

LONDON STOCK EXCHANGE GROUP plc

FCA IFPRU Remuneration Code Disclosure for Turquoise Global Holdings Limited

May 2022

For 2021, the Financial Conduct Authority (FCA) IFPRU Remuneration Code ('the Code') applies to Turquoise Global Holdings Limited ('Turquoise') which is a regulated subsidiary of London Stock Exchange Group plc ('the Group'). Turquoise 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 2021 to 31 December 2021.

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 Turquoise. During the financial period ending 31 December 2021, 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

Willis Towers Watson are the appointed advisors to the Committee. The Committee is satisfied that the advice provided by 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 Turquoise 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 2021, there were a total of eighteen individuals identified as Code Staff. These were split between four 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 single aligned global reward framework creates a transparent, performance-driven approach for the Group. This is scaled according to seniority and defines the target and maximum variable remuneration opportunity for individuals at each global grade. No individual can exceed the maximum opportunity for their grade.

The reward framework is designed to reward individuals, including Code Staff, for good financial and non-financial performance that support the corporate strategy and objectives and align remuneration with long-term sustainable performance:

- The management of risk is fundamental to the successful execution of the strategy of the Group, with 'Resilience' being one of the key strategic objectives which in total form 40% of the Group bonus pool
- Individual performance is assessed against contribution to the strategic objectives, including risk objectives, and against role-related goals and expected LSEG behaviours, taking into account both what has been achieved and how the individuals achieved their targets
- All awards are discretionary and will not reward excessive risk-taking; poor behaviour/risk management could result in a zero bonus
- In-year adjustments, malus or clawback may be applied to awards where appropriate

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

The compensation arrangements include a mix of base salary, annual bonus and share-based incentives depending on role seniority as detailed below, in addition to pension and benefits.

Malus and clawback provisions apply to deferred variable remuneration. This allows the Committee to reduce, cancel or impose further conditions, or to recover shares or payments that have been made in certain circumstances, including but not limited to:

- (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, Restricted Share Plan 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 2021.

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.

Individual bonuses are determined in accordance with the Group's Annual Incentive Plan (AIP). The AIP rewards individual performance in line with a number of factors including risk appetite and the performance and corporate strategy of the division and LSEG.

To evaluate individual performance, a four-point rating scale is used, with strict distribution guidance. This provide a strong foundation to differentiate and reward for outperformance.

The Group's Group Leader population are subject to bonus deferral. If their annual bonus exceeds £150,000 (€150,000 or \$200,000), 50% will be deferred into LSEG plc shares, vesting in equal tranches over three years.

The aggregate total compensation figures below include annual bonus cost for all relevant Code Staff for the financial period ended December 2021.

Share-Based Incentives

Individuals at the Group Director level are eligible for awards under the Restricted Share Plan. This is a three-year plan where employees are typically granted 40% of their base salary as shares, vesting in equal tranches over three years.

Individuals at Group Leader level are eligible to participate in LSEG's Long Term Incentive Plan ("LTIP"). Vesting for the 2021 LTIP grant occurs over a three-year period subject to the achievement of a risk management gateway and 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 2021.

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 2021.

Non-Executive Directors' Fees

The aggregate total compensation figures below include fees for the Non-Executive Directors for the financial period ended December 2021. Non-Executive Director Code Staff employed elsewhere in LSEG forfeit their fees when sitting on the Turquoise Board. Shareholder-representative Non-Executive Directors do not receive a fee for their role.

f) Aggregate total compensation cost for all Code Staff

The aggregate total compensation cost for the eighteen Code Staff was c. **£1.5m** broken down as follows:

	Number	Total compensation
'Senior Management' Code Staff	4	c. £1.0m
'Other' Code Staff	14	c. £500k
TOTAL	18	c. £1.5m

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.