

## LONDON STOCK EXCHANGE GROUP plc

### FCA IFPRU Remuneration Code Disclosure for EuroMTS Limited

#### March 2021

The Financial Conduct Authority (FCA) IFPRU Remuneration Code ('the Code') applies to EuroMTS Limited ('EuroMTS') which is a regulated subsidiary of London Stock Exchange Group plc ('the Group'). EuroMTS is an IFPRU limited licence firm and as such, this firm is designated as "level three" under the FCA proportionality framework.

This disclosure covers remuneration paid in respect of the financial period from 1 January 2020 to 31 December 2020.

#### **a) Decision-making process for remuneration policy**

The Group has a Remuneration Committee ('the Committee') which meets regularly to consider issues relating to the remuneration policy and structures for all employees of the Group, including those of EuroMTS. During the financial period ending 31 December 2020, the Committee held four scheduled meetings and one additional meeting.

The Committee is appointed by the Board and comprises only independent Non-Executive Directors. No individual is included in decisions relating to their own remuneration.

The Committee's terms of reference, which are reviewed regularly by the Board are available on the Corporate Responsibility section of the Group's website [here](#).

#### **b) External consultants**

Until 30 November 2020, Deloitte LLP was the principal advisor to the Committee. During 2020, the Committee undertook a competitive tender process for the role of Remuneration Committee advisor and appointed Willis Towers Watson as its principal advisor with effect from 1 December 2020.

Separately, other parts of Deloitte LLP also advised the Company during 2020 in relation to tax, internal audit, consulting and transaction support services.

The Committee is satisfied that the advice provided by Deloitte LLP and Willis Towers Watson was independent and objective.

#### **c) Role of the relevant stakeholders**

The Committee continues to review recommendations from key stakeholders, including institutional investor bodies, and the Committee consults with major shareholders on any key decisions taken.

The Committee monitors corporate governance and best practice developments in the wider market as well as in the Financial Services sector.

#### **d) Code Staff as defined by the EBA qualitative and quantitative criteria**

The following groups of employees and directors have been identified as meeting the EBA criteria for Code Staff:

- Executive and Non-Executive members of the EuroMTS Board;
- FCA Approved Persons who perform a Significant Management Function;
- Heads of Control and Support Functions (internal audit, compliance, legal and human resources) and any individuals within their control who have a material impact on the firm's risk profile;
- 'Other' Material Risk takers and any individuals within their control who have a material impact on the firm's risk profile.

The Code Staff population is reviewed at least annually by the Committee. Individuals are notified of their Code Staff status and the implications of this annually.

For the financial period ended 31 December 2020, there were a total of twenty-one individuals identified as Code Staff. These were split between seven individuals classified as 'Senior Management' (SMFs) and fourteen individuals classified as 'Others' (non-SMFs).

#### **e) The link between pay and performance for Code Staff**

Each entity within the Group must attract and retain high calibre management and staff to ensure it is in a position to deliver its business plans and maximise returns for shareholders. The Remuneration Policy Statement and incentive structure to pay for performance apply to all Code Staff, rewarding them only when their goals are achieved.

The Committee takes into account multiple reference points when setting pay for EuroMTS employees within and outside of the Financial Services sector.

The compensation arrangements include a mix of base salary, annual bonus and share-based incentives, in addition to pension and benefits.

The malus provision applies to all deferred bonuses and unvested awards made under the LTIP. This allows the Committee to reduce, cancel or impose further conditions in certain circumstances, including:

- (i) where there is a material misstatement or restatement of the results of the Group in its audited accounts,
- (ii) the negligence, fraud or serious misconduct of the individual which results in significant reputational damage to the Group or which has a material adverse effect on the financial position of the Group or the business opportunities of the Group,
- (iii) if the individual is a member of a business unit in the Group which suffers significant reputational damage or material adverse effect on its financial position or on its business opportunities,
- (iv) where behaviour of the individual is considered to breach the standards of the Group's Code of Conduct, or where there is serious misconduct that has significant reputational consequences for the Group or a relevant business unit,
- (v) where there is a material failure of risk management in the Company of any member of the Group or a relevant business unit,
- (vi) where an error in assessing any performance conditions is discovered, or
- (vii) any other circumstances that the Committee deems to be similar in nature or effect to those above.

Non-Executive Directors are not eligible to participate in the annual bonus or the Long Term Incentive Plan. They do not receive benefits.

## Base Salary

The aggregate total compensation figures below include base salary cost for all relevant Code Staff for the financial period ended December 2020.

## Annual Bonus

The Remuneration Committee sets the detail and mix of performance measures, targets and weighting for the Group at the start of each year. The Group bonus pool is determined based on performance measures weighted 60% financial targets and 40% strategic deliverables.

The aggregate total compensation figures below include annual bonus cost for all relevant Code Staff for the financial period ended December 2020.

## Share-Based Incentives

LSEG operates a Long Term Incentive Plan ('LTIP') for eligible senior employees. Vesting for the 2020 LTIP grant occurs over a three year period subject to the following performance measures: 60% is assessed against Adjusted Earnings Per Share ("AEPS") performance and 40% against relative Total Shareholder Return ("TSR") performance. The aggregate total compensation figures below include share-based incentives value at grant for all relevant Code Staff for the financial period ended December 2020.

## Pension and benefits

The aggregate total compensation figures below include pension and benefits cost for all relevant Code Staff for the financial period ended December 2020.

## Non-Executive Directors' Fees

The aggregate total compensation figures below include fees for the Non-Executive Directors for the financial period ended December 2020. Non-Executive Director Code Staff employed elsewhere in LSEG forfeit their fees when sitting on the EuroMTS Board.

## f) Aggregate total compensation cost for all Code Staff

The aggregate total compensation cost for the twenty-one Code Staff was c. **£330k** broken down as follows:

	Number	Total compensation
'Senior Management' Code Staff	7	c. £50k
'Other' Code Staff	14	c. £280k
<b>TOTAL</b>	<b>21</b>	<b>c. £330k</b>

Where Code Staff perform a service to the subsidiary as part of a broader Group role, compensation is apportioned based on their time allocated to the subsidiary.