

Financial & Risk Transaction Services Ireland Limited

REMUNERATION DISCLOSURES 2023

ARTICLE 51 INVESTMENT FIRMS REGULATION – REMUNERATION POLICY AND PRACTICES

Overview

Financial & Risk Transaction Services Ireland Limited (“FRTSIL” or the “Company”) is authorised and regulated in Ireland by the Central Bank of Ireland (“CBI”) with Reference Number C185017. The Company is incorporated in Ireland and is a wholly owned subsidiary of Refinitiv Limited, itself a wholly owned indirect subsidiary of London Stock Exchange Group plc, the parent entity of the London Stock Exchange Group of companies (the “Group” or “LSEG”).

FRTSIL has adopted the LSEG remuneration policy and associated procedures. These comply with the relevant remuneration requirements¹. FRTSIL identifies staff whose professional activities have a material impact on the Company’s risk profile (‘Material Risk Takers’ or ‘MRTs’) in accordance with the regulatory technical standards². Staff members that have been identified as MRTs include:

- Members of the FRTSIL Board;
- Members of the senior management of FRTSIL;
- Individuals responsible for independent risk management or compliance;
- Individuals responsible for the prevention of money laundering and terrorist financing; and
- Individuals responsible for managing a material risk within the firm.

Following the identification of MRTs, FRTSIL applies a remuneration approach which seeks to incentivise staff to perform effectively whilst adhering to FRTSIL’s risk appetite and the LSEG Enterprise Risk Management Framework.

Further information on the remuneration policy for the year ended 31 December 2023 is set out in the specific disclosures made by FRTSIL under Article 51 of the Investment Firms Regulation (“IFR”) below.

ARTICLE 51 – REMUNERATION DISCLOSURE

Governance

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

¹ Reference to remuneration requirements includes Directive (EU) 2019/2034 – Investment Firms Directive (the IFD), Regulation (EU) 2019/2033 – Investment Firms Regulation (the IFR), European Union (Investment Firms) Regulations 2021 (S.I. No. 302/2022), European Union (Investment Firms) (No. 2) Regulations 2021 (S.I. No. 303/2022), EBA/GL/2021/13 – Guidelines on sound remuneration policies under Directive (EU) 2019/2034.

² Commission Delegated Regulation (EU) 2021/2154.

The Committee's terms of reference, which are reviewed regularly by the LSEG Board are available on the Corporate Governance section of the Group's website. Willis Towers Watson are appointed as independent remuneration consultants to the Committee.

The LSEG Remuneration Policy has been adopted by the FRTSIL Board. The FRTSIL Board considers the application of Group-level remuneration policies/procedures on an ongoing basis. The FRTSIL Board is also responsible for ensuring the appropriate disclosures for FRTSIL have been made in relation to the application of the LSEG Remuneration Policy.

1. INFORMATION ON THE MOST IMPORTANT DESIGN CHARACTERISTICS OF THE REMUNERATION SYSTEM, INCLUDING THE LEVEL OF VARIABLE REMUNERATION AND CRITERIA FOR AWARDING VARIABLE REMUNERATION, DEFERRAL POLICY AND VESTING CRITERIA (ARTICLE 51(a) IFR)

Key principles

The LSEG Remuneration Policy is gender neutral and does not discriminate on the basis of the protected characteristics of an individual. LSEG aims to reward all employees fairly, regardless of job function, race, religion, colour, national or ethnic origin, sex, sexual orientation, marital status, pregnancy, maternity, disability or age.

FRTSIL seeks to operate competitive remuneration practices to attract, retain and motivate an appropriate workforce for its ongoing success. FRTSIL is also committed to ensuring that its remuneration practices are aligned to performance and promote sound and effective risk management and do not encourage excessive or inappropriate risk taking. In all cases, remuneration will be in line with corporate strategy, objectives, corporate competencies and long-term interests of FRTSIL and LSEG.

FRTSIL complies with any and all regulatory frameworks (including as to tax) which apply to the remuneration of any of its staff members.

The LSEG Remuneration Policy aims to encourage responsible business conduct and ensures that staff members are not remunerated in a way that conflicts with their duty to act in the best interests of customers.

Policy specifics

The Group's single aligned global reward framework creates a transparent, performance-driven approach for LSEG. 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 Group's reward framework is designed to reward individuals for good financial and non-financial performance that support the corporate strategy and objectives and align remuneration with long-term sustainable performance:

- The Group bonus pool is based on performance measures weighted 60% against Adjusted Operating Profit (AOP) growth and 40% against key strategic objectives. The management of risk is fundamental to the successful execution of the strategy of the Group and 'Resilience' is one of the key strategic objectives which 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 behaviours, taking into account both what has been achieved and how the individuals achieved their outcomes.
- 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 and/or clawback may be applied to awards where appropriate and where legally possible.

Remuneration arrangements may include a mix of fixed pay and variable pay. Fixed pay is comprised of base salary, pension and other country specific benefits. Variable pay is generally subject to performance and includes annual discretionary bonus awards, commission plans and share based incentives (payable in shares of LSEG plc), depending on role seniority as detailed below.

Guaranteed variable remuneration, buy-out awards, retention awards and severance pay are also categorised as variable pay and, in exceptional cases, may be based on other conditions. An individual's fixed and variable remuneration will be appropriately balanced. Non-Executive Directors receive no variable remuneration for their role supporting FRTSIL.

The combination of short and long-term incentives, together with deferral and malus and clawback tools are intended to address the alignment between performance and risk periods. Short-term risk is addressed in the discretionary annual bonus scheme, which is determined by reference to performance against agreed Group, divisional and individual objectives. Long-term risk is addressed through the Long Term Incentive Plans which include Restricted Share (RSUs) and Performance Share (PSUs) awards which vest across three years.

Salary

Base salaries reflect an individual's role, skills, professional experience and organisational responsibility and are reviewed annually (or during the year if appropriate - e.g., in the case of a promotion) against general market levels. Increases are discretionary, except where mandated by local law. Salaries are fixed and are not dependent on performance (although this may be a factor considered when reviewing salaries for increases) and set at an appropriate level to allow a fully flexible policy to be operated in respect of the award of any discretionary bonus (including the possibility to pay a zero bonus).

Discretionary Annual Bonus

The Group Committee determines the Group bonus pool based on performance measures weighted 60% against Adjusted Operating Profit (AOP) growth and 40% against key strategic objectives, as detailed in the Group's Annual Report.

Individual bonuses are determined in accordance with the Group's Annual Incentive Plan (AIP). The AIP rewards individual performance and business performance taking into account performance against targets aligned with the strategy of FRTSIL and LSEG.

The AIP is designed to:

- Drive accountability, collaboration and results - including both outcomes and behaviours
- Reward the excellent individual and collective performance our organisation needs to succeed
- Deliver differentiated reward to recognise outstanding performance and contribution
- Provide competitive total compensation

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

The Group's Group Leader population are subject to bonus deferral, 40% of their total annual bonus is deferred into LSEG plc shares, normally vesting in equal tranches over three years.

Global Commission Plan

The Global Commission Plan (the Commission Plan) is the principal form of incentive compensation that applies to all commissionable sales roles within the Sales and Account Management division (SAM). The Commission Plan has been designed to align the objectives that have been set for participants in the Commission Plan with the objectives of SAM and it aims to drive motivation and desired behaviours. All awards are based on the attainment of goals that are communicated in advance of the measurement period. Non-performance related matters are also taken into consideration before allocating any compensation in accordance with the Group's performance management process.

No employee is automatically entitled to participate in the Commission Plan. An employee who is a participant in the Commission Plan is not eligible to participate in the discretionary bonus scheme or any other Group annual and/or incentive compensation plan that is not specifically designated as applying to such participants. There is no deferred portion of the payout pursuant to the Commission Plan. There is no vesting period as such, but the Commission Plan pays out at the end of every quarter. The payout is made at the end of each quarter in full and in cash only.

Restricted Share Awards (RSUs)

Individuals at the Group Director level are eligible to receive RSUs. This is an annual grant where employees are typically granted 40% of their base salary as shares, vesting in equal tranches over three years.

Performance Share Awards (PSUs)

Individuals at Group Leader level are eligible to receive PSUs. Vesting for this type of grant occurs after three years and is subject to the following performance measures: 60% against Group Adjusted Earnings Per Share ("AEPS") performance and 40% against relative Group Total Shareholder Return ("TSR") performance.

Guaranteed Variable Remuneration

Payment of any guaranteed variable remuneration award is not permitted unless:

- it is exceptional;
- occurs in the context of hiring new staff members;
- is limited to being granted or paid in the first year of a new staff member's service; and
- FRTSIL has a sufficiently strong capital base.

Retention Awards

Retention payments are situation-specific and are generally only awarded to employees with skills that are critical either to the business or for a particular project and performance is deemed satisfactory.

Severance Payments

Payments relating to the termination of an employment contract will be determined against contractual and statutory requirements, reflect performance achieved over time and will be designed in such a way that does not reward failure or misconduct.

Buy-out awards

Any buy-out awards will generally be limited to the commercial value of payments and awards forfeited by the individual. The periods of retention, deferral, vesting and ex post risk adjustment of buy-out awards will be no shorter than the awards being forfeited.

Discretionary Pension Benefits

The Group does not provide discretionary pension benefits and does not allow variable remuneration that is subject to deferral to be taken in pension form.

Control Functions

Employees engaged in risk, compliance and internal audit are independent from the business activities that they oversee and are rewarded in a manner that is independent of the performance of the business units they oversee.

The reward arrangements for employees in these functions is determined within the parameters of the Group's reward framework with oversight from the relevant function head. Whilst the overall performance of the Group is a contributing factor in determining total bonus pools, the allocation of these pools to employees in these functions will be determined by specific functional and individual objectives which are independent of the financial targets of FRTSIL. This is intended to avoid members of the control functions being subject to any conflict of interests.

Malus and clawback

Variable remuneration may be subject to reduction or cancellation (malus) prior to an award vesting or being paid out. Furthermore, in certain circumstances and where legally possible, clawback may be exercised, pursuant to which it may be required for awards to be repaid (or deducted from future payments) for up to three years following the date of payment.

The malus and clawback provisions within LSEG's Malus and Clawback Policy include specific clauses to permit malus/clawback in a number of events including but not limited to:

- significant reputational damage;
- material adverse financial impact;
- breaches of conduct or behaviour; or
- a material failure of risk management.

2 RATIOS BETWEEN FIXED AND VARIABLE REMUNERATION (ARTICLE 51(b) IFR)

The Group's single aligned global reward framework is scaled according to seniority and defines the target and maximum variable remuneration opportunity based on percentages of salary for individuals at each global grade. No individual can exceed the maximum opportunity for their grade. The effective ratio between variable remuneration awarded and fixed remuneration increases with performance achieved with maximum opportunity only achievable in the event of exceptional performance.

3 QUANTITATIVE INFORMATION ON REMUNERATION (ARTICLE 51(c) IFR)

The total aggregate remuneration³ of MRTs is detailed below but FRTSIL itself has no remuneration expenses given that it relies on services provided by other entities in the Group.

Table 1: Remuneration awarded for the financial year

Information on remuneration awarded in respect of the financial period from 1 January 2023 to 31 December 2023 is shown below.

³ The aggregate total remuneration figures include base salary, pension, benefits and variable remuneration awards.

Figures in €'000		Total
Fixed remuneration	Number of identified staff	19
	Total fixed remuneration	€2,621
Variable remuneration	Number of identified staff	19
	Total variable remuneration	€1,542
	Of which: cash-based	€990
	Of which: deferred	-
	Of which: shares	€552
	Of which: deferred	€552
Total remuneration		€4,162

Note: Due to rounding, some totals may not correspond with the sum of the separate figures.

Table 2: Deferred remuneration

Information on deferred remuneration awarded for previous performance periods (i.e. before FY2023) is shown below.

Deferred remuneration (all figures in €'000)	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year
Cash	-	-	-				-
Shares	852	210	642				210
Total amount	852	210	642				210

Guaranteed variable remuneration awards and severance payments

The disclosure of guaranteed variable remuneration awards to FRTSIL MRTs for the financial period ended December 2023 has been exempted to avoid disclosing or inferring individual remuneration.

There were no severance payments made to FRTSIL MRTs for the financial period ended December 2023.

4 INFORMATION ON DEROGATIONS LAID DOWN IN ARTICLE 32(4)(a) OF IFD (ARTICLE 51(d) IFR)

FRTSIL benefits from a derogation from Article 32(1)(j) & (l) (i.e. the MRT deferral, payment in shares and retention rules) on the basis that the value of its on and off-balance sheet assets is on average equal to or less than EUR 100 million over the four-year period immediately preceding the given financial year.