**TP ICAP plc**

**Remuneration Disclosure Statement – April 2019**

This statement discloses the information as required under both CRD IV and section 11.5 of the FCA's BIPRU Handbook and as further set out in FCA's Finalised Guidance published in September 2012 for Remuneration Code Proportionality Level Three firms.

- **Information concerning the decision-making process used for determining the remuneration policy, including if applicable, information about the composition and the mandate of the remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders.**

A draft Remuneration Policy Statement was considered and approved by the Remuneration Committee in March 2019.

As a listed company subject to the UK Corporate Governance Code and the Listing Rules, TP ICAP plc has a Remuneration Committee of the Board, with published terms of reference which are periodically reviewed and approved by the Board. The Remuneration Committee is comprised of four non-executive directors of the Company.

The Remuneration Committee terms of reference sets out how the Remuneration Committee ensures that remuneration decisions take into account the implications for risk and risk management of the firm.

The Remuneration Committee has the ability to apply discretion to variable remuneration payments for Senior Management and reviews all variable remuneration paid to Remuneration Code staff.

As a UK company subject to the provisions of the Companies Act 2006, the directors must act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard for, amongst other matters, the interests of the Company's employees.

Taking into account the fact that all broking subsidiaries are either Limited Licence or Limited Activity firms, the Board has not sought to use external consultants to determine remuneration policy generally. The risk assessment undertaken during the drafting of the 2018 Remuneration Policy Statement has confirmed the view of the Remuneration Committee that the Company's remuneration policy reflects the low risk profile of the Company, is consistent with and promotes sound and effective risk management, and does not encourage risk taking.

This Remuneration Committee approved the Disclosure Statement on behalf of the Board on 6 March 2019.

- **Information on link between pay and performance**

TP ICAP's remuneration practices, policies and procedures ensure an employee's remuneration is consistent with and does not encourage excessive risk taking. They also reflect the fact that all broking entities are either Limited Activity or Limited Licence firms.

Variable remuneration is discretionary and takes into account the performance of the Company, the desk/area and the individual. The determination of an individual's variable pay takes into account different factors including:

a. how they have performed against their performance objectives

b. how they have demonstrated the right behaviours in line with company values

c. how they have complied with all legal, regulatory, and conduct requirements

The purpose of variable remuneration is firstly to reflect the performance of individuals in their roles during the previous year and secondly to incentivise them to remain with TP ICAP.

With limited exceptions, Remuneration Code staff variable remuneration is paid annually. Internal and external breaches are escalated to senior management by Compliance, HR, Legal, Risk and other Control Functions to allow these to be taken into consideration.

Under the Directors' Remuneration Policy approved at the AGM in May 2017, the Chief Executive and Chief Financial Officer have a mandatory 50% deferral of the total annual bonus as described under the terms of the Executive Director Bonus Plan. The deferral is awarded in equity, held in the Employee Benefits Trust and released only after a three year vest. The deferred element of the bonus is subject to claw back in the event of material misstatement of the financial statements on which the bonus was based such that the bonus was awarded at too high a level, or in the event that during the deferral period the Remuneration Committee determines that the Executive Director's conduct (whether before or after the bonus payment date), constitutes gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

A cash settled Long Term Incentive Scheme for Executive Directors (The "LTIS") was introduced in 2013 to replace the LTIP and provide the Executive Directors with a long term element of remuneration. Awards under the LTIS were made to the Chief Executive and Chief Financial Officer for 2016 and that was the last year grants were made under the LTIS. The LTIS aligns Directors' interests with shareholders by focusing on longer term shareholder returns. The LTIS is subject to a number of performance conditions measured over three calendar years or more and which aim to improve operating performance. Performance conditions are based on relative TSR compared with other FTSE 250 companies (excluding investment trusts), cash flow generation and average returns on capital equity compared with IDB competitors.

The unvested element of awards made under the LTIS is subject to malus in the event of material misstatement of the financial statements such that the award was made at too high a level or in the event that the Remuneration Committee determines that an Executive Director's conduct (whether before or after the grant of the LTIS award) amounts to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

The Company introduced the Transformation Long Term Incentive Plan (T-LTIP) for Executive Directors in 2017. This plan was specifically designed in order to encourage the Executive Directors to aim to achieve the demanding synergy targets arising from the acquisition, and to create shareholder value.

For the Executive Directors, grants were made on 19 May 2017 at which time they were notified of the number of units they had been awarded out of the total pool of 100,000 units. The award entitles the Executive Director (subject to the Plan Rules), to a share of the pool in proportion to the number of units awarded. The award will be settled in shares on (or as soon as reasonably practicable thereafter) the vest date subject to the Performance Conditions set out in the Rules for the TP ICAP plc Transformation Long Term Incentive Plan (the "Rules").

The T-LTIP was also intended to incentivise the Group Executive Committee ('GEC') members to work together to achieve the demanding synergy targets and drive improved shareholder value. Accordingly, GEC members received notification of their participation in the T-LTIP

- **Aggregate quantitative information on remuneration, broken down by business area**

For the year ended 31 December 2018 (including bonuses paid in 2019) total remuneration is broken down by business area as follows:

Broking staff: **£859m**

Non-broking staff: **£266m**

- **Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the firm**

For the year ended 31 December 2018 (including bonuses paid in 2019) total remuneration is broken down as follows:

Remuneration Code staff: **£64m**

Non-Remuneration Code staff: **£1,061m**