9.0	11.9
In two to five years	–	–	15.0	18.9	–	–	15.0	18.9
Over five years	12.5	–	44.9	10.1	–	–	57.4	10.1
Total	12.5	–	82.0	109.6	25.9	32.7	120.4	142.3

The weighted average interest rate and term for interest bearing financial liabilities is shown below:

	Fixed and floating rate financial liabilities		Fixed rate financial liabilities	
	Weighted average interest rate %		Weighted average period for which rate is fixed – months	
	2021	2020	2021	2020
Sterling	3.4	4.3	73	38
Australian Dollar	3.7	3.9	39	55
US Dollar	3.4	4.4	48	18
Norwegian Krone	4.0	4.0	44	56
Euro	2.6	2.6	52	58
Canadian Dollar	4.6	4.6	14	26
Other	4.4	4.4	42	54
	3.4	4.1	65	36

Cash balances at year end:

£m	As at 31 December 2021	As at 31 December 2020
Sterling	21.6	16.2
Euro	2.3	4.2
US Dollar	3.1	3.9
Australian Dollar	4.7	10.0
Canadian Dollar	0.2	0.7
Norwegian Krone	7.0	7.3
Malaysian Ringgit	0.2	0.4
Singapore Dollar	–	0.1
Other	1.0	0.4
	40.1	43.2

The fair value of the forward foreign exchange contracts held at year end was not material.

(d) Foreign currency sensitivity

Since the Group hedges the majority of its transactional foreign currency exposures, the sensitivity of the results to transactional foreign currency risk is not material.

(e) Credit risk

It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. The Group does not enter into complex derivatives to manage credit risk. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The Directors consider the Group's financial assets that are not impaired to be of good credit quality including those that are past due. It is Group policy, implemented locally, that receivables are only written off when there is no reasonable expectation of recovery. This may occur if there is objective evidence of a client's financial difficulty, or if enforcement activity has been unsuccessful. See note 18 for further detail on receivables that are past due. The Group's financial assets are not secured by collateral advanced by counterparties. In respect of trade and other receivables, the Group has a broad range of clients, the largest being government agencies and departments, national water companies, multi-national oil companies or substantial utility companies. Infrequently (and generally for administrative reasons), there may be a build-up of unpaid invoices. The Group does not have significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics.

The credit risk in cash and derivatives is limited because the counterparties are banks with high credit ratings assigned by international credit ratings.

31. SHARE-BASED PAYMENTS

Share scheme costs

£m	**Year ended 31 December 2021**	Year ended 31 December 2020
Share Incentive Plan (SIP)	**1.5**	1.6
Performance Share Plan (PSP)	**0.9**	0.8
Executive Long Term Incentive Plan (ELTIP)	**0.7**	0.8
Short Term Annual Bonus Plan (STABP)	**0.1**	0.2
Total share scheme costs	**3.2**	3.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

31. SHARE-BASED PAYMENTS CONTINUED
A description of each plan is given in accounting policy note 2(f)iii. The following tables set out details of material share schemes activity:

SIP

Year of grant	Number outstanding 1 January 2021	New grants	Releases	Forfeits	Number outstanding 31 December 2021	Vesting conditions
2018	616,046	–	(576,744)	(39,302)	–	3 years
2019	972,032	–	(52,423)	(99,384)	820,225	3 years
2020	3,168,057	–	(125,953)	(278,308)	2,763,796	3 years
2021	–	1,749,778	(15,165)	(80,845)	1,653,768	3 years
	4,756,135	1,749,778	(770,285)	(497,839)	5,237,789	

Year of grant	Number outstanding 1 January 2020	New grants	Releases	Forfeits	Number outstanding 31 December 2020	Vesting conditions
2017	437,317	–	(416,533)	(20,784)	–	3 years
2018	695,355	–	(24,790)	(54,519)	616,046	3 years
2019	1,095,468	–	(35,658)	(87,778)	972,032	3 years
2020	–	3,307,530	(53,296)	(86,177)	3,168,057	3 years
	2,228,140	3,307,530	(530,277)	(249,258)	4,756,135	

PSP

Year of grant	Number outstanding 1 January 2021	New grants	Releases	Lapses	Number outstanding 31 December 2021	Vesting conditions
2011	19,899	–	(10,667)	(9,232)	-	3 years
2012	15,415	–	(6,831)	(2,765)	5,819	3 years
2013	28,447	–	(11,303)	(2,604)	14,540	3 years
2014	29,515	–	(5,547)	(6,505)	17,463	3 years
2015	46,538	–	(10,107)	(5,395)	31,036	3 years
2016	53,227	–	(10,992)	(7,578)	34,657	3 years
2017	47,623	–	(4,760)	(12,339)	30,524	3 years
2018	344,122	–	(212,133)	(32,654)	99,335	3 years
2019	511,922	–	(3,628)	(43,511)	464,783	3 years
2020	780,733	–	–	(6,858)	773,875	3 years
2021	–	1,245,760	–	(10,813)	1,234,947	3 years
	1,877,441	1,245,760	(275,968)	(140,254)	2,706,979	

Year of grant	Number outstanding 1 January 2020	New grants	Releases	Lapses	Number outstanding 31 December 2020	Vesting conditions
2011	19,899	–	–	–	19,899	3 years
2012	26,767	–	(11,352)	–	15,415	3 years
2013	33,295	–	(4,848)	–	28,447	3 years
2014	37,615	–	(8,100)	–	29,515	3 years
2015	63,919	–	(17,381)	–	46,538	3 years
2016	67,234	–	(14,007)	–	53,227	3 years
2017	257,338	–	(201,716)	(7,999)	47,623	3 years
2018	406,266	–	(31,397)	(30,747)	344,122	3 years
2019	558,895	–	(9,639)	(37,334)	511,922	3 years
2020	–	780,733	–	–	780,733	3 years
	1,471,228	780,733	(298,440)	(76,080)	1,877,441	

SIP

For the purposes of calculating the fair value of conditional shares awarded under the SIP, the fair value was calculated as the market value of the shares at the date of grant as participants are entitled to receive dividends over the three year holding period.

	SIP awards
Fair value at measurement date	34.75p–191.0p
Weighted fair value	87.01p
Holding period	3 years

The Group assumed a 5% annual lapse rated as at the date of grant for the above schemes and all non-market-based performance conditions would be satisfied in full (see accounting policy 2(f)iii).

PSP

For the purposes of calculating the fair value of conditional shares awarded under the PSP, the fair value was calculated as the market value of the shares at the date of grant adjusted to reflect that participants are not entitled to receive dividends over the performance period.

	PSP awards
Fair value at measurement date	50.5p–318.65p
Weighted fair value	120.98p
Weighted average exercise price	106.37p
Holding period	3 years
Expected dividend yield	2.02%–5.55%

PARENT COMPANY BALANCE SHEET

£m	Note	As at 31 December 2021	As at 31 December 2020
Fixed assets:			
Intangible assets	4	**9.6**	9.3
Tangible assets	5	**0.7**	1.1
Investments	6	**331.2**	331.2
		341.5	341.6
Current assets:			
Debtors:			
– due within one year	7	**59.3**	64.2
Cash at bank and in hand		**16.4**	17.0
		75.7	81.2
Creditors: amounts falling due within one year	8	**(63.2)**	(146.9)
Provisions for liabilities	10	**(1.2)**	–
Net current assets/(liabilities)		**11.3**	(65.7)
Total assets less current liabilities		**352.8**	275.9
Creditors: Amounts falling due after more than one year	9	**(53.6)**	–
Provision for liabilities	10	**(0.2)**	(0.2)
Net assets		**299.0**	275.7
Capital and reserves			
Called up share capital	12	**8.3**	8.3
Share premium account	12	**126.1**	125.3
Profit and loss account	12	**103.4**	81.6
Merger reserve	12	**38.7**	38.7
Employee trust shares	12	**(10.8)**	(11.5)
Other reserve	12	**33.3**	33.3
Total shareholders' equity		**299.0**	275.7

The profit for the year attributable to the shareholders of the Parent Company and recorded through the accounts of the Parent Company was £20.8 million (2020: £3.8 million).

These financial statements were approved and authorised for issue by the Board on 15 March 2022.

The notes on pages 206–215 form part of these financial statements.

Judith Cottrell

John Douglas
Director

Judith Cottrell
Director

On behalf of the Board of RPS Group Plc (company number: 2087786).

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

£m	Share capital	Share premium	Merger reserve	Employee trust shares	Profit and loss account	Other reserve	Total
At 1 January 2020	6.8	121.9	21.2	(10.1)	66.0	43.3	249.1
Issue of new shares	1.5	3.4	17.5	(2.1)	(0.9)	–	19.4
Share-based payment expense	–	–	–	–	3.4	–	3.4
Transfer on release of shares	–	–	–	0.7	(0.7)	–	–
Profit and total comprehensive income	–	–	–	–	3.8	–	3.8
Reserves transfer on impairment loss (note 6)	–	–	–	–	10.0	(10.0)	–
At 31 December 2020	8.3	125.3	38.7	(11.5)	81.6	33.3	275.7
Issue of new shares	**–**	**0.8**	**–**	**(0.2)**	**(0.6)**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**	**–**	**3.2**	**–**	**3.2**
Transfer on release of shares	**–**	**–**	**–**	**0.9**	**(0.9)**	**–**	**–**
Profit and total comprehensive income	**–**	**–**	**–**	**–**	**20.8**	**–**	**20.8**
Dividend paid (note 13)	**–**	**–**	**–**	**–**	**(0.7)**	**–**	**(0.7)**
At 31 December 2021	**8.3**	**126.1**	**38.7**	**(10.8)**	**103.4**	**33.3**	**299.0**

The notes on pages 206–215 form part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

RPS Group Plc (the 'Company') is a company domiciled in England under the Companies Act. The address of the registered office is given on page 161. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 5–79.

The individual Company financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional and presentational currency of RPS Group Plc is considered to be pounds sterling.

RPS Group Plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and is written off on a straight- line basis over its useful economic life of up to 20 years. Provision is made for any impairment.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives as follows:

Software	10 years

Valuation of investments

Investments held as fixed assets are stated at cost, less any provision for impairment in value.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over their expected useful lives as follows:

Alterations to leasehold premises:	Life of lease
Fixtures, fittings, IT and equipment:	3 to 8 years

All tangible fixed assets are expected to have nil residual value.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currency translation

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date.

Pension costs

Contributions to the Company's defined contribution pension schemes are charged to the profit and loss account in the year in which they become payable.

Share-based employee remuneration

The Company's and Group's employees may benefit from a Group operated share- based payment arrangement for shares in RPS Group Plc. Further information on these arrangements is in other accounting policies to the consolidated financial statements (2(f)(iii)). The fair value of equity-settled awards for the Group share-based payments is determined at grant and expensed straight-line over the period from grant to the date of earliest unconditional exercise. A recharge is made for the expense to those subsidiaries where employees partake in the scheme.

The Group calculates the fair market value of options using a binomial model and for whole share awards the fair value is based on the market value of the shares at the date of grant adjusted to take into account some of the terms and conditions upon which the shares are granted.

Those fair values are charged to the income statement over the relevant vesting period adjusted to reflect actual and expected vesting levels.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Employee Share Trusts

The assets, income and expenditure of the SIP and Employee Benefit Trust are incorporated into the Company's financial statements.

The Trusts are used to issue shares under the Group's share schemes, as described on page 167. Cash is loaned to the Trust and then used to subscribe for shares in the Company.

Financial instruments

Disclosures on financial instruments have not been included in the Company's financial statements as its consolidated financial statements include appropriate disclosures.

i. Financial assets

Trade debtors, other debtors and amounts due from subsidiary undertakings are financial assets that are recognised at fair value on inception and are subsequently carried at amortised cost. They are subject to impairment tests whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment losses are taken to the profit and loss account as incurred.

ii. Financial liabilities

Trade creditors and other creditors including bank loans are financial liabilities that are recognised at fair value on inception and are subsequently carried at amortised cost.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements

In the course of preparing the financial statements, no significant judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

Sources of estimation uncertainty

In applying the Company's accounting policies, various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. The only source of estimation uncertainty at the end of 2021, that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities during 2022, relates to the testing for impairment of the Company's investments.

The Company performs an annual impairment review on the valuation of investments. The recoverable amount of each investment has been determined from value in use calculations and these calculations include estimates about the future financial performance based on budgets and forecasts, medium term growth rates and discount rates.

3. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

No profit and loss account is disclosed by the Parent Company as allowed by Section 408 of the Companies Act 2006. The remuneration of the auditors for the statutory audit of the Company was £0.2 million (2020: £0.1 million).

The average number of employees of the Company during the year, including Directors, was 170 (2020: 196).

4. INTANGIBLE ASSETS

£m	Goodwill	Software	Total
Cost			
At 1 January 2021	**2.1**	**12.6**	**14.7**
Additions	**–**	**0.9**	**0.9**
At 31 December 2021	**2.1**	**13.5**	**15.6**
Amortisation			
At 1 January 2021	**2.0**	**3.4**	**5.4**
Charge for the year	**0.1**	**0.5**	**0.6**
At 31 December 2021	**2.1**	**3.9**	**6.0**
Net book value at 31 December 2021	**–**	**9.6**	**9.6**
Net book value at 31 December 2020	0.1	9.2	9.3

5. TANGIBLE ASSETS

£m	Alterations to leasehold premises	Fixtures, fittings, IT and equipment	Total
Cost or valuation			
At 1 January 2021	**0.7**	**8.8**	**9.5**
Additions	**–**	**0.3**	**0.3**
Transfers to group companies	**–**	**(0.2)**	**(0.2)**
At 31 December 2021	**0.7**	**8.9**	**9.6**
Depreciation			
At 1 January 2021	**0.6**	**7.8**	**8.4**
Charge for the year	**0.1**	**0.4**	**0.5**
At 31 December 2021	**0.7**	**8.2**	**8.9**
Net book value at 31 December 2021	**–**	**0.7**	**0.7**
Net book value at 31 December 2020	0.1	1.0	1.1

6. INVESTMENTS

£m	2021	2020
Subsidiary undertakings		
Cost		
At beginning and end of year	**455.6**	455.6
Provisions		
At beginning of year	**124.4**	114.4
Impairment	**–**	10.0
At end of year	**124.4**	124.4
Net book value at end of year	**331.2**	331.2

The Company performs an annual impairment review on the carrying value of investments or when there are any impairment triggers.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

6. INVESTMENTS CONTINUED

The determination of whether or not investments are impaired requires an estimate to be made of the value in use of the investments. Those value in use calculations include estimates about the future financial performance based on budgets and forecasts, medium-term and long-term growth rates, discount rates and the markets in which the business operates. The cash flow projections in the first five financial years reflect management's expectations of the medium-term operating performance of the investment and the growth prospects in its market, including recovery from the impact of COVID-19. Thereafter a perpetuity is applied.

The key assumptions in the value in use calculations are the discount rates applied, the growth rates and margins assumed over the forecast period and these are detailed in note 14 to the consolidated financial statements.

There were no indicators of impairment and no impairments were identified in the modelling performed.

The Company's investment in its US business was impaired by £10.0 million in the prior year and this was recorded through the profit and loss account. The impact on the profit and loss reserve is offset by a transfer of the same amount from the other reserve. The other reserve represents profits previously recognised in a group reorganisation involving the US business. No impairment charges were identified on any other investments.

There are no reasonable changes in estimates that would result in a material adjustment to the carrying value of investments as at 31 December 2021.

Subsidiary undertakings

The principal activity of the majority of our trading subsidiaries is the provision of consulting services.

The following were the subsidiaries during the year. All subsidiaries are held 100% by RPS Group Plc. Shares are held directly by RPS Group Plc except where marked by an asterisk where they are held by a subsidiary undertaking.

Registered Office	Country of registration and operation	
	Australia	
1	ECL DM Pty Ltd	*
1	ECL Drilling Management Pty Limited	*
1	ECL Pty Ltd	*
1	Everything Infrastructure Consulting Pty Ltd	*
1	Everything Infrastructure Group Pty Ltd	*
1	Intelligent Infrastructure Pty Ltd	*
1	RPS APASA Pty Ltd	*
1	RPS Advisory Services Pty Ltd	*
1	RPS Aquaterra Pty Ltd	*
1	RPS Australia East Pty Ltd	*
1	RPS Australia West Pty Ltd	*
1	RPS Consultants Pty Ltd	
1	RPS ECOS Pty Ltd	*
1	RPS Energy Pty Ltd	*
1	RPS Energy Services Pty Ltd	*
1	RPS Environment and Planning Pty Ltd	*
1	RPS Harper Somers O'Sullivan Pty Ltd	*
1	RPS Manidis Roberts Pty Ltd	*
1	RPS AAP Consulting Pty Ltd	*
1	Rudall Blanchard Associates Pty Limited	*

Registered Office	Country of registration and operation	
1	Troy Ikoda Australasia Pty Ltd	*
1	Whelans Corporation Pty Limited	*
1	Whelans Insites Pty Limited	*
	Brazil	
2	RPS Consultores do Brasil Ltda	*
	Canada	
3	RPS Canada Ltd	*
3	RPS Energy Canada Ltd	*
4	Canadian GaiaTech, B.C. ULC	*
	England	
5	Aquaterra International Ltd	*
5	Aquaterra UK Limited	*
5	Basicshare Limited	
5	Burks Green & Partners Limited	*
5	Cambrian Consultants America Limited	*
5	Cambrian Consultants Limited	*
5	CgMs Holdings Limited	*
5	CgMs Limited	*

Registered Office	Country of registration and operation	
5	Clear Environmental Consultants Limited	*
5	DBK Partners Limited	*
5	ECL Group Limited	
5	ECL Resources Management Limited	*
5	ECL Technology Limited	*
5	Emulous Group Limited	
5	Emulous Ltd	
5	Energy Innovations Limited	*
5	Exploration Consultants Limited	*
5	Flow Control (Water Conservation) Limited	
5	Geocon Group Services Limited	
5	Geophysical Consultants Limited	*
5	Geophysical Safety Resources Limited	*
5	Hydrosearch Associates Limited	*
5	Isochrone Holdings Limited	*
5	Knowledge Reservoir (UK) Ltd	*
5	Martindale Holdings Limited	*
5	Nautilus (SEAA) Limited	*
5	Nautilus Limited	*
5	Net Admin Limited	*
5	Nigel Moor Associates plc	*
5	Oil Experience Limited	*
5	Paras Consulting Limited	*
5	Paras Limited	
5	Probablistic Risk Assessments Limited	
5	Quad Engineering Limited	*
5	Reservoir Imaging Limited	*
5	R W Gregory Limited	*
5	RPS Business Healthcare Limited	*
5	RPS Chapman Warren Limited	*
5	RPS Consultants Ltd	
5	RPS Consulting Services Limited	
5	RPS Design Ltd	
5	RPS Ecoscope Limited	
5	RPS Energy Consultants Limited	*
5	RPS Energy Global Limited	
5	RPS Energy Limited	
5	RPS Energy Services Limited	
5	RPS Environmental Management Limited	
5	RPS Group US Holdings Limited	
5	RPS Occupational Health Limited	*
5	RPS Laboratories Limited	
5	RPS Mountainheath Limited	*
5	RPS Planning & Development Limited	
5	RPS Timetrax Limited	*
5	RPS Trustees Limited	

Registered Office	Country of registration and operation	
5	RPS US Holdings Limited	*
5	RPS Finance AAP Limited	
5	RPS Utilities Limited	
5	Rudall Blanchard Associates Group Limited	*
5	Rudall Blanchard Associates Limited	*
5	Safety and Reliability Consultants Limited	
5	Scott Pickford Limited	*
5	Sherwood House Properties Limited	*
5	SRC (Consultants) Limited	*
5	Town Planning Consultancy Limited	
5	TPK Consulting Limited	
5	Town Planning Consultancy Limited	
5	TPK Consulting Limited	
5	Troy Ikoda Limited	*
5	Troy Ikoda Limited	*
5	Troy-Ikoda Management Limited	*
5	Utility Technical Services Limited	
5	WTW & Associates Limited	
5	X-IPEC Limited	*
	Germany	
6	Metier Academy GmbH	*
	Gibraltar	
7	Geocon Asia Limited	*
	Ireland	
8	RPS Consulting Engineers Limited	*
8	RPS Engineering Services Limited	*
8	RPS Environmental Consultancy Limited	
8	RPS Group Limited	*
8	RPS MMA Limited	*
8	RPS Planning & Environment Limited	*
8	RPS Properties Limited	*
	Malaysia	
9	Cambrian Consultants Asia Sdn. Bhd	*
10	RPS Consultants Sdn Bhd	*
	Mexico	
11	Cambrian Consultants CC America, Inc S.de R.L. de C.V.	*
	Mongolia	
12	Aquaterra East Asia LLC	*

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
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Registered Office	Country of registration and operation	
	Netherlands	
13	RPS advies-en ingenieursbureau BV	*
14	RPS Analyse BV	*
13	RPS BV	
13	RPS Detachering BV	*
	New Zealand	
15	RPS Consultants NZ Limited	*
	Northern Ireland	
16	RPS Ireland Limited	*
	Norway	
18	Delphi AS	*
17	Knowledge Reservoir AS	*
17	Knowledge Reservoir Holding AS	*
18	Metier OEC AS	*
18	RPS Group AS	
	Oman	
19	Knowledge Reservoir LLC (Oman)	*

Registered Office	Country of registration and operation	
	Scotland	
20	OceanFix International Limited	*
21	Reservoir Imaging Limited	*
22	RPS Health in Business Limited	*
	Singapore	
23	Delphi Group Asia PTE Limited	*
	Sweden	
24	Metier AB	*
	USA	
25	Espey Consultants, Inc.	*
25	GaiaTech Holdings, Inc	*
25	Houston Geoscan Inc	*
25	Hydrosearch USA Inc	*
25	Nautilus Holdings LLC	
25	RPS Infrastructure Inc	*
25	Knowledge Reservoir Group Inc	
25	RPS America Group Inc	*
25	RPS Americas Inc	*
25	RPS Group, Inc.	*

Registered Offices

1	Level 4, 520 Wickham Street, Fortitude Valley, Queensland 4006, Australia
2	Av. Almirante Barroso 91, Rio de Janeiro, Rio De Janeiro 20031- 005, Brazil
3	1200, 700 - 2nd Street SW, Calgary, Alberta, TP2 4V5, Canada
4	1300-777 ST Dunsmuir Vancouver, British Columbia V7Y1K2 Canada
5	20 Western Avenue, Milton Park, Abingdon, Oxfordshire OX14 4SH
6	Gashaftsanschrift, Marketstrasse 4460388 Frankfurt am Main, Germany
7	Line Group Limited, 57/63 Line Wall Road, Gilbraltar
8	West Pier Business Campus, Old Dunleary Road, Dunlaoghaire, Co Dublin, Republic of Ireland
9	Level 11-2 Faber Imperial Court, Jalan Sultan Ismail 50250, Kuala Lumpur, Malaysia
10	2nd floor, 60, 62 & 64 Jalan SS 2/21, Damansara Jaya, 47400 Petaling Jaya, Selangor, Malaysia
11	Avenida Paseo de la Reforma No. 404, Pisa 6 - Despacho 602, CoL Juarez, Mexico City, Mexico, FED DISTR. 06600
12	701 San Business Centre, 8th Khoroo, Sukhbaatar, Ulaanbaatar, Mongolia
13	Elektronicaweg 2, 2628 XG Delft, The Netherlands
14	Minervum 7002, 4817, ZL Breda, The Netherlands
15	50 Customhouse Quay, Wellington Central, Wellington, 6011, New Zealand
16	Elmwood House, 74 Boucher Road, Belfast, BT12 6RZ
17	Welhavens Road 5, 4319 Sandines, Sandines, Norway
18	Hovfaret 10, 0275 Oslo, Norway
19	Al-Kulieah Street, Al-Khuwair 17/2, Building No.741, Way No. 4508 Muscat, Oman
20	9 Queens Road, Aberdeen, AB15 4YL
21	Atholl Exchange, 1st Floor, 6 Canning Street, Edinburgh, EH3 8EG
22	Unit 1, Ratho Park, Station Road, Edinburgh, EH28 8QQ
23	9 Raffles Place 26-01, Republic Plaza, Singapore 048619
24	Gyllenstiernsgatan 12, 115 26, Stockholm, Sweden
25	20405 Tomball Parkway, Suite 200, Houston, Texas 77070, USA

7. DEBTORS

£m	As at 31 December 2021	As at 31 December 2020
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	**43.2**	50.9
Corporation tax receivable	**2.8**	1.1
Other debtors	**5.8**	5.5
Prepayments	**7.5**	6.7
	59.3	64.2

Amounts due from subsidiary undertakings include short-term loans of £42.5 million (2020: £50.5 million) that incur interest at rates of between 1.72% and 2.20% (2020: 1.68% and 1.83%). All other amounts are unsecured, interest free and repayable on demand.

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

£m	As at 31 December 2021	As at 31 December 2020
Borrowings	**–**	54.0
Trade creditors	**2.9**	5.3
Amounts due to subsidiary undertakings	**51.5**	83.1
Other creditors	**0.2**	0.5
Taxation and social security	**0.5**	–
Accruals	**8.1**	4.0
	63.2	146.9

Amounts due to subsidiary undertakings include short-term loans of £50.8 million (2020: £70.4 million) that incur interest at rates of between 0.58% and 1.68% (2020: 0.80% and 1.70%). All other amounts are unsecured, interest free and repayable on demand.

Details of borrowings are disclosed in note 20 to the consolidated financial statements.

9. CREDITORS – AMOUNTS DUE AFTER MORE THAN ONE YEAR

£m	As at 31 December 2021	As at 31 December 2020
Borrowings:		
Bank loans	**55.0**	–
Arrangement fees	**(1.4)**	–
	53.6	–
Due as follows:		
Amount due between one and two years	**–**	–
In the third to fifth years inclusive	**–**	–
Arrangement fee previously settled	**55.0**	–
	55.0	–

Details of borrowings are disclosed in note 20 to the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

10. PROVISION FOR LIABILITIES

£m	Onerous contracts	Dilapidations	Total
As at 1 January 2021	–	0.2	0.2
Additional provision in the year	1.2	–	1.2
As at 31 December 2021	1.2	0.2	1.4

The dilapidations provision is in respect of reinstatement obligations related to leasehold properties and will be utilised within three years.

The provision for onerous contracts relates to a committed level of contract activity that the group will not reach.

The total provision is expected to be utilised as follows:

£m	As at 31 December 2021	As at 31 December 2020
Within one year	1.2	–
After more than one year	0.2	0.2
	1.4	0.2

11. DEFERRED TAXATION

The movement on deferred taxation in the year was as follows:

£m	As at 31 December 2021	As at 31 December 2020
Net asset at beginning of year	2.9	0.3
Credit to income for the year	0.9	2.6
Net asset at year end	3.8	2.9

The deferred taxation balances comprise:

£m	As at 31 December 2021	As at 31 December 2020
Short-term timing differences	–	–
Depreciation in excess of capital allowances	0.4	0.3
Losses	3.4	2.6
Deferred tax asset	3.8	2.9

Deferred tax is included within other debtors in the balance sheet.

12. SHARE CAPITAL AND RESERVES

	Allotted and fully paid	
	Number	Value £m
Ordinary shares of 3p each		
At 1 January 2021	276,903,032	8.3
At 31 December 2021	277,510,925	8.3

Full details of the share capital of the Company are disclosed in note 24 to the consolidated financial statements. The Company's reserves are as follows:

Share premium	Premium on shares issued in excess of nominal value, other than on shares issued in respect of acquisitions when merger relief is taken.
Profit and loss account	Cumulative net gains and losses recognised in the profit and loss account and statement of changes in equity.
Merger reserve	Premium on shares issued in respect of acquisitions when merger relief is taken.
Employee trust shares	Own shares held by the SIP and Employee Benefit trusts.
Other reserves	Non-distributable profit generated on Group reconstruction.

13. DIVIDENDS

Details of dividends paid by the Company are disclosed in note 25 of the consolidated financial statements.

14. COMMITMENTS UNDER OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Other – motor vehicles	
£m	**31 December 2021**	31 December 2020
Within one year	**0.7**	0.5
Between one and five years	**0.9**	0.5
	1.6	1.0

15. DIRECTORS' INTERESTS IN TRANSACTIONS

Details of transactions during the year in which the Directors had an interest are disclosed in note 27 to the consolidated financial statements.

FIVE YEAR SUMMARY

£m	2021	2020	2019	2018	2017
Revenue	**560.4**	542.1	612.6	637.4	630.6
Fee revenue (2018 and earlier: Fee income)	**476.1**	457.3	528.2	574.2	562.3
Adjusted profit before tax	**21.5**	13.4	37.4	50.2	53.9
Net bank debt	**(13.5)**	(10.8)	(94.1)	(73.9)	(80.6)
Net assets	**348.6**	349.0	348.5	377.6	369.8
Cash generated from operations	**36.2**	93.4	54.9	60.4	63.5
Average number of employees	**4,946**	5,055	5,099	5,556	5,340
Dividend per share	**0.70p**	–	2.42p	9.88p	9.88p
Adjusted basic EPS	**5.70p**	4.33p	12.43p	16.47p	17.13p
Adjusted diluted EPS	**5.61p**	4.29p	12.31p	16.34p	17.01p

The Five Year Summary does not form part of the audited financial statements.

MAKING COMPLEX EASY

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