

Vote Bulletin – London Stock Exchange Group Plc

Meeting Type – Annual

Meeting Date – 25 April 2024

Management Resolution

Item number	Item description	Management recommendation	SSGA vote
4	Approve remuneration policy	FOR	AGAINST

Text of Proposal

Approve remuneration policy.

Analysis

London Stock Exchange Group plc (LSEG) proposed a 37.5 percent increase in the CEO's base salary, which would also be reflected in the annual bonus and long-term incentive plan (LTIP). During an engagement with SSGA, LSEG shared how it had transformed into a technology company under the CEO's leadership, with a larger portion of revenue now being generated from the US. The company presented its analysis, placing LSEG among a largely US-based global tech peer group and citing concerns of retention risks of the CEO, and other executives, as a result.

SSGA Policy

We consider it the board's responsibility to identify the appropriate level of executive compensation. Despite the differences among the possible types of plans and the awards, there is an underlying philosophy that guides our analysis of executive compensation: we believe that there should be a direct relationship between executive compensation and company performance over the long term.

We consider factors such as adequate disclosure of various remuneration elements, absolute and relative pay levels, peer selection and benchmarking, the mix of long-term and short-term incentives, alignment of pay structures with shareholder interests, as well as with corporate strategy and performance.

SSGA Vote Rationale

We noted the company's strong performance and growth, increased business complexity and competition for talent at a global level. However, although most of its global peers are US-based and most of its earnings are generated in the US, only 12 percent of the workforce is based in the US. While we acknowledge pay compression challenges and the risks they may pose, we did not find this rationale compelling enough to support the company's proposed remuneration policy.

Further, we believe that effective monitoring of executive pay levels by remuneration committees limits the need for immediate and outsized increases in pay. We observed that maximum pay opportunities under the bonus and the LTIP have not been increased at LSEG since at least 2010. Salary increases have been used more frequently, with a one-off 25 percent increase in base pay following the Refinitiv acquisition in 2021. We expect remuneration committees to ensure pay levels are reflective of company growth, and were primarily concerned with the nearly 40 percent year-on-year increase in base pay.

SSGA Vote

For these reasons, SSGA voted AGAINST.

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*Pensions & Investments Research Center, as of 12/31/22.

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Marketing Communication

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