



IG GROUP HOLDINGS PLC

REMUNERATION DISCLOSURES

31/05/2017

REMUNERATION DISCLOSURE

Remuneration Policy disclosures in accordance with Article 450 of the CRR (Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012)

This remuneration disclosure is a requirement under Article 450 of the CRR, which applies to companies within the definition of Significant IFPRU firm (FCA/PRA Combined View IFPRU 1.2).

1. Remuneration policies and practices for categories of staff whose professional activities have a material impact on the company's risk profile (Code Staff)

Decision-making process

The Remuneration Committee of the Board of IG Group Holdings plc (the Group) is responsible for the remuneration policy and levels for Executive Directors and other Code Staff. The Committee members are Non-Executive Directors (the Board Chairman plus three other Non-Executive Directors including a Committee Chairman). The Committee met 5 times during the financial year 2016-17. The Committee obtained independent external advice from New Bridge Street, a consultancy specialising in executive remuneration. The Committee also considers advice from the Chief Executive and Company Secretary, but not in relation to their personal remuneration. The Committee engages proactively with major shareholders through consultation on material changes to remuneration policy for executives. The Committee also takes account of the overall approach to reward for employees in the group as a whole.

The link between pay and performance

The Remuneration Committee's objective is to ensure that remuneration encourages, reinforces and rewards the growth and preservation of shareholder value. The remuneration policy is set to ensure that remuneration remains competitive and provides appropriate incentive for performance.

The Committee has agreed that all matters relating to remuneration of Group employees should:

- Align with the best interests of the Company's shareholders and other stakeholders
- Recognise and reward good and excellent performance of employees that helps drive sustainable growth of the Group
- Focus on retaining high-performing senior management
- Be consistent with regulatory and corporate governance requirements
- Be designed to achieve effective risk management
- Be straightforward, easy for shareholders and employees to understand and easy for the Group to monitor
- Not be used to reward behaviour that inappropriately increases the Group's exposure to risks

The Committee considers that a successful remuneration policy needs to be sufficiently flexible to take account of future changes in the Company's business environment and in remuneration practice. There must be transparency and alignment to the delivery of strategic objectives at both a Company and an individual level. There must also be scope to reward for exceptional effort and achievement that delivers value both for the Company and the shareholders. Likewise, failure to achieve, individually or at Company level, will not be rewarded.

The Committee is also mindful of ensuring that there is an appropriate balance between the level of risk and reward for the individual, the Company and for shareholders.

When setting levels of variable remuneration, the degree of stretch in performance conditions and the balance of equity and cash within a package, consideration is given to obtaining the appropriate balance of each so as not to encourage unnecessary risk-taking. As well as financial risk, the Committee also ensures that there is an appropriate focus on regulatory and governance matters.

The total remuneration package is structured so that a significant proportion is linked to performance conditions, and it is the Company's policy to ensure that a high proportion of the potential remuneration package is provided via share-based instruments. This ensures that Executives have a strong ongoing alignment with shareholders through the Company's share price performance.

The Committee has implemented the Sustained Performance Plan (SPP) which provides a simple and competitive incentive mechanism that encourages and rewards both annual and sustained long-term performance, linked to the Company's strategic objectives.

The SPP encapsulates traditional annual bonus and long-term incentive plans. It is entirely share-based, encouraging executives to build up a substantial stake in the Company, thereby aligning the interests of management with shareholders.

A Long Term Incentive Plan (LTIP) has been made available to selected members of the next tier of senior management who are not invited to participate in the SPP. Vesting of awards under this plan are subject to the achievement of performance conditions aligned to Group objectives, the Remuneration Committee is reviewing the use of these performance conditions for awards made going forward. As share-based incentive plan, provides alignment with the Group's shareholders.

Employees in the UK, Australia and the US, including Executive Directors, are also encouraged to become shareholders through the operation of all employee share plans which are operated in these locations.

Employees who are not members of the Board are also eligible for the Group's discretionary bonus scheme.

Design characteristics of the remuneration system

The remuneration system has been designed to be clear and simple to operate. Individuals have fixed pay components of base salary, pension contribution (or equivalent cash allowance), benefits such as medical and life insurance, and eligibility for discretionary awards under either the Group's SPP or LTIP.

The SPP combines features of both an annual bonus and long-term incentive into a single plan, and is designed to reward both annual and sustained performance. SPP awards are entirely in shares, and are determined by the Committee taking account of: earnings per share; total shareholder return relative to companies of comparable size; and non-financial metrics such as effective risk management, customer satisfaction and reliability of services provided to customers. The Committee also considers the company's underlying financial strength and management of risk, in determining awards. SPP awards are delivered into a Plan Account which holds the cumulative awards of shares made over a number of years. Each year, a percentage of the shares accumulated in the Plan Account vests (for the Executives, 40% in year 1, 40% in year 2 and one third in each year after that until the plan ceases). This accumulation of shares over the long-term, with phased vesting, produces deferral periods of up to 7 years. Executive Directors are also required to build and maintain a shareholding in the company (200% and 150% of salary for the CEO and CFO respectively), to further align their interests with sustained performance for shareholders.

The LTIP has been made available to senior management that are not invited to participate in the SPP.

Under the LTIP, awards of nominal cost options are granted which vest when specific performance targets are achieved, conditional upon continued employment at the vesting date which is normally three years after grant.

The LTIP awarded in the current year vests after three years with a predefined number of shares allocated vesting based on achieving a sliding scale of diluted earnings per share growth targets of between zero and 11.3% over the performance period. For performance between these targets, awards vest broadly on a straight line basis.

Ratios between fixed and variable remuneration

The Committee has applied the principles set out in the FCA's General Guidance on Proportionality relating to the Remuneration Code of SYSC 19A of the Handbook. As a firm in proportionality level three, the Committee has followed the principles in paragraph 29 of the guidance and has therefore not applied the specific ratio between fixed and variable remuneration set out in Article 94 (1)(g) of CRR and in SYSC 19A.3.44R(3) of the Remuneration Code. However, the Committee is mindful of the need to ensure that remuneration policies do not encourage unnecessary risk-taking and that there is an appropriate focus on regulatory and governance matters.

Performance criteria for awards of variable remuneration including shares or options

Variable pay awards for executives are granted entirely in the form of shares, dependent on performance against targets set by the Committee for each relevant financial year. For the most recent financial year, the SPP metrics were total shareholder return relative to the

constituent companies in the FTSE 350 index (excluding investment trusts), earnings per share relative to a performance scale set by the Committee, and a range of non-financial metrics including measures of customer satisfaction, system reliability, effective risk management, and achieving of key strategic objectives. LTIP vesting is based on earnings per share against a sliding scale of targets.

Employees who are not members of the Board are also eligible for the Group's discretionary bonus scheme. The total bonus pool available for all eligible employees is calculated by reference to financial and non-financial measures. The financial element of the pool is calculated based on Group profit before tax (excluding variable remuneration) against budgeted profit before tax. The non-financial element is driven by a range of non-financial metrics, with performance approved by the Remuneration Committee. Individual awards are designed to be reflective of the employee's performance, role and time spent at work within the financial year.

Main parameters and rationale for any variable component

Variable pay for the executive directors is awarded in the form of nominal cost options through the company's Sustained Performance Plan (SPP), which is designed to provide a clear link to key performance metrics, be simple to operate, and deliver awards in shares that have phased vesting over the long-term. The maximum award under the SPP is five/four times base salary for the CEO and CFO respectively for excellent performance; for on-target performance across the performance metrics, awards are two and half times base salary and two times base salary respectively. For senior management participating in the SPP the maximum award size is two and a half times base salary for excellent performance.

Other executives participate in the LTIP which is delivered in the form of nil cost options. The maximum individual grant under this plan is 100% of an individual's salary (or up to 150% of salary but only in exceptional circumstances). These awards vest subject to profit performance.

Variable pay under both long-term plans can be recouped by the Committee in exceptional circumstances such as material misstatement of financial results, an error in assessing performance, a substantial failure of risk management, or serious misconduct.

The Group Discretionary Bonus scheme is designed as much as a reward as it is a motivational and retention tool.

More information on the executive directors' remuneration is detailed on pages 68-80 of IG Group Holdings plc's Annual Report.

Aggregate quantitative information on remuneration, broken down by business area

IG Group does not operate divisional business structures, so the aggregate information is shown in Table 18 below for Code Staff of IG Group Holdings plc as a whole.

Aggregate quantitative information on remuneration

Table 18 below provides aggregate quantitative information set out in accordance with Article 450 of the CRR.

TABLE 18

CODE STAFF AGGREGATE REMUNERATION FOR 2016 – 17 YEAR

	EXECUTIVE DIRECTORS		OTHER CODE STAFF	
	NO. OF RECIPIENTS	£M	NO. OF RECIPIENTS	£M
Fixed remuneration during 2016 - 17	2	1.1	33	6.5
Variable remuneration awarded for 2016 – 17 performance				
Cash	-	-	23	2.0
Share options	2	1.2	21	2.0
Total		1.2		4.0
Outstanding deferred remuneration change during the year:				
Awarded	2	0.8	21	2.0
Lapsed due to performance outcomes or adjustments	-	-	-	-
Lapsed due to leaving service	-	-	4	(0.1)
Vested	2	0.2	17	0.2
Exercised	2	(0.2)	17	(0.2)
Outstanding deferred remuneration as at 31 May 2017:				
Outstanding unvested	2	0.4	15	0.4
Outstanding vested but unexercised	-	-	-	-
Sign-on payments or awards	-	-	-	-
Severance payments	-	-	6	0.2
Highest individual severance payment				0.07

For purposes of comparison, all share awards are valued at 31 May 2017.

Number of individuals with remuneration of EUR 1 million or more

Table 19 below shows in bands the number of individuals with remuneration of EUR 1m or more in respect of 2016-17. The bands are set out in accordance with the clause 1(i) of CRR Article 450.

TABLE 19

CODE STAFF AGGREGATE REMUNERATION OF EUR 1M OR MORE FOR 2016-17 YEAR

TOTAL REMUNERATION BANDS (EUROS)	EXECUTIVE DIRECTORS AND OTHER CODE STAFF (NO.)
1,000,000 – 1,500,000	1
1,500,001 – 2,000,000	-
2,000,001 – 2,500,000	-
2,500,001 – 3,000,000	-

Notes

Remuneration includes base salary, pension contribution (or allowance), fringe benefits, and variable pay granted in respect of 2016-17 performance.