

RICARDO PLC ("Ricardo" or the "Company")
SECTION 430(2B) STATEMENT – DAVE SHEMMANS

On 25 January 2021, Ricardo plc announced that the Board of the Company and Dave Shemmans had jointly agreed that Dave Shemmans would leave his role as Ricardo's Chief Executive Officer once a successor was in place in order to facilitate a smooth transition. In light of the appointment of Graham Ritchie as Ricardo's new Chief Executive Officer, and as announced on 26 August 2021, Dave Shemmans stepped down from the Board and the role of Chief Executive Officer on 30 September 2021.

In accordance with section 430(2B) of the Companies Act 2006, this statement sets out the particulars of the remuneration payments made or to be made to Dave in connection with his cessation of employment as Chief Executive Officer, all of which are in accordance with Ricardo's shareholder-approved Directors' Remuneration Policy.

Salary, benefits and pension to 30 September 2021

Base salary, benefits and pension payments continued to operate as normal until 30 September 2021, being the date on which notice of termination of employment was formally served by the Company in terms of the Service Agreement entered into between the Company and Dave Shemmans in 2005 (as amended in 2009).

Payment in lieu of notice / holiday payments

In accordance with the above Service Agreement, Ricardo exercised its right to make a payment in lieu of the 12 months' notice (the "**PILON**") that Dave was entitled to receive. The PILON calculated pursuant to this Service Agreement will comprise amounts equal to:

- base salary: £530,484;
- cash in lieu of pension: £111,140;
- car allowance: £17,500; and
- other benefits Dave would have received had he continued in employment during the notice period: £23,352.¹

Half of the PILON is payable immediately with the remaining half payable in 6 monthly instalments with effect from the first payroll date after 30 March 2022.

Dave Shemmans is obliged to use his best endeavours to obtain alternative employment. The remuneration received by him from such alternative employment will serve to reduce the amount of any outstanding PILON instalments described above.

At the same time as the initial PILON payment, £67,331 is also payable to Dave Shemmans in respect of accrued but untaken holidays to the date of his cessation of employment.

Bonuses

Dave will also be entitled to receive a bonus in respect of the financial year ending 30 June 2021, further details of which, including about the applicable deferral arrangements, are set out in the Company's Director's Remuneration Report for the year ended 30 June 2021, a copy of which is available on Ricardo's website.

As Dave was employed for part of the financial year ending 30 June 2022, he will also be eligible to receive a bonus for that year, albeit reduced pro-rata to reflect the part of the year that Dave was in-post. Similar deferral arrangements will operate in respect of this bonus as apply to the bonus for the year ending 30 June 2021 referred to above.

¹ These relate to the Company's group private medical insurance, life assurance, death in service, pensions and group income protection policies and petrol allowance.

Deferred awards under the Company's employee share plans

Dave will be treated as a "good leaver" for the purposes of awards (including those described above) under the Company's deferred bonus plan and long term incentive plans. The relevant awards will vest, and the relevant shares released, on or around their third anniversary of grant, except in the case of awards made under the Ricardo plc 2020 Long Term Incentive Plan where the relevant shares will be released at the expiry of the post-vesting holding period. No time pro-rata reduction will apply to deferred bonus awards as the awards relate to annual bonus already earned. A strict time pro-rata reduction will, however, apply in respect of the 2019 and 2020 performance share awards granted under the Company's employee share plans taking into account the elapsed time from the date of grant and the date of cessation of employment agreed with Dave Shemmans for this purpose: 30 September 2022.

Malus / clawback

Malus / clawback provisions will apply to the above share awards as described in the Company's Directors' Remuneration Policy.

Further details of award vestings

Further details of the number of shares to vest under the Company's share incentive plans will be disclosed in the Directors' Remuneration Report for the applicable year.

Legal fees

The Company has paid £21,500 in legal fees incurred by Dave Shemmans in connection with his cessation of employment.

Further details of the above remuneration payments will be set out in Ricardo's Directors' Remuneration Report for the year ending 30 June 2022.