



Executive remuneration in AIM listed companies

KPMG Board Leadership Centre

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A wide-ranging overview of Executive and Non Executive Directors' remuneration trends in AIM companies

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Highlights



Regulatory

42% of the Top 50 AIM companies have chosen to adopt the UK Corporate Governance Code although more generally, adoption of the QCA Guidelines is more common place.



Total remuneration

Just over one third of a Chief Executives total remuneration in AIM companies is variable compared with just over 20% when we last published our analysis in 2016.



Annual incentives

The typical annual bonus opportunity for AIM directors is 100% of salary. Almost a third of companies have paid a bonus in the range of 80% to 100% of the maximum bonus opportunity.



Long term incentives

A performance share plan is the most common form of long term incentive, although 'one-size' does definitely not fit all when it comes to designing incentive plans for AIM companies.



Non executive directors

Around a half of AIM companies increased non executive director fees for the period under review.



Diversity

Across the executive director population in this survey group only 7% are currently women suggesting the AIM market has a long way to go to address gender diversity.

Contents

Use of this guide	3
Introduction	4
The UK corporate governance landscape	5
Remuneration mix	9
Basic salary, total cash and total earnings	11
Basic salary	12
Annual incentives	13
Long term incentive plans	15
Non executive director	17
Diversity	19
Methodology	20

Use of this guide

This publication is designed to be a wide-ranging guide to you as a director or policy maker to assist in executive remuneration planning at your company.

This guide is designed to provide you with a wide-ranging picture of trends in market practice in remuneration for Executive and Non Executive Directors in AIM listed companies.

We recommend that this guide is used in conjunction with other information and in consultation with your advisers to ensure the data is interpreted correctly, and is relevant, to your company.

While data provides a useful guide, it is important to note its historical nature, together with the personal circumstances that are attached to each role and benchmark.

This analysis is based on data gathered from external data providers (see Methodology section for more information) and covers companies with financial year ends up to and including September 2018.

Data is included only for those companies disclosing sufficient detail to allow robust analysis.

One issue with AIM companies remains that disclosure is often limited, which in turn restricts the number of available data points for our research.

How KPMG can help

KPMG is one of the UK's leading advisers on employee incentives and executive remuneration. We have a multi-disciplinary team, able to advise on market practice, corporate governance, incentive plan design, tax, regulatory and accounting aspects of UK and global incentive plans.

We work regularly with clients ranging from Main Market and AIM listed companies to private equity-backed and larger unlisted companies, as well as multinational groups headquartered both in and out of the UK. We are a member of the Remuneration Consultants Group and signatory to its Code of Conduct. We have significant experience in advising on all of the following matters:



Reward strategy and approach



Corporate transactions



Mix of pay and remuneration benchmarking



Tax, Accounting, valuations and modelling



Remuneration Committee governance



Ongoing operation of incentive plans



Remuneration regulatory compliance



Directors' Remuneration Reports



Design and implementation of incentive plans

Introduction

This report provides analysis of trends in executive remuneration within the AIM market.

Since we last published this report in 2016, scrutiny of executive pay has intensified further still. Having said that, the AIM market largely remains out of the public eye. This is in spite of the fact that remuneration levels at the upper end of the market are not dissimilar to those found among comparable sized businesses in the main market.

Whilst the regulations in relation to the disclosure and voting requirements for executive pay are much less prescriptive than for companies with a main market listing, we have seen a growing number of AIM listed companies begin to more closely follow best practice, in line with main market requirements.

This is in part due to the 2018 changes to AIM Rule 26, under which companies are required to state which corporate governance code they are applying. There is also evidence of institutional shareholders increasingly expecting AIM companies to demonstrate governance standards more akin to those seen on the main market.

In terms of remuneration structure, we have also seen some changes since the 2016 Survey, including:

- on long term incentive plans a continued shift away from market value options to performance share plans;
- a greater proportion of total executive remuneration comprising of variable elements; and
- more significant increases to base salary than seen in the main market albeit at a more modest level than has been in the past.

For the first time, our guide also shines a light on diversity in board level positions in AIM listed companies. The data suggests that similar to FTSE 350 companies, there is a long journey ahead.

In order to provide a guide for companies and remuneration committees, this report provides data on basic pay and incentives. We also consider the governance environment, particularly in light of recent changes to regulations and the wider factors that impact the executive pay landscape.



The UK Corporate Governance Landscape

Introduction

Over the last year we have seen a number of changes to the various UK Corporate Governance regulations and codes, in particular, those regarding the disclosure of directors' remuneration. Whilst the majority of the changes apply to companies with a premium listing on the main market, there are some significant changes that will also apply to companies listed on AIM.

In this section of our survey, we briefly summarise what AIM companies (incorporated in England and Wales) are required to disclose in relation to directors' remuneration.

Changes to the UK Corporate Governance regime

One of the principal aims of the recent corporate governance review was to restore trust in UK business and improve the level of transparency and accountability of directors by means of additional reporting obligations; in particular, in relation to executive pay.

The changes relevant to AIM companies were introduced under:

- the Companies (Miscellaneous Reporting) Regulations 2018 (the "2018 Regs"); and
- the AIM Rules.

The FRC UK Corporate Governance Code (the "Code"), which applies to companies with a premium listing on the main market, has also been updated, and these changes will apply to AIM companies that voluntarily choose to comply with the Code. The Code is not considered further in this survey (although a small minority of AIM companies have chosen to comply with the Code see page 7). A more extensive review of the changes to the Code can be found in our Guide to Directors' Remuneration 2018.

Disclosure of executive pay?

The disclosure and reporting of directors' remuneration on AIM is much less prescriptive than on the main market. In particular, AIM companies are not required to:

- prepare and publish a directors' remuneration report ("DRR") or a directors' remuneration policy ("DRP"); or
- adopt and comply with the Code.

AIM companies are not required (technically at least) to have a Remuneration Committee; although in practice the vast majority do as it is seen as a cornerstone of good corporate governance and stewardship. It should also be noted that under the AIM Rules the prior approval of shareholders is not required to adopt an employees' share scheme or long term incentive plan.

What do AIM companies have to disclose?

AIM companies are required to report and disclose directors' pay under AIM Rule 19 and pursuant to s412 of the Companies Act 2006 (the "Act"). Read together, Rule 19 and the Act provide that for each individual who was a director during the relevant financial year, the company must disclose details of that directors' remuneration, to include:

- all emoluments, compensation and benefits paid to or receivable by the director;
- share options and other long term incentive awards;
- payments to pension, money purchase and defined benefit schemes;
- gains made on the exercise of share options and under long term incentive schemes;
- retirement benefits paid; and
- any compensation in respect of loss of office.

The UK Corporate Governance Landscape

What has changed?

There are additional reporting and disclosure obligations under the revised AIM Rule 26 and the Act, as summarised below.

AIM Rule 26: which corporate governance code applies

With effect from 28 September 2018, the company must disclose under its Rule 26 website disclosure, which governance code the company has decided to apply, how the company complies with it, and reasons for any departure from the chosen code.

This is a significant development for AIM companies as they can no longer state that no code was followed.

Changes to the Act

Additional disclosure requirements were introduced by amendments to the Act under the 2018 Regs.

The changes applicable to AIM companies (depending on their size) around pay, are as follows:

- **engagement with employees.** The directors' report must include a statement explaining how the company has engaged with and involved employees in the company's performance, for example, via participation in an employees' share scheme.
- **statement of corporate governance arrangements.** The directors' report must state which corporate governance code applies and any departures from the code. This disclosure largely mirrors the requirements under AIM Rule 26, save that under Rule 26 AIM companies cannot choose not to apply a code.

Additional disclosure and reporting required under the amended Act relating to (amongst other things) the impact of share price appreciation on pay and the often reported 'CEO pay ratio' do not apply to AIM companies.



The UK Corporate Governance Landscape

What are AIM companies disclosing ?

Publication and voting on DRRs and DRPs

As noted above, despite the fact that AIM companies are not required to disclose directors' pay in a separate DRR, many companies choose to go above and beyond the level of disclosure required.

We analysed the annual reports for the 50 largest companies (based on market capitalisation) and found that:

- **78%** of this group include a separate DRR within their annual report; and
- of these companies, approximately **20%** include a resolution to approve the DRR at their AGM (advisory vote).

Our research suggests an increasing trend within this section of the AIM market to adopt main market best practice.

However, even amongst this group of companies, the level of disclosure remains varied. This ranges from a simple one page report, including a brief description of remuneration policy and a directors' emoluments summary table, to a more extensive disclosure.

One point to note is that even though many companies are choosing to provide greater disclosure, there remains a limited appetite to put a DRP to a binding vote.

Disclosure of Corporate Governance Codes on AIM

We analysed the website disclosures for the 50 largest companies (based on market capitalisation) and found that:

- **42%** of this group stated that they had chosen to apply the Code (including 70% of the ten largest companies); and
- **58%** had chosen to apply the QCA Corporate Governance Code (the "QCA Guidelines").

More broadly, the QCA recently published the findings of their own research into the corporate governance statements of 927 AIM companies (see www.theqca.com/news/briefs/175536/whichcorporate-governance-codes-do-aim-companies-apply-.html) and found that:

- 89% follow the QCA Guidelines;
- 6% follow the Code; and
- 5% follow a variety of other codes.

The QCA Guidelines are, therefore, by far the most popular guidelines chosen by AIM companies. However, as AIM companies grow and mature (both in terms of market cap and shareholder base), there is a clear move towards adopting the Code and, in relation to executive pay, the principles of the Investment Associations Guidelines on Remuneration. This perhaps reflects the expectations of shareholders in those companies.

The UK Corporate Governance Landscape

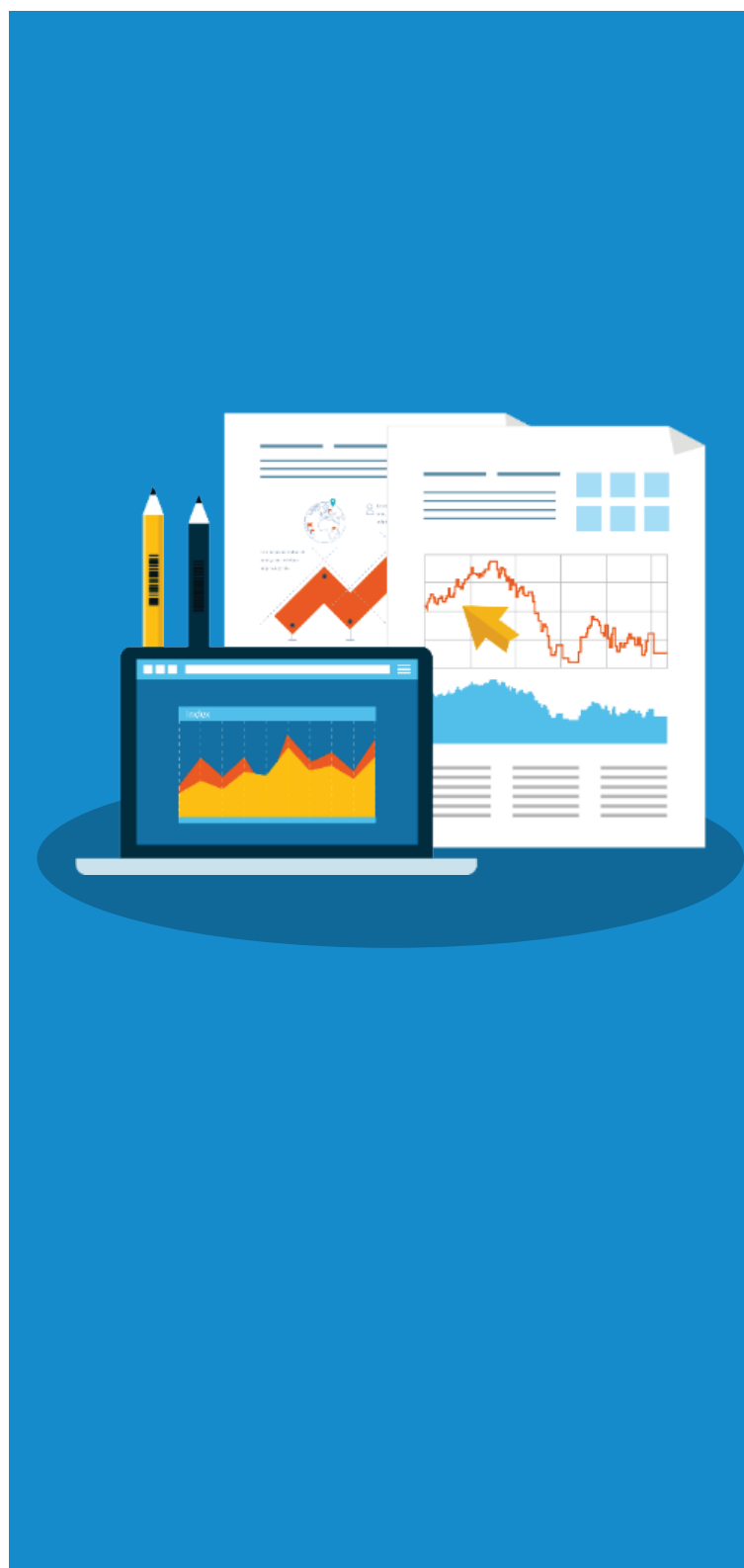
Future developments

Following the overhaul of the UK Corporate Governance regime we expect to see more companies prepare and put a remuneration report to an advisory vote at AGM, a move encouraged under the QCA Guidelines.

We do not, however, anticipate that there will be a significant increase in the number of companies putting a DRP or employees' share scheme to a shareholder vote. This brings additional rigidity, cost and complexity that AIM companies are likely to want to avoid, unless there is pressure from their shareholders to take this step. In the case of employees' share schemes, we do however, expect to see more and more AIM companies adopt schemes that are broadly in-line with good corporate governance and market practice; in particular, around quantum, performance, dilution and (perhaps to a lesser degree) malus and clawback.

Looking further ahead into our crystal ball, we expect to see main market practice around remuneration start to trickle down onto AIM. The types of feature we expect to see appear more regularly in future in AIM directors' pay arrangements include an increasing use of malus and clawback provisions, executive shareholding guidelines and (to a lesser extent) post-vesting and post-cessation holding periods. We also expect there to be some focus on pension provision, although the disparity between AIM directors and workforce pension contribution levels is perhaps not quite as visibly stark on AIM as it has been on the main market.

In the meantime, those companies which adopt a strong and robust remuneration policy that is in line with good corporate governance principles together with a clear and transparent reporting and disclosure regime, should be able to continue to steer a straight course through the various governance regimes with little trouble.



Remuneration mix

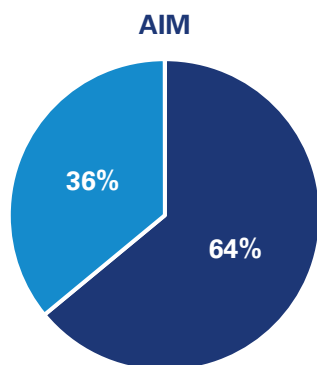
The chart below shows the mix between fixed and variable remuneration for a chief executive of an AIM listed company.

Just over one third of a chief executives total remuneration in AIM companies is variable, compared with just over 20% when we last published our analysis in 2016. This increase in variable pay suggests a trend for greater bonus and LTIP pay outs.

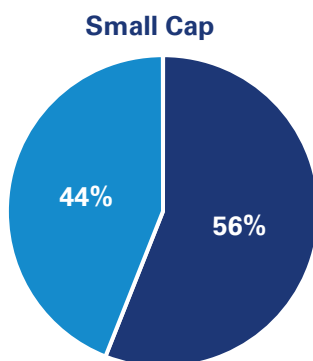
It should be noted that when compared with Small Cap and FTSE 350 listed companies variable pay in AIM companies still makes up a smaller part of the overall package.

Fixed pay includes basic salary, benefits and pension. Variable pay includes annual bonus payments, LTIP gains and miscellaneous payments. The data is based on actual remuneration received in the year using the median for the fixed and variable elements.

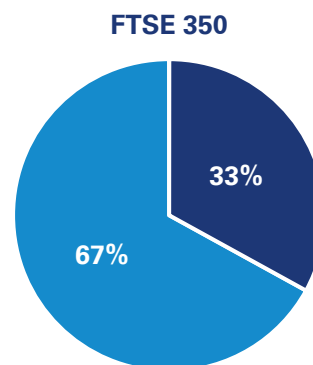
Mix of pay – Fixed: Variable



■ Fixed ■ Variable



■ Fixed ■ Variable



■ Fixed ■ Variable



Remuneration mix

Further analysis of the total remuneration of chief executive pay in AIM companies shows a reliance on short term elements, although to a lesser extent than has been the case in the past.

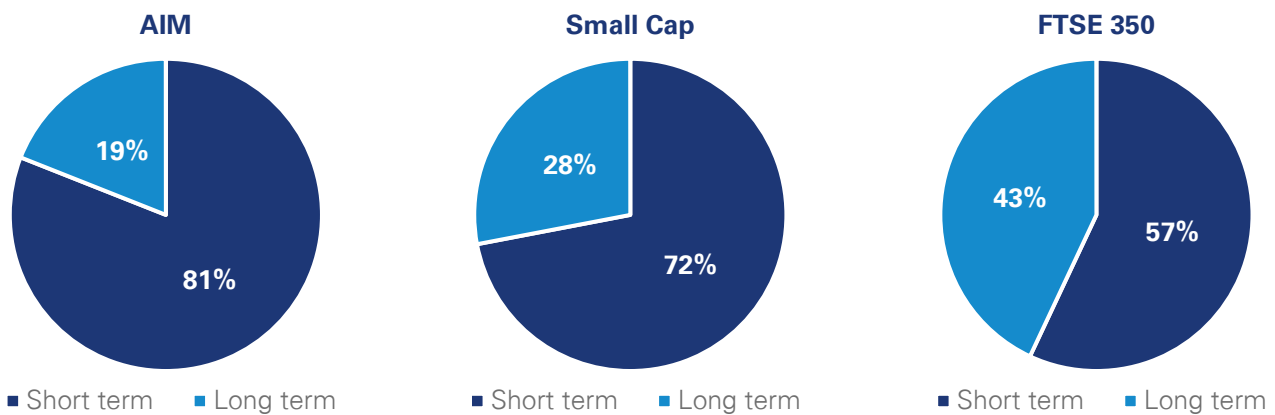
As a percentage of total remuneration, over 80% comprises short term remuneration, which compares with 100% when we published similar research in 2016.

Again this contrasts with practice in Small Cap and FTSE 350 companies, where short term remuneration makes up 72% and 57% of total remuneration respectively.

Short term remuneration includes basic salary, benefits and annual bonus. Long term includes LTIP gains. The data is based on actual remuneration received in the year using the median for the fixed and variable elements.

It is important to note that this reflects pay actually received rather than desired policy or the level of awards which have been made to an individual.

Mix of remuneration – Short term: Long term



Further detail on incentive plans is included later in this report.

Key factors

The following factors will all have had an impact on both the mix of fixed to variable and short to long term remuneration:

- whilst the data suggests variable pay now comprises a greater proportion of total remuneration than in the past, many AIM companies make LTIP awards on an 'ad hoc' basis which produces a 'lumpy' pay out schedule;
- many directors will have a shareholding in the company and, as such, will be aligned to the success of the company already rather than through a traditional LTIP;
- company underperformance which impacts on the extent to annual bonus and LTIPs vest; and
- the underlying value of a company's share price where variable pay is delivered in the form of shares.

Basic salary, total cash and total earnings

The table below shows the basic salary, total cash and total earnings for each director.

	Basic Salary			Total Cash			Total Earnings		
	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
Chief Executive	183	251	332	243	343	566	256	379	634
Finance Director	149	192	234	191	279	404	202	292	461
Other executive Directors	120	170	215	159	243	396	170	260	433

Based on the above data, the internal ratio between the median salaries of the finance director and other executive director positions as a percentage of the chief executive salary are 76% and 67% respectively. In the case of the finance director position, this ratio is slightly higher than we tend to see in larger listed companies.

The table below shows median salary increases across AIM, FTSE 100 and FTSE 250.

Median Salary increases				
	AIM	AIM (excluding salary increases >20%)	FTSE 100	FTSE 250
Chief Executive	7%	6%	3%	3%
Finance Director	9%	5%	3%	3%
Other executive Directors	8%	6%	3%	3%

Whilst there is some evidence to suggest that salary increases for executive positions in AIM listed companies are more modest than in the past, they remain higher than those seen in the main market. As pressure grows for better disclosure and a stronger rationale for salary increases in AIM companies, we would expect to see future salary increases kept more in line with the wider workforce.

Basic salary

There is an assumption across all markets that the size of a company is highly correlated with basic salary levels for executive directors. This assumption is particularly well supported within the AIM sector, showing that size does matter in such a varied market which includes companies ranging in size from a market capitalisation of less than £1 million to companies with a market capitalisation larger than some FTSE 250 companies.

The tables below shows basic salary levels by market capitalisation.

Chief Executive - Basic salary by Market Capitalisation

Market Capitalisation	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£200 million	257	316	398
£50 million - £200 million	190	250	325
<£50 million	133	185	236
All	183	251	332

Finance Director - Basic salary by Market Capitalisation

Market Capitalisation	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£200 million	187	233	258
£50 million - £200 million	150	189	210
<£50 million	126	147	180
All	149	192	234

Other Executive Director - Basic salary by Market Capitalisation

Market Capitalisation	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£200 million	163	201	262
£50 million - £200 million	106	158	202
<£50 million	112	137	162
All	120	170	215

The tables below shows basic salary levels by turnover

Chief Executive - Basic salary by Turnover

Turnover	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£100 million	256	322	385
£40 million - £100 million	216	268	358
<£40 million	141	189	262
All	183	251	332

Finance Director - Basic salary by Turnover

Turnover	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£100 million	200	235	260
£40 million - £100 million	168	192	225
<£40 million	122	144	189
All	149	192	234

Other Executive Director - Basic salary by Turnover

Turnover	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£100 million	154	198	275
£40 million - £100 million	112	163	210
<£40 million	116	148	182
All	120	170	215

Annual incentives

The vast majority (81%) of AIM companies included in our survey disclose that they operate an annual bonus plan.

The table below shows the maximum bonus opportunity in AIM companies for chief executives, finance directors and other executive directors.

The data shows that for all three positions, the typical bonus opportunity is 100% of salary with a slightly higher opportunity for chief executives at the 'upper quartile' level. This in line with similar data from our survey published in 2016.

Maximum bonus opportunity (percentage of salary)

	Lower Quartile	Median	Upper Quartile
Chief Executive	100%	100%	125%
Finance Director	100%	100%	100%
Other Executive Director	100%	100%	100%

The table below shows the maximum bonus opportunity for chief executives split by company market capitalisation.

This demonstrates that there is a largely consistent approach irrespective of market capitalisation.

Maximum bonus opportunity (percentage of salary)

Market cap	Lower Quartile	Median	Upper Quartile
>£200 million	100%	100%	150%
£50 million - £200 million	85%	100%	100%
<£50 million	100%	100%	100%

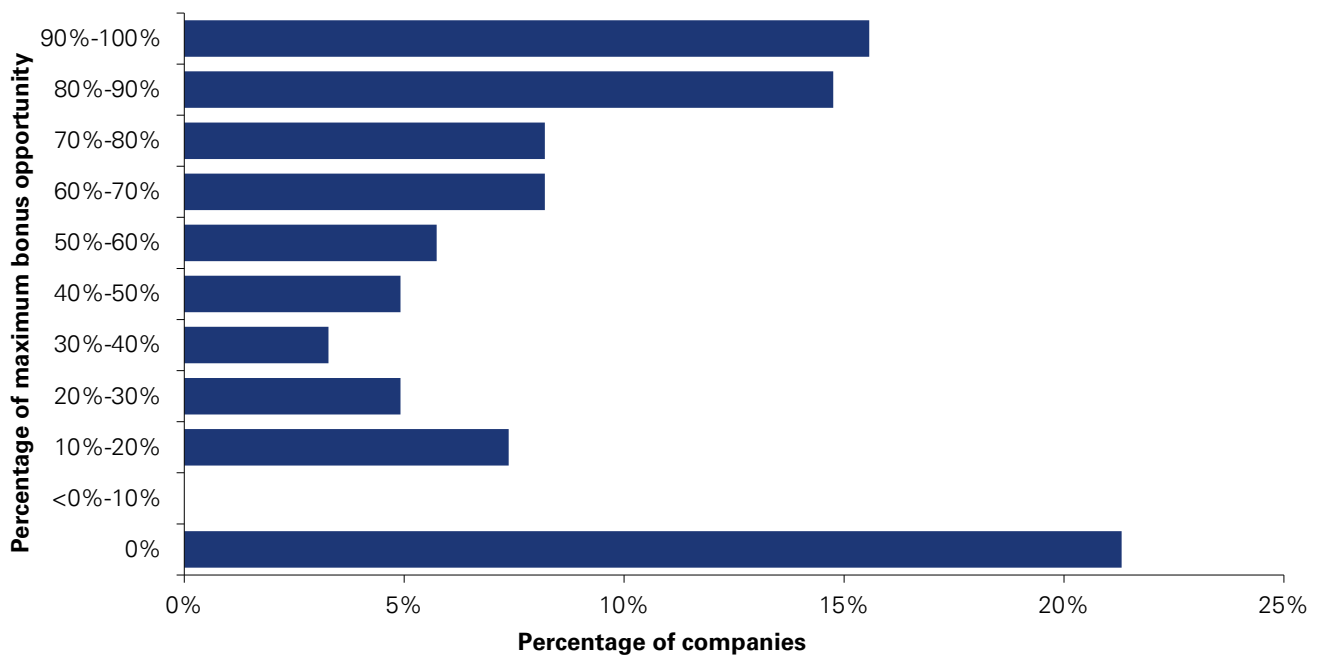
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Annual bonuses are a significant part of an AIM executive's package. This is particularly the case given that LTIPs in many AIM companies don't vest annually.

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Annual incentives

Percentage of maximum annual bonus paid by companies



Almost a third of companies have paid a bonus in the range of 80% to 100% of the maximum bonus opportunity.

Just over one fifth of companies operating a bonus plan paid no bonus at all.

Of those companies making a bonus payment, around 10% included an element of deferral, a much lower percentage than is seen in the FTSE 350.

Long term incentive plans

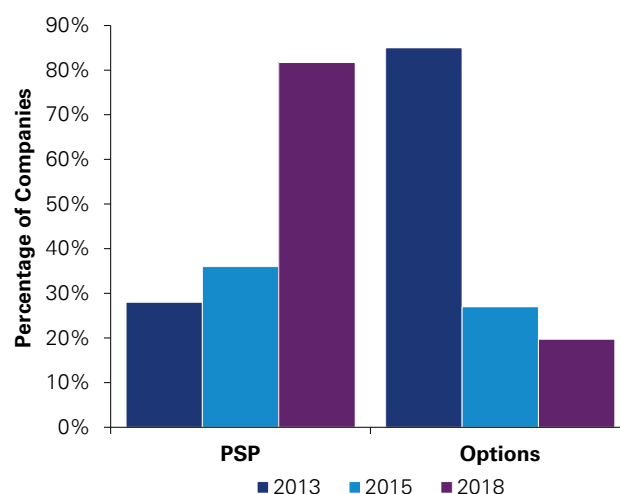
The term 'LTIP' is a generic term which can cover a wide range of different structures. LTIPs deliver cash and / or share awards to employees and are typically subject to the satisfaction of performance and / or service conditions. They operate over more than one financial year (awards subject to performance and service conditions of one year or less are known as short term incentives).

Given the less prescriptive nature of disclosure required by AIM companies, and the fact that AIM companies are not required, and tend not to seek shareholder approval for LTIPs, it is not always apparent precisely what arrangement is in place.

We tend to find that the most common form of LTIP in AIM listed companies is a performance share plan (PSP). A PSP involves the award of free shares (or nominal cost) which vest upon the achievement of performance targets and continued service, normally over a period of up to three years.

Types of plan in operation

In the past, traditional market value share option plans have also been popular but, as can be seen from the chart below, over the last few years there has been a discernible trend away from share options in favour of PSPs. This mirrors market practice on the main market over the previous ten to fifteen years.



What factors influence the choice of LTIP

One size does not fit all on AIM, particularly in relation to malus and clawback provisions, grant policies (annual or one-off), holding periods and shareholding guidelines. A number of factors can influence the choice and terms of an LTIP, including (but by no means limited to):

- pressure from shareholders for stronger performance linkage and how that is judged;
- the desired level of alignment with corporate governance principles and market practice;
- liquidity and dilution issues; and
- tax and accounting treatment.

Given the significant tax and NIC advantages of the HMRC Enterprise Management Incentive (EMI) plan, where an AIM company meets the qualifying conditions, it is not uncommon to see EMI options being granted as part of an LTIP. Care is required to ensure that all of the qualifying conditions are met before the options are granted and 'disqualifying events' do not arise in the future, which may curtail some of the tax benefits available.

Where an AIM company is unable to implement an EMI, it may be able to use a Company Share Option Plan (CSOP) instead. Employees can be granted market value options over shares worth up to £30,000 on the date of grant. Although less attractive than EMI, there are tax and NIC advantages for CSOP options granted and exercised in a qualifying manner.

Long term incentive plans

Other types of plans

Other types of plan operated by AIM companies include:

- **Restricted Share Plans** under which awards are not subject to performance conditions (but tend to feature an 'underpin');
- **Value Creation Plans** whereby management and shareholders share an agreed proportion of any growth in value over a pre agreed cost of capital;
- **Subsidiary Share Plans** where employees receive shares in a subsidiary, delivering growth in value as direct owners of shares (often linked with the ability to exchange for PLC shares on vesting); and
- **Jointly Owned Equity** under which management hold shares jointly with a third party and share in the upside on the share price (but not its inherent value).

PSP award levels

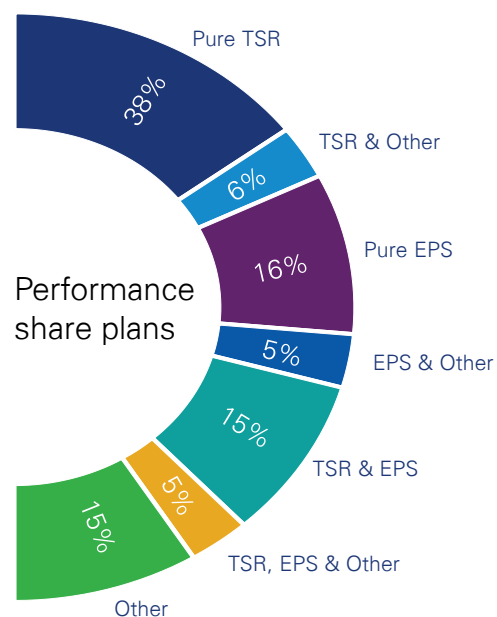
Of those companies that made PSP grants during the year, grant levels were as follows

Grant (percentage of salary)			
	Lower Quartile	Median	Upper Quartile
Chief Executive	93%	104%	201%
Finance Director	75%	102%	171%
Other Executive Director	69%	95%	130%

Performance conditions

Disclosure of performance conditions for PSPs is limited. The chart below shows the prevalence of these conditions for those companies who disclosed this information. There has not been any notable shift over the last three years.

The 'Other' category has a wide range of measures including conditions based on share price growth, EBITDA and ROCE.



Non executive director

This section provides information on remuneration for the role of non executive chairman and non executive director.

Fee increases

Over half of AIM companies increased non executive chairman fees. Almost half increased fee levels for the other non executive directors.

The following table shows the fee increases for AIM companies that did increase fee levels. Fees are not typically reviewed or increased on an annual basis, and, as such increases may initially appear to be higher than those for executive directors.

Median fee increases		
	Non executive chairman	Other non executive director
AIM	9%	7%

Non executive chairman

The following tables show the total non executive chairman fees broken down by market capitalisation and turnover, inclusive of any committee fees and irrespective of time commitment. As would be expected, those chairing the largest companies are paid significantly more than those in smaller companies.

Non executive chairman fees by market capitalisation			
Market capitalisation	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£500m	74	103	129
£250m-£500m	72	80	100
<£250m	38	60	75
All AIM	45	71	100

Non executive chairman fees by turnover			
Turnover	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£150m	73	85	126
£50m-£150m	60	75	96
<£50m	35	51	75
All AIM	45	71	100

Non executive director

Other non executive directors

The following tables show the fees for non executive directors who are not classified as being a non executive chairman, deputy non executive chairman and/or senior Independent director. The figures are broken down by market capitalisation and turnover, and are inclusive of committee fees and irrespective of time commitment.

Non executive director fees by market capitalisation

Market capitalisation	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£500m	37	47	52
£250m-£500m	34	40	45
<£250m	26	35	40
All AIM	30	36	43

Non executive director fees by turnover

Turnover	Lower Quartile (£'000)	Median (£'000)	Upper Quartile (£'000)
>£150m	40	45	50
£50m-£150m	32	36	45
<£50m	24	30	37
All AIM	30	36	43

Time commitment

There is insufficient disclosure in companies' annual reports with respect to the time commitment required of a non executive chairman or non executive director role to perform any robust analysis. However, prior experience tells us that a non executive chairman role typically demands around one full day a week. This will vary depending on the size of the company.

Other non executive director roles will require less time commitment and this is reflected in the reduced fees. However, due to increased scrutiny of boards and directors, the time commitment required by a non executive director has increased in recent years. The number of board meetings will vary depending on company size and complexity.

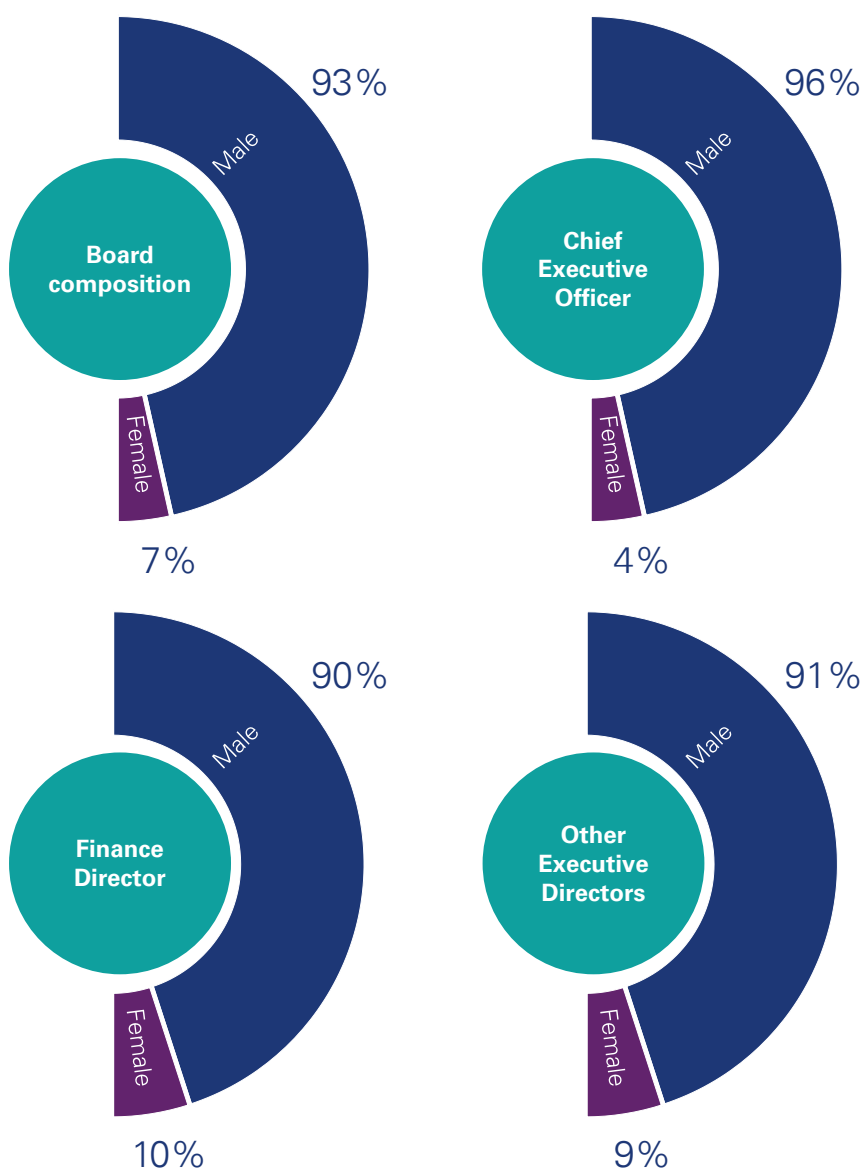
Diversity

The introduction of Gender Pay Gap reporting for any organisation with 250 UK employees or more in the private, public and voluntary sectors has served to intensify the gender and pay debate generally, and the board room is not immune from this.

The spotlight on boardroom diversity has fallen predominantly on FTSE 350 companies largely due to the 2016 independent review initiated by the Government, and led by Sir Philip Hampton and the late Dame Helen Alexander. As the charts below show however, diversity is very much an issue for AIM listed companies also.

Board Composition

Across the executive director population in this report only 7% are currently women.



Of the executive director positions occupied by women:

- just over a fifth (22%) are Chief Executives;
- two fifths are Finance Directors (40%); and
- just under two fifths are Other Directors (38%).

AIM v FTSE 350 companies

We also undertook similar research into Board diversity among FTSE 350 listed companies (see our Guide to Directors' Remuneration 2018). If anything, our research suggest that the AIM market is even less diverse than the main market when it comes to gender albeit the difference between the two markets is not material.

Methodology

The analysis in this guide is based on AIM listed companies who published their annual report and accounts up to September 2018.

Data sources

Unless otherwise stated, all graphs and tables in this guide have been created by KPMG from data provided by E-reward, an independent research organisation. The data provided has been further analysed using the methodology outlined below.

Data sample

Market constituents and market capitalisation figures are as at September 2018 and turnover figures used for the analysis are as at the relevant reporting date for each company.

The positions included in the data sample are: chief executives, finance directors and other executive directors. Other executive directors includes any main board position other than the chief executive, finance director, executive chairmen and the non executive directors. This typically includes operational directors, functional directors, and chief operating officers.

To enable the remuneration components of each position to be analysed they have been split in to the following categories:

Base salary

Annual salary received over a 12 month period as shown in the accounts.

Total cash

The sum of basic salary, benefits and total bonus.

Total earnings

The sum of total cash, the cash value of any LTIP awards vested (including the cash value of any share options exercised) during the year. The final figure may also include some miscellaneous payments.

LTIP awards

LTIP awards are considered for the purpose of the guide to be awards where the vesting/performance period is longer than one year and have been categorised in the guide as:

- PSP or performance share plan – a type of long term incentive in which participants are allocated shares or, more commonly, rights to shares, the vesting of which is subject to the satisfaction of performance targets over a period of more than one year.
- Share option – a type of long term incentive structured as a call option that gives a right to buy a share some time in the future at the market value specified at the outset.

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