



IG GROUP HOLDINGS PLC

REMUNERATION DISCLOSURES

31/05/2023

REMUNERATION DISCLOSURE

Remuneration Policy disclosures are made in accordance with MIFIDPRU 8.6, as defined in the MIFIDPRU Prudential Sourcebook within the Financial Conduct Authority (“FCA”) Handbook.

IG Group Holdings plc (the “Company”) presents its remuneration disclosures for Financial Year 2023 (“FY23”) on a consolidated basis in relation to the Company’s corporate group (“Group”).

Remuneration Policy & Practices

This disclosure describes the remuneration policies and practices applied by the Company for all Group staff and for categories of staff whose professional activities are deemed to have a material impact on the risk profile of the Company and other UK regulated entities within the Group (Material Risk Takers (“MRTs”)).

Approach to remuneration

The Terms of Reference of the Remuneration Committee (“Committee”) of the Board of Directors of the Company sets out clearly its approach to linking pay and performance as follows:

The link between individual reward, the delivery of strategy and the long-term performance of the Company and the wider group should be clear. Outcomes should not reward poor performance and incentive schemes should drive behaviours consistent with the groups purpose, values and strategy.

The Committee’s objective is to ensure that remuneration encourages, reinforces and rewards the growth and preservation of shareholder value. The Group Remuneration Policy is therefore set to ensure that remuneration remains competitive and provides appropriate incentives both for performance and good conduct.

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

- Ensure that the Group operates remuneration practices which are gender neutral and non-discriminatory
- 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 Group’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 also considers whether any risk adjustments to remuneration are necessary throughout the year with the intention of disincentivising excessive or inappropriate risk-taking.

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 non-financial risk, as well as 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 and senior management have a strong ongoing alignment with shareholders through the Company's share price performance.

Objectives for financial incentives

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 vest over the long-term. The maximum award for excellent performance under the SPP is five times base salary for the Chief Executive Officer ("CEO"), and four times base salary for the Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"); for on-target performance across the performance metrics, awards are two and half times base salary and two times base salary respectively. For others participating in the SPP, the maximum award size is two times base salary for excellent performance.

Other management participate in the Long-Term Incentive Plan ("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).

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 timeframe over which awards can be recouped is five years from the date of grant. The circumstances in which an awards can be recouped include when there has been serious reputational damage to the Company, there has been a material corporate failure, an individual is not considered to be fit and proper to perform their role, an individual was responsible for fraud or other conduct or severe negligence which resulted in significant losses to the Group, there has been a significant increase in the economic or regulatory capital base of the Company or regulatory sanctions have been imposed on any member of the Group and the conduct of the relevant individual materially contributed to such regulatory sanction.

For MRTs, a clawback period of three years will apply to discretionary bonuses from the point of payment.

Decision making policy for Remuneration Policy

The Remuneration Committee

The Committee is responsible for reviewing and approving the Group-wide remuneration policies, plans and practices, as well as approving individual remuneration awards for MRTs, including in relation to IG's relevant regulated EU entities within the Group ("IFD MRTs").

The Committee members are Non-Executive Directors (the Board Chairman plus four other Non-Executive Directors, including a Committee Chairman).

The Committee met 9 times during FY23. Further details on the Terms of Reference for the Committee, its members and its role are published on the Group website under About us and then Leadership¹.

The Role of Advisors in the Policy-setting process

The Committee obtained independent external advice in the period from Deloitte LLP, a consultancy which specialises in executive remuneration. The Committee also considers advice from the CEO and Company Secretary - but not in relation to their personal remuneration - and actively engages with major shareholders through consultation where material changes to remuneration policy for executives are proposed.

The Committee also takes account of the overall approach to reward for employees in the group as a whole when setting remuneration policy for MRTs.

Categories of staff identified as material risk takers under SYSC 19G.5

The following categories of staff were identified as MRTs by the Group in FY23:

- Members of the management body
- Senior management
- Staff members with managerial responsibility for business units, including Spread betting, contracts for difference (CFD), share dealing and our institutional offering
- Staff members with responsibility for control functions
- Staff members with responsibility for the prevention of money laundering and terrorist financing
- Staff members responsible for managing material risks to the firm
- Staff members responsible for managing information technology, information security and outsourcing arrangements
- Staff members with the authority to take decisions approving or vetoing the introduction of new products
- Staff members responsible for a high proportion of revenue

Design characteristics of the remuneration system

The remuneration system has been designed to be clear and simple to operate. The Group provides the following pay elements:

Fixed elements

- base salary, delivered as cash, generally the Group aims to offer competitive salaries in the markets we operate;
- role based allowances, delivered as cash, are offered in some specific cases, these are allowances based on an individual's role, responsibilities and seniority;

¹ <https://www.iggroup.com/about-us/leadership/board-committees>

- pension contribution (or equivalent cash allowance), delivered as a cash contribution to an employee's pension, in line with the Group's business strategy, objectives, values and long-term interests; and
- benefits such as medical and life insurance, the health and welfare of employees and their families is important to the Group.

Variable elements

- eligibility for discretionary bonus awards based on combination of Group and individual performance, discretionary bonuses are delivered in cash unless the payment in instrument requirement is that a portion of any such award be delivered in shares; and
- for more senior roles, participation in either the Group's SPP or LTIP to provide employees with an opportunity to share in the longer-term success of the Group.

Sustained Performance Plan ("SPP")

The SPP for Executive Directors and senior management 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 determined by the Committee taking account of earnings per share; total shareholder return relative to companies in the FTSE 250; and non-financial metrics such as client experience, strategic enablers and people and culture. The Committee also considers the Company's underlying financial strength and management of risk, in determining awards.

Executive Directors are also required to build and maintain a shareholding in the Company (200% of salary for all Executive Directors), to further align their interests with sustained performance for shareholders.

Long Term Incentive Plan ("LTIP")

A separate LTIP has been made available to selected members of the next tier of management who are not invited to participate in the SPP. The award replicates a restricted stock type model with a performance underpin including an assessment of performance prior to vesting based on affordability, risk and conduct. The LTIP acts as share-based incentive plan, provides alignment of IG's management with the Group's shareholders.

Bonus plans

Employees who are not members of the Board are eligible for the Group's discretionary bonus scheme. Individual performance reflects three elements i) employee's role and responsibilities ii) achievement against goals and iii) behaviour against Group values.

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, these are the same non-financial metrics which apply to the SPP, with performance approved by the Committee. Individual awards are designed to be reflective of the employee's performance, role and time spent at work within the financial year.

The non-financial metrics include but are not limited to strategic objectives for different business units within the group. For example, an objective for tastytrade was for them to launch a brand campaign which was

successfully achieved in FY 2023. When the bonus pool is distributed to employee's individual performance ratings are used to guide how bonus payments are allocated. In addition, any conduct issues identified for employees identified throughout the year via our disciplinary process are reflected in bonus payments, potentially reducing them to zero.

To ensure control function employees are remunerated in an independent manner, the Group applies an affordability overlay to the bonus pool for control functions, with the ultimate bonus for employees within these functions being determined based on a functional scorecard. Once the bonus pool for control functions has been determined, bonuses are distributed on a discretionary basis to individuals within that function.

Risk adjustment

Risk assessment and adjustment is an important part of the Group's remuneration policy and practices. The Chief Risk Officer ("CRO") prepares a report to be presented to the Committee which sets out their review of performance against risk appetite and material risk events (incidents or issues) at a collective and/or individual level to determine whether any adjustments to variable remuneration outcomes are warranted. The Group also operates a Risk Adjustment Policy and accompanying processes. This policy applies to all entities within the Group.

As part of the CRO's report, consideration is given as to whether risk adjustments should be made. Both current and future risks for the Group (financial and non-financial) are considered, including, for example, operational and conduct risk, and consequently whether such risks should give rise to any ex-ante adjustments to variable pay for remuneration purposes. The CRO also considers whether any ex-post adjustments need to be made via adjustment to in-year bonuses, malus and/or clawback as a result of any risk events or circumstances.

Guaranteed variable remuneration

For MRTs, guaranteed variable remuneration awards may only be considered as part of the total remuneration package in connection with the recruitment of a new employee of the Group on the basis that it is affordable, exceptional and is limited to the first year of service. Any such payments will only be made when the relevant entity has a strong and sound capital base.

Any guaranteed variable remuneration awarded to MRTs are subject to the same general rules for variable remuneration including deferral, payments in shares/instruments, retention periods (where appropriate) and malus and clawback.

Awards of guaranteed variable remuneration to MRTs will only be made upon Committee approval.

Severance pay

Any payments related to early termination of an employment contract will reflect the individual's performance over time and will be designed in a way which does not reward failure or misconduct. The criteria for determining the amount of a severance payment may include, but is not limited to, the reasons for early cessation of employment and the length of the individual's service within the Group. The Committee's approval will be required for all severance payments made to MRTs. Any such severance payments to MRTs are subject to the same general rules for variable remuneration, including deferral, payments in shares/instruments, retention periods (where appropriate) and malus and clawback.

Deferral and vesting policy

Deferral of variable pay

From FY23, MRTs (except those who are exempt from the deferral requirements) will be subject to a minimum three-year deferral period, which is considered to be appropriate in the context of the Group's business cycle, the nature of its business and its risk profile, as well as the activities of employees. The deferral requirements are largely satisfied by the SPP and LTIP operated where additional is required our deferred bonus plan is used to deliver bonus over three years on a pro-rata basis. In any case, variable remuneration awarded to MRTs are subject to a minimum deferral of 40% (or 60% if the individual's variable remuneration for the financial year is equal to or more than £500,000 for MRTs in respect of the Group's UK regulated entities and EUR 500,000 for IFD MRTs in respect of IG Europe GmbH ("IGE")). The exception to this requirement is where MRTs variable remuneration meets the terms of the individual proportionality exemption at SYSC 19G.5.9R.

Retention periods

From FY23, all awards made to MRTs in shares will be subject to a retention period post vesting. The specific length of the retention period will vary depending on MRT status and jurisdiction. For IFPR MRTs in respect of the Group's UK regulated entities, the minimum retention period will be six months and for IFD MRTs in respect of IGE, this will be twelve months. These retention periods reflect regulatory expectations and are considered appropriate in the context of the deferral applied. The exception to this requirement is where MRTs variable remuneration meets the terms of the individual proportionality exemption at SYSC 19G.5.9R.

Vesting schedule equity

The vesting schedules applied by the Group to deferred equity awards have been determined in the context of the Group's business activities and risk profile, as well as the activities and responsibilities of the individuals concerned.

For Executive Directors, the vesting profile of their SPP awards for FY23 is as follows:

- 30% in cash at the end of the financial year;
- 20% in share options released 3 years after the end of the financial year; and
- 50% in share options released 4 years after the end of the financial year.

For all other participants in the SPP, awards are delivered into a Plan Account which holds the cumulative awards of shares made over a number of years. One third of the Plan Account's accumulated shares vest each year until the plan approaches cessation.

For all other participants in the SPP for FY23, a fixed vesting profile applies. These awards will vest in three equal tranches with one third vesting in 2024, one third vesting 2025 and the final one third vesting in 2026.

The LTIP has been made available to management and key employees who are not invited to participate in the SPP. Under the LTIP, awards of nominal cost options are granted which vest after three years, conditional upon continued employment at the vesting date. The LTIP awarded in the current year vests after three years with a predefined number of shares allocated. For IFD MRTs, vesting occurs 50% after two years and 50% after three years.

Quantitative disclosure

The below disclosures have been prepared in accordance with SMIDIPRU 8.6.8R-8.6.11R.

30 material risk takers identified in relation to our UK regulated entities under SYSC 19G.5 for FY 2023

Total remuneration awarded by employee category for FY2023 performance year

	Senior Management	Other material risk takers	Other staff
Total remuneration	£16,588,397	£4,375,907	£218,312,456
Fixed remuneration	£5,514,836	£2,600,824	£175,994,659*
Variable remuneration	£11,073,562	£1,775,083	£42,317,797

* Note that the benefits element of fixed remuneration assumes full utilisation of matching pension offerings in all locations

In accordance with the exemption at MIFIDPRU 8.6.8R (7) (b) we can confirm that less than three material risk takers received guaranteed variable remuneration. As a result, no information has been provided here in order to prevent individual identification of a material risk taker.

Total severance payments for FY 2023 performance year

	Senior Management	Other material risk takers	Total MRTs who received award
Severance pay	Nil	Nil	Nil

Total variable remuneration split into its constituent parts for FY2023 performance year

Variable remuneration total	Senior Management non deferred	Senior Management deferred	Other material risk takers non deferred	Other material risk takers deferred
Cash	£3,427,997	£195,000	£594,209	£225,000
Shares	-	£7,450,565	£6,291	£949,583

Remuneration held by MRTs in respect of performance years prior to FY2023

Deferred remuneration from previous performance periods	Senior Management	Other material risk takers
Vesting in year	£2,647,883	£562,386
Vesting in future years*	£11,862,332	£1,226,669

*The value of shares vesting in future years has been determined using the share price as at 31 May 2023 of £6.72

Adjustments to remuneration of deferred variable pay in FY2023

	Senior Management	Other material risk takers	Total MRTs who had adjustments
Adjustments to remuneration	Nil	Nil	Nil

In accordance with the exemption at MIFIDPRU 8.6.8R (7) (b) we can confirm that there was one material risk taker who utilised the exemption for material risk takers set out at SYSC 19G.5.9R. As a result, no information has been provided here in order to prevent individual identification of a material risk taker.