Directors' Remuneration Report and Policy

Members

- **Helen Stevenson**
  Chair of the Committee
- **Andrew Didham**
  Committee member
- **Jonathan Moulds**
  Committee member
- **Mike McTighe**
  Committee member
- **Sally-Ann Hibberd**
  Committee member

Helen Stevenson
Chair of the Remuneration Committee

- Five independent Non-Executive Directors make up our Remuneration Committee. Their biographies can be found on pages 58–61
- The Remuneration Committee met nine times during the year, including four ad hoc meetings to discuss the Directors' Remuneration Policy. You can find full details of attendance at Committee meetings on the table on page 64
- The CEO attends the Committee meetings by invitation. The Company Chair is a member of the Committee although the Company Chair and CEO do not attend or take part when matters relating to their own remuneration are discussed. The CPO, Head of Reward, CLGO, and representatives from other areas of the business, including from Risk and Compliance, attend the Committee meetings by invitation as appropriate to the matter under consideration. Deloitte are independent advisers to the Committee

FY23 key focus areas

- Review of the Directors' Remuneration Policy, to better support the delivery of our long-term diversification strategy, including engaging with shareholders
- Consideration of Company Share Plans including the introduction of a new, global all-employee share plan
- Review of employee pay arrangements in light of the ongoing cost of living challenges
- Finalisation of the implementation of changes to remuneration arrangements following the implementation of the IFD/IFPR

Contents

Chair's Overview

I am pleased to present the Directors' Remuneration Report for the year to 31 May 2023. This report includes our new Directors' Remuneration Policy (Policy), details of remuneration arrangements in respect of the year to 31 May 2023 and a summary of how we intend to apply the Policy during the year to 31 May 2024.

IG has made excellent progress in terms of our performance this financial year, delivering a fourth consecutive year of record revenues and continuing to make good progress on the Company's strategy of diversification. The market backdrop was very different than in recent years, with volatility returning to what seems to be more 'business as usual', and interest rates and inflation both rising significantly over the past 12 months. Our client base of active traders have continued to trade across our product offering, throughout all market conditions.

Directors' Remuneration Report and Policy continued

On top of this, IG has been able to pivot certain areas of the business to take advantage of the rising interest rates environment, attracting larger client balances to our platforms. Our overall strategy remains unchanged, but our agility as a business allows us to take advantage of opportunities when they arise.

On a Group level, total active clients were slightly down, as acquisition became more challenging in a high inflation environment. Our priority areas for diversification delivered excellent revenue growth. tastytrade was able to take advantage of rising interest rates, generating significant interest income in the year. tastytrade also launched their first major brand campaign, delivering strong web traffic, search interest and improved brand awareness. Our US OTC business grew strongly, gaining significant market share and Spectrum also delivered a record performance, whilst onboarding additional third-party brokers and issuers to support future growth. It's within this context that the Committee has reviewed and assessed Remuneration-related matters.

This is my third year as Committee Chair, and my goal continues to be to ensure that remuneration supports, and is in alignment with, IG's evolving business strategy and organisational structure. One of the primary points of focus for the Committee this year has been to review and revise the Directors' Remuneration Policy, which we will be submitting to shareholders for approval at the 2023 AGM. The focus on the review has been on ensuring the Policy, in particularly variable incentives, supports the delivery of our long-term diversification strategy, and that it appropriately incentivises Executive Directors to deliver enhanced performance. We have consulted extensively with shareholders in this process and I am grateful for their time and engagement.

The Committee has continued to monitor our approach to employee remuneration, especially in light of the political, economic and social difficulties our people may have experienced over the past 12 months. The Committee continues to believe our employee remuneration is appropriate. More details about how the Committee has considered remunerating the wider workforce is included below.

The Committee continues to work proactively and collaboratively with the other Board Committees, with each Committee Chair being a member of the Remuneration Committee, to allow oversight and integration. In addition, the Chief Risk Officer is requested to provide, at least, quarterly updates to the Committee. Following each Committee meeting, I provide a comprehensive update to the Board, in which I describe the proceedings of the Committee meeting and make recommendations to the Board as appropriate. This also ensure that each of the non-Committee members are kept up to date on key remuneration matters.

Role of the Committee

The Committee's principal responsibilities are to:

- Make recommendations to the Board on our Senior Executive Remuneration Policy
- Determine an overall remuneration package for the Executive Directors in order to attract and retain high-quality Directors capable of achieving our objectives
- Set and agree with the Board a competitive and transparent remuneration framework which is aligned to our strategy and is in the interests of both the Company and its shareholders
- Determine the contractual terms, remuneration and other benefits for the Executive Directors, Chair and senior management – including the Company Secretary
- Determine and review our Remuneration Policy, ensuring it is consistent with effective risk management, and consider the implications of this Remuneration Policy for risk and risk management
- Determine and agree the policy for the remuneration of the Company Chair and the Executive Directors
- Review pay, benefits and employment conditions and the remuneration trends
- Approve the structure of share-based awards under our employee incentive schemes, to determine each year whether awards will be made and, if awards are made, to monitor their operation, the size of such awards and the performance targets to be used
- Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised
- Receive and review reports annually directly from the risk management function on the implications of our Remuneration Policy for risk and risk management
- Monitor relevant regulatory developments, including those affecting UK-listed companies and financial services firms, to ensure the Company's Remuneration Policy and its operation is consistent with these
- Establish the selection criteria, appoint and set the Terms of Reference for any remuneration consultants who advise the Committee

The Terms of Reference of the Committee were last reviewed in May 2023 and are available on our website.

Main activities during the financial year

During the year, the Committee's key activities included:

- Reviewing the Directors' Remuneration Policy to ensure it betters supports the diversification strategy, receiving feedback from investors, and incorporating stakeholder views into the Policy being put to shareholders for approval at the upcoming AGM
- Reviewing the Directors' Remuneration Report published in the FY22 Annual Report and Accounts
- Reviewing the fee for the Company Chair and Executive Directors' remuneration for FY24
- Reviewing performance against targets for the FY22 Sustained Performance Plan (SPP) award, the vesting of long-term incentive plan awards and for the determination of the bonus pool
- Reviewing the remuneration and bonus awards, including for senior management
- Reviewing the proposed targets for the FY23 SPP, including agreeing the non-financial metrics
- Reviewing remuneration-related risks, remuneration of Material Risk Takers and gender pay gap reporting
- Reviewing developments in market practice and corporate governance relating to remuneration
- Reviewing of Company Share Plans

Incentive outcomes for FY23

The SPP for the 2023 financial year operated in line with the Policy. The SPP award FY23 was based on three metrics: adjusted earnings per share (EPS) (55% weighting), relative Total Shareholder Return (TSR) (25% weighting) and non-financial measures (20% weighting). Adjusted EPS performance for FY23 was 94.7 pence, which was between target and maximum vesting and our TSR over the period 1 June 2020 to 31 May 2023 was just above median compared to the FTSE 250 (excluding investment trusts).

Non-financial performance during the year was measured and assessed against agreed targets which comprise measurable performance of strategic projects and initiatives that drive our longer-term diversification and strategic direction, the development and conduct of our people, client-focused initiatives, and key ESG measures. IG takes its responsibilities around ESG matters very seriously and considers ESG to be an investment in its intangible assets which are critical to its long term sustainability. Rather than have ESG as a standalone component, the key ESG KPIs are integrated into the non-financial performance component of reward. Over the year, the Group made very strong progress in implementing its strategic plans across the individual parts of the business (including excellent progress surrounding tastytrade). Employee engagement scores increased versus FY22 and remain well above our external benchmark, with the Group also continuing its strong progress to achieving its female representation target. In terms of client-focused initiatives, our customer satisfaction metrics have shown positive direction of travel (particularly NPS), with strong progress made on initiatives surrounding customer retention and conversion. From a social and environmental perspective, the Group maintained its carbon neutral status, continued to improve accuracy of reporting on emissions and met internal delivery targets for our accessibility and vulnerable client initiatives. Overall, the Committee is of the view the non-financial performance over the year has been excellent and, after careful assessment of measurable outcomes, the Committee judged that non-financial performance was 96% of maximum.

Based on the above, the outcome of the SPP award for FY23 was calculated at 73.55% of maximum. The Committee considered that this outcome is reflective of overall business performance over the period and no discretion has been applied to the formulaic outcome. This award will be granted following the announcement of results for the year and will be 30% in cash at that point, 20% in share options released in July 2026, and 50% in share options released in July 2027.

Directors' Remuneration Policy review

In line with the normal three-year cycle in the UK, our Policy will be subject to shareholder vote at the 2023 AGM. In advance of this, the Committee has spent significant time reviewing the Policy and its implementation, to ensure it supports the delivery of our long-term diversification strategy, that it appropriately incentivises Executive Directors to deliver enhanced performance whilst having regard to views of shareholders and other stakeholders and ensuring consistency and compliance with the Company's risk management policies. The focus of the review has been on the variable incentives, with the rest of the Policy, in the view of the Committee, remaining fit for purpose.

IG launched its strategy in May 2019 with the aim of expanding and diversifying the revenue base of the Company to enable growth in new markets and drive long-term shareholder value. This is to be achieved by growing key geographies, particularly the US and Japan and by expanding into retail trading markets adjacent to our 'flagship' OTC derivatives business, primarily exchange-traded derivatives and stock trading and investments. In terms of the former, the US represents the single biggest market opportunity for the Group and Japan still has room to expand, in addition to the significant growth we've already achieved in the earlier phase of the strategy. The targeted product markets play to the traditional strengths of the Group in technology, trading and trading products, and risk management. The Group is making steady progress against the strategy, including the delivery of the Significant Opportunities programme (a year ahead of schedule in 2021) and the acquisition of tastytrade in June 2021. Whilst we continue to make progress on implementing this strategy, the majority of our business remains driven by our Core Markets+ segment (businesses in which IG is well established, including our OTC derivatives businesses outside of the US and Japan). By diversifying our revenue streams by geography and product we aim to promote further long-term growth as well as mitigating the regulatory risk exposure of the Group by reducing the dependence on an individual product or region.

The SPP was originally introduced in 2013, and then updated in order to comply with the UK Corporate Governance Code in 2020 as part of that policy review. In this current review of our Director's Remuneration Policy, the Committee again carefully considered whether the SPP continues to be to appropriate to support the execution of our evolving strategy or whether an alternative structure would be more appropriate. We have also given careful consideration to the retentive power of the plan, as that is an important objective, as well as the competitiveness of the arrangements, as we compete for the best talent in the market to lead the Company.

Given where we are in the evolution of the business, with the majority of the Group's revenue continuing to be exposed to market volatility, target setting remains a challenge as it does for all our competitor peer set. Consequently, the Committee believes that the overall framework on the SPP continues to be appropriate for the business. The SPP is a simple structure, which supports dynamic target setting in volatile markets, it creates alignment with shareholders through a significant interest in shares, incentivises executives to deliver progress against strategic milestones and to deliver annual profit performance.

Changes to the SPP

As part of the review, the Committee considered whether any modifications should be made to the operation of the SPP in order to further support the delivery of our long-term diversification strategy and the creation of sustainable, long-term shareholder value. The outcome of this review is that the following changes are proposed to the SPP from FY24 onwards:

→ **Alignment of TSR with market practice and increase in the weighting on TSR**
Currently TSR performance is assessed at the end of the plan year by using a trailing three year basis (i.e. the three-year period ending at the conclusion of the plan year) relative to the FTSE 250 (excluding investment trusts). Going forwards, it is proposed that we move to assess TSR based on future performance, in line with market practice, such that the period for measurement incorporates the three-year period commencing at the start of the plan year. Performance will be assessed based on the performance in the plan year and the two years after the plan year, effectively introducing a long-term award component to the SPP. The Committee believe that the switch to a more conventional, future years, approach to TSR places greater emphasis on the delivery of the diversification strategy over future years and also aligns management with the future shareholder experience, better rewarding participants for their actions in changing the shape of the business. In order to fully align participants with the shareholder experience over the three-year performance period, the element of the award subject to TSR performance (which is delivered fully in shares) will be granted at the start of the plan year (i.e. the start of the performance period). It is also proposed that the weighting on TSR will be increased to 30% (from 25% currently), in order to increase the focus of the SPP on long-term performance and to further incentivise the creation of shareholder value.

In order to manage the transition between the current approach and the proposed approach to ensure that performance in interim years is fairly and proportionately rewarded, for FY24 only we plan to split the assessment of TSR performance such that half (15% of the overall award) is assessed on the current basis (i.e. trailing basis looking at FY22 to FY24) and the remaining award (15% of the overall award) is assessed incorporating future years (i.e. FY24 to FY26). For FY25 onwards, TSR will be assessed using the new approach of looking at future years only as outlined above

→ **Introduction of a revenue diversification metric**
To further support the delivery of the Group strategy, it is proposed that a 'revenue diversification' metric will be included as part of the SPP, with a 20% weighting. This metric will provide a direct incentive for management to grow revenues beyond our traditional revenue base. Increasing the proportion of our business from new geographies and products will give the Group exposure to a wider range of revenue drivers and profit pools, which will facilitate the creation of long-term, sustainable shareholder value. The diversification of the Group will, of course, continue to be aligned with the Group's long-term strategic plan agreed by the Board. The following revenue streams, which represent significant strategic growth opportunities for the Group,

Directors' Remuneration Report and Policy continued

will be included when setting the annual target for FY24:

— IG's US business (all products)

— IG's Japanese business (all products)

— Non-OTC revenue streams in all other geographies

The revenue diversification metric will be set annually in the context of the Board-approved four-year plan and will be set as an absolute £m target not a proportion of overall Group revenue. Revenue streams included within the metric will be reviewed every year to ensure that they remain appropriate and that the most relevant business units for diversification are targeted.

The revenue diversification metric will include an underpin to provide additional safeguards to ensure that revenue growth in these areas is sustainable and not at the expense of long-term profit margins or earnings. As part of its assessment of the formulaic outcome following year end, the Committee will consider performance in a number of additional metrics in order to satisfy itself that revenue growth in these areas has been sustainable and in the long-term interests of shareholders. Based on this assessment, the Committee will retain discretion to modify the formulaic outcome if considered appropriate. Additionally, the current focus is on organic growth, however, should any M&A occur which was not included when targets were set, then targets will be adjusted appropriately.

The performance metrics for the FY24 award are therefore: 30% Relative TSR, (measured on both a trailing basis and with reference to future years), 30% Adjusted EPS, 20% revenue diversification; and 20% non-financial measures.

The overall payout profile of the scheme (i.e. when awards are released to participants) remains unchanged from the current approach:

→ 30% released in cash following the plan year;

→ 20% in shares after year 4 (subject to an additional six-month retention period in line with the regulatory requirements under the IFPR); and

→ 50% in shares after year 5

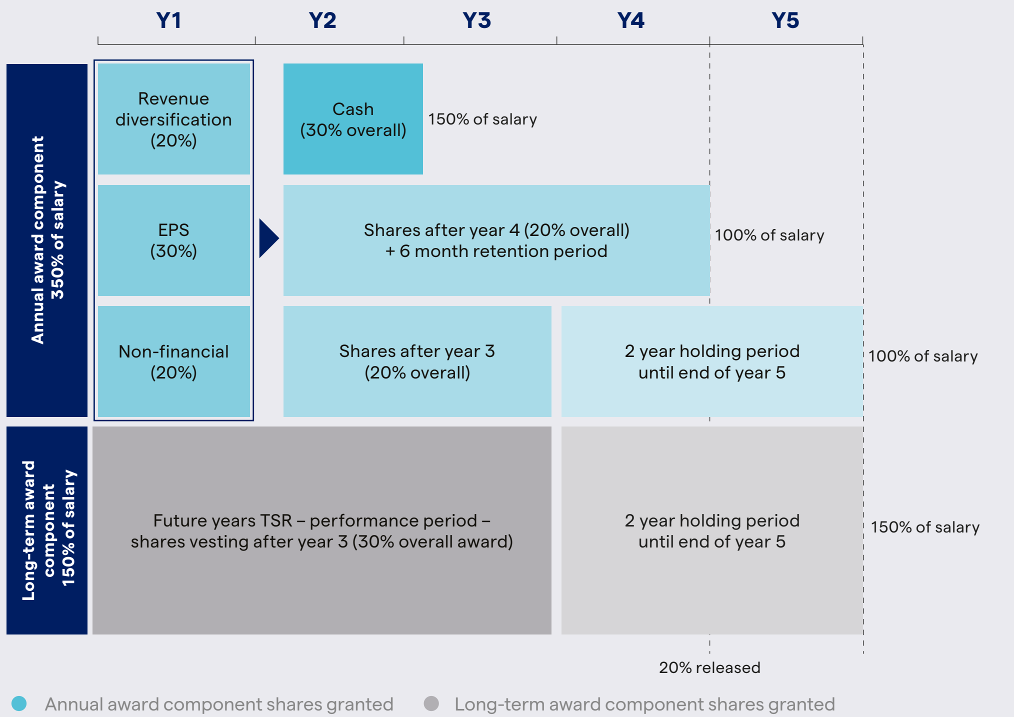
To ensure that the payout profile remains consistent with the current model, given the modification of the TSR metric to be more aligned to market practice, we are proposing minor changes to balance between vesting and holding periods with a portion of the award that previously vested five years from the start of the plan year now vesting after three from the start of the plan year, subject to a two-year holding period. Performance will continue to be assessed annually (Adjusted EPS, revenue diversification and non-financial metrics). Based on performance against these metrics, 30% of the overall award will payout in cash following the end of the annual performance period. 20% of the overall award will be delivered in shares vesting after year 4 (these shares are also subject to a six-month retention period in line with the regulatory requirements of the IFPR), with 20% delivered in shares which vest after three years and are subject to a further two-year holding period (and are therefore released after year 5). The portion of the award subject to TSR (30% of the overall award) vests after three years based on TSR performance and is also subject to a further two-year holding period.

The overall result of these changes is that awards are released to participants on the same basis as under the current model. The following illustrates the revised operation of the SPP (opportunity levels are based on the CEO's award level of 500% of salary).

Consideration of shareholder views

As part of its review of the Remuneration Policy, over the course of the last year, the Committee Chair has engaged extensively with our largest shareholders in order to explain the changes proposed, and the rationale behind them. Overall, the Committee Chair contacted approximately 55% of the IG shareholder base, as well as proxy advisers. We highly value the inputs and views of all shareholders and took all feedback into account when reviewing and considering our final proposal. I would personally like to thank all stakeholders who engaged with us and provided feedback.

Summary proposed SPP structure and payout profile



Based on current CEO SPP award level of 500% of salary

The Committee was pleased with the level of engagement by investors, who were generally supportive of the proposed changes to the Policy, recognising that the SPP remains an appropriate structure for IG over the next three years. The Committee took on board the feedback provided by shareholders during the consultation and iterated the proposal in response.

Salaries for FY24

Salaries for the Executive Directors for 2023 will be increased by 4.5% – this is below the 6.2% average increase awarded to the wider IG UK workforce. The new salaries for June Felix (CEO), Charlie Rozes (CFO) and Jon Noble (COO), which apply from 1 June 2023, are £661.5k, £531.5k and £441.5k, respectively.

Wider workforce remuneration

The Committee considers wider colleague pay as context for the decisions it makes, and ensures it is kept updated through the year on general employment conditions, basic salary increase budgets (with particular focus on this in FY24 in the context of continued high inflation and increases in the cost of living), the level of bonus pools and payouts and participation in share plans.

When considering salary increases for Directors, the Committee takes into account pay and employment conditions across the wider workforce. The Company has a People Forum which is attended by one of the Committee members as well as employee representatives from across the business, and which discusses pay as well as other matters which affect employees.

The impact of the continued elevation in the cost of living was also discussed with the People Forum as well as the actions that the Company is taking to support employees with this. At the end of FY23 the Company took the exceptional step to provide a one-off booster payment to junior staff with a lower payment to managers (with no senior managers or executives benefiting from this) in those countries with higher levels of inflation, with around 78% of employees across the group receiving a payment. The size of the booster payment varied by location, but eligible employees in the UK received payments of up to £1,500.

Advice to the Committee

During FY23, the Committee consulted the CEO about remuneration matters relating to individuals other than herself. The CPO, Head of Reward, CLGO and Committee Secretary also provide advice and support to the Chair and the Committee as needed.

External advisers attend Committee meetings at the invitation of the Committee Chair.

The Remuneration Committee appointed Deloitte LLP (Deloitte) as advisers to the Committee in April 2019, following a competitive tender process.

Deloitte's fees for advice provided to the Committee during the financial year ending 31 May 2023 were £185,250 (excluding VAT). Fees are charged on a time and material basis.

Deloitte are founding members of the Remuneration Consulting Group and are signatories to its Code of Conduct, which requires its advice to be objective and impartial. During the year, Deloitte also provided unrelated advisory services in respect of regulatory, risk management and tax advice, Internal Audit services, agreed-upon procedures-based assurance services and Financial Reporting and Controls advice.

It is the view of the Committee that the engagement team at Deloitte that provided remuneration advice to the Committee during the year do not have connections with the Group or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. The Committee considers that the advice received from the advisers is independent, straightforward, relevant and appropriate, and that it has an appropriate level of access to them and has confidence in their advice.

Committee Evaluation

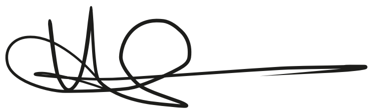
An evaluation of Committee performance was undertaken this year in line with the Committee's Terms of Reference, as part of the external Board Evaluation exercise facilitated by Better Boards. I am pleased to report that the results for the Committee were very positive, and details of the process, outcome and the actions can be found on pages 72–73.

Conclusion

The Committee is satisfied that our outcomes for FY23 are aligned with the interests of shareholders, that they reflect our strong performance over this year and that the Policy has operated as intended. I look forward to receiving your support for the Directors' Remuneration Report and Directors' Remuneration Policy at the AGM on 20 September 2023.

Priorities for the year ahead

- Continue to engage with investors on the Remuneration Policy, as needed, ahead of the 2023 AGM
- Provide non Remuneration Committee Board members with a deep-dive on relevant remuneration matters, including the different approaches to quantum and design of remuneration, market trends and non-financial metrics
- Continue to monitor workforce pay, taking into account market and socioeconomic conditions



Helen Stevenson
Chair of the Remuneration Committee
19 July 2023