

ROYAL INSTITUTION OF CHARTERED SURVEYORS ('RICS')

INDEPENDENT EXTERNAL REVIEW IN RESPECT OF THE ISSUES RAISED AT RICS IN 2018 AND 2019 FOLLOWING THE COMMISSIONING BY THE RICS AUDIT COMMITTEE OF A TREASURY MANAGEMENT AUDIT

TERMS OF REFERENCE

1. This independent external review (the “**External Review**”) is a non-statutory inquiry commissioned at the instruction of the Governing Council of the Royal Institution of Chartered Surveyors (“**RICS**”), by a motion voted on at a Special Meeting on 21 January 2021. The External Review has been commissioned and will be overseen by a Steering Group established for the purpose.
2. The External Review will consider the commissioning by the RICS Audit Committee of a Treasury Management Audit (the “**Audit**”) in 2018, and the issues raised at RICS in 2018 and 2019 following the commissioning of the Audit, which will include a review of:
 - (a) The internal reporting of the progress and outcome of the Audit to the RICS Management Board and Governing Council; and
 - (b) The events leading to the termination of four Non-Executive Members of Management Board.
3. The External Review will consider, and make factual findings, including but not limited to, the following questions (the “**Key Questions**”):
 - (a) What were the background to and circumstances surrounding the commissioning of the Audit? When, how and on what basis was the Audit undertaken and completed?
 - (b) Under what circumstances, and in what terms, were internal RICS governance and oversight bodies (e.g. Management Board and Governing Council) informed and kept updated regarding the events that gave rise to the Audit, and the progress and outcome of the Audit itself?

- (c) What relevant corporate governance and oversight arrangements, structures, responsibilities, norms and processes existed within, or were relevant to, RICS that were applicable to the matters at (a) and (b) above?
 - (d) Were reporting (escalation) requirements clear and fulfilled? Was the corporate governance and oversight framework at (c) above adhered to?
 - (e) What concerns were raised within RICS about the Audit and what steps were taken in 2019 in response – including, in particular, the Internal Governance Review dated 20 September 2019?
 - (f) What were the background to and circumstances surrounding the Management Board meeting on 25 September 2019?
 - (g) What concerns were raised in relation to, and following, the 25 September 2019 Management Board meeting (including by the four Non-Executive Members of Management Board who were later terminated)? What was the response?
 - (h) When, in what circumstances, on what basis, and by whom were the four non-executive board members terminated?
 - (i) What relevant corporate governance and oversight arrangements, structures, responsibilities, norms and processes existed within, or were relevant to, RICS that were applicable to the matter at (h) above?
 - (j) Were reporting (escalation) requirements clear and fulfilled? Was the corporate governance and oversight framework at (i) above adhered to?
4. The External Review will be led by an independent reviewer, (the “**Independent Reviewer**”), who will prepare a report of the External Review’s findings (the “**Report**”). The Report will contain the conclusions reached on the Key Questions and any other relevant matters. In the Report, the Independent Reviewer may also make recommendations arising from the factual findings as he sees fit.
5. The External Review’s objective will be to establish as accurately and reliably as possible what happened, and, as appropriate, to identify the lessons that can be learned. The Key Questions provide a framework in relation to which the Independent Reviewer will conduct his investigation. The External Review will adopt an investigatory and non-adversarial approach to its fact finding task. The Independent Reviewer will take evidence direct from witnesses and will obtain and consider the relevant

documents in order to establish the facts, including any relevant external advice received. If the Independent Reviewer finds, based on his factual findings, that mistakes were made, that there are issues which could have been dealt with better, the Report will say so.

6. RICS will provide the necessary supporting resources to enable the External Review to be carried out.
7. The External Review will be completed within a period of two months beginning on the date upon which the Independent Reviewer is appointed by RICS.
8. If the Independent Reviewer considers that it will not be possible to complete the External Review within the period of two months, referred to in paragraph 7 above, the Independent Reviewer must inform RICS of: (a) the reasons for the delay in the conclusion of the External Review; and (b) a revised target date for the conclusion of the External Review.
9. The final Report will be published as soon as practically possible.