

Directors' remuneration report

Directors' remuneration policy

The remuneration policy aims to ensure that members of the Board and Executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their contribution to the success of the Group. The policy outlined on pages 69 to 72 was disclosed in the 2020 annual report and accounts and presented to the AGM on 6 May 2021 as part of the advisory vote on the whole remuneration report, which received 99.95% support. There are no changes proposed for 2022.

Policy table

The policy table below summarises the key components of remuneration for Executive Directors:

Element	Operation	Opportunity	Performance metrics
Base salary			
To recognise the individual's skills and experience and provide a competitive base reward to attract and retain Executive Directors.	<p>Base salaries are usually reviewed annually, taking into account the individual's performance, responsibility, skills and experience; Group performance and market conditions; salary levels for similar roles at relevant comparators (including companies of a similar size and sector); and pay levels and percentage salary increases across the wider employee population. There is no set maximum.</p> <p>Any changes will normally take effect from 1 April each year.</p>	<p>While there is no maximum salary, any increase will typically be in line with those awarded to the wider employee population. The committee has discretion to award higher increases in circumstances that it considers appropriate, such as:</p> <ul style="list-style-type: none"> • A material change in the size or complexity of the business or responsibility of the role; • Development in the role; • Changes in market practice; and • Moving the salary of a newly appointed Executive Director to be aligned with a market competitive range over time. <p>Details of salary changes will be disclosed in the annual report and accounts in the relevant year.</p>	None.
Pension			
To provide a market competitive retirement benefit.	The Group makes contributions to the private pension schemes or other appropriate arrangements for the Executive Directors. The committee has discretion to authorise cash payments in lieu of pension contribution. Such a payment would not count for bonus or LTIP purposes.	Executive Directors receive a contribution or cash payment in lieu of up to 15% of their 2020 base salary. This is capped for 2021 and 2022 and thereafter employer pension contributions will be aligned to the UK workforce. Pension contributions for any new Executive Directors will be aligned to the UK workforce.	None.
Share Incentive Plan (SIP)			
To provide market competitive benefits.	<p>Open to all UK tax resident employees of participating Group companies with at least six months' service.</p> <p>The plan is an HMRC tax qualifying plan that allows an employee to purchase shares using gross pay. If an employee agrees to purchase shares, the Group matches purchased shares with an award of matching shares which are subject to continued employment for three years. Dividends accrue on purchased shares and matching shares and are reinvested into additional shares.</p> <p>From time to time, EMIS Group may offer all employees free share awards up to the HMRC approved limits.</p>	<p>Participants can purchase shares up to the limits allowed by the legislation from time to time (currently up to £1,800 per tax year).</p> <p>Matching shares may be awarded up to the limits allowed by the legislation from time to time.</p> <p>The Company currently offers to match purchases made through the plan at the rate of one matching share for every two shares purchased.</p>	None.

Directors' remuneration report continued

Directors' remuneration policy continued

Policy table continued

Element	Operation	Opportunity	Performance metrics
Benefits			
To provide market competitive benefits.	<p>Benefits may include, but are not limited to, a car allowance and life insurance.</p> <p>Executive Directors are eligible for any benefits offered to the wider workforce in their geography.</p> <p>In certain circumstances, the committee may also approve the provision of additional allowances relating to the relocation of an Executive Director and other expatriate benefits to perform his or her role.</p>	<p>While no maximum level of benefits has been set, the value of benefits provided is set at a level which the committee considers to be appropriately positioned taking into account the role and individual circumstances; benefits provided are reviewed periodically.</p> <p>Benefits in respect of the year under review are disclosed in the annual report on remuneration.</p>	None.
Annual bonus			
To provide an incentive to drive the Executive Directors to deliver stretching performance and growth.	<p>Performance measures, targets and weightings are set by the committee at the start of the bonus period.</p> <p>At the end of each bonus period, the committee determines the extent to which targets have been achieved. The committee has the discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards to ensure that payments accurately reflect business performance over the performance period, e.g. in the event of unforeseen circumstances outside of management control.</p> <p>At the discretion of the committee, Executive Directors may be required to invest up to 40% of any after tax amount in shares, to be held until the minimum shareholding requirement is met.</p> <p>Bonuses are subject to clawback for a period of one year after award.</p>	<p>For Executive Directors, the maximum annual bonus opportunity is up to 150% of base salary.</p> <p>For target performance, the bonus level is up to 50% of the maximum payable for the year. Threshold payments are no more than 25% of the maximum payable for the year.</p>	<p>Performance is usually assessed on an annual basis, using a combination of the Group's main KPIs for the year. Measures may include financial and non-financial metrics as well as the achievement of strategic and personal objectives. A minimum of 80% of the bonus will be determined by financial objectives. The principal financial performance measure currently assessed is Group adjusted operating profit; however, the committee has the discretion to adjust performance measures and weightings to ensure that they continue to be linked to the delivery of Group strategy.</p> <p>The range of performance required under each measure is calibrated with reference to external expectations and the Group's internal budgets. Any personal element is based on the strength of the Executive Director's personal performance over the course of the year against agreed objectives.</p>

Element	Operation	Opportunity	Performance metrics
LTIP			
To drive sustained business performance, aid retention and align the interest of Executive Directors with shareholders.	<p>Awards are made in the form of conditional share awards, or nil-cost options which vest subject to the achievement of pre-defined performance conditions normally measured over a three-year period.</p> <p>At the start of each performance period, the committee reviews the award levels and performance conditions to ensure they remain appropriate and sets performance targets that it considers to be appropriately stretching.</p> <p>Following the end of the performance period, and the vesting of any awards, a two-year "holding period" applies.</p> <p>This may be structured as either: (1) a requirement that the Executive Directors retain for the holding period the shares they acquire, subject to being permitted to dispose of shares to meet any resultant tax liability; or (2) a restriction that prevents the Executive Directors from exercising any vested share awards until the end of the holding period. Where the holding period is operated on the latter basis, the committee may make additional payment (in cash or additional shares) in respect of shares that vest to reflect the value of dividends which would have been paid on these shares during the period beginning with the date of vesting and ending with the date on which the share award may be exercised (and this payment may assume that the dividends were reinvested in additional shares on such basis as the committee may determine). Where awards vest over a longer period than three years, the holding period will be reduced so that the maximum period between an award and the right to dispose of shares will be five years. During the holding period the shares are not subject to performance conditions.</p> <p>LTIP awards are subject to clawback for a period of up to two years following vesting.</p>	<p>Ordinarily a single award of up to 200% of base salary which normally vests after three years may be awarded. In respect of 2022, this award will be 150% of salary for the Chief Executive Officer and 100% for the Chief Financial Officer. Each year the committee determines the maximum LTIP opportunity, the measurement period and the threshold level. Threshold performance will result in up to 25% of maximum vesting for the period set, rising to full vesting for maximum levels of performance in accordance with the targets set by the committee for the period in question.</p>	<p>Awards vest subject to performance measure(s) based on key financial metrics which may include, for example, measures based on earnings per share (EPS) and absolute or relative growth in share price.</p> <p>The committee has discretion to adjust the choice of performance measures and weightings to ensure that they continue to be linked to the delivery of Group strategy.</p> <p>The committee has the discretion to adjust formulaic LTIP outcomes to ensure that payments accurately reflect business performance over the performance period.</p>
Share ownership requirements			
To ensure alignment of the long-term interests of Executive Directors and shareholders.	<p>Executive Directors are required to acquire a minimum shareholding equivalent to 200% of base salary for the Chief Executive Officer and 100% of salary for the Chief Financial Officer.</p> <p>Executive Directors are required to retain shares acquired under the LTIP (subject to sales to cover tax liabilities) until they have satisfied the guideline.</p>	Not applicable.	None.

Directors' remuneration report continued

Directors' remuneration policy continued

Policy table continued

Element	Operation	Opportunity	Performance metrics
Post-employment share ownership requirements			
To ensure alignment of the long-term interests of EMIS and its shareholders post-employment.	Executive Directors are required to hold the lower of their share ownership requirement or their shareholding at the date of leaving. This applies for a period of one year post-employment. The requirement applies to shares vesting (net of tax) from awards granted from 2021 onwards only.	Not applicable.	None.

Notes to the policy table

Performance measurement selection

The aim of the bonus plan is to reward key Executives over and above base salary for the achievement of business objectives. The bonus criteria are selected annually to reflect the Group's main KPIs for the year and are designed to encourage continuous performance improvement for the Group. Group financial performance targets relating to the bonus plan are set with reference to the Group's annual budget, which is reviewed and signed off by the Group Board prior to the start of each financial year. Adjusted operating profit is currently used as the principal KPI for the annual bonus plan because it is a clear measure of the underlying financial performance of the Group.

LTIP awards are based on EPS growth and Total Shareholder Return (TSR) performance, normally over three years.

Targets applying to the bonus and LTIP are reviewed regularly, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.

The committee retains the ability to adjust performance measures or targets if events occur (such as a change in Group strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions) which cause the committee to determine that measures are no longer appropriate and that an amendment is required so that they achieve their original purpose.

Awards under the LTIP and deferred share awards may be adjusted in the event of a variation of the Company's share capital or other relevant event in accordance with the terms of the awards.

Malus and clawback provisions

Clawback applies if the figures on which awards were based are shown to be inaccurate or there is misconduct by the individual or action which has damaged EMIS Group's reputation or, in the case of LTIPs, if there is significant deterioration in financial performance. These provisions apply for one year after the award of a bonus and during the two-year retention period for an LTIP.

Remuneration policy for other employees

The approach to annual salary reviews is consistent across the Group, with consideration given to individual performance, skills, experience and responsibility, Group performance and market conditions, and salary levels for similar roles in relevant comparators. Opportunities and specific performance conditions vary by organisational level with business area-specific metrics incorporated where appropriate. A management group of approximately 200 individuals is eligible to participate in the LTIP and restricted stock. Award sizes vary by organisational level. Specific cash incentives are also in place to motivate, reward and retain staff below Board level. All UK-based employees are eligible to participate in the Company's SIP scheme on the same terms.

Pay scenario charts for Executive Directors

The charts below provide estimates of the potential future reward opportunity for each of the two current Executive Directors for 2022 and the potential split between different elements of remuneration under four different scenarios: "minimum", "target", "maximum" and "maximum plus 50% share price appreciation" performance.



■ Basic salary and benefits ■ Bonus ■ Long-term Incentives

Potential reward opportunities illustrated on page 72 are based on the remuneration policy, applied to the base salary as at 1 April 2022. It should be noted that LTIP awards granted in a year normally vest following the end of a three-year performance period and the projected value of LTIP amounts excludes the impact of share price movement over the vesting period, except for the "maximum plus 50% share price appreciation" scenario. All other elements of actual pay delivered, however, will be determined by the following factors:

	Component	"Minimum"	"Target"	"Maximum"	"Maximum plus 50% share price appreciation"
Fixed	Base salary	Salary as of 1 April 2022 - Chief Executive Officer £426,420 and Chief Financial Officer £282,412			
	Pension	Contribution rate applied to 2020 salary ¹			
	Other benefits	Benefits as provided in the single figure table on page 76			
Annual bonus		No bonus payable	50% of maximum (75% of salary)	150% of salary	As per maximum
LTIP		No LTIP vesting	25% of maximum (37.5% and 25% of salary for Chief Executive Officer and Chief Financial Officer respectively)	150% and 100% of salary for Chief Executive Officer and Chief Financial Officer respectively	As per maximum with additional 50% share price appreciation

1 Pension contributions capped at the 2020 salary level (i.e. 2020 salary: Chief Executive Officer £412,000 and Chief Financial Officer £272,862).

Approach to recruitment remuneration – Executive Directors

When hiring or appointing a new Executive Director, the committee may make use of any or all of the existing components of remuneration, as follows:

Component	Approach	Maximum value
Base salary	The base salaries of new appointees will be determined by reference to the individual's role, responsibilities, experience and skills, relevant market data, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market rate, any shortfall may be managed with phased increases over a period of years subject to their development in the role.	Not applicable.
Pension	New appointees will be eligible to receive a pension contribution in line with existing policy.	
SIP	New appointees will be eligible to participate in the Company's HMRC tax qualifying all-employee share scheme, in line with the policy and the eligibility criteria.	
Benefits	New appointees will be eligible to receive benefits in line with the policy.	
Annual bonus	The annual bonus described in the policy table will apply to new appointees with the relevant maximum ordinarily being pro-rated to reflect the proportion of employment over the bonus period. Targets for the individual element will be tailored to the Executive.	Up to 150% of salary p.a.
LTIP	New appointees will be eligible for awards under the LTIP which will normally be on the same terms as awards made to other Executive Directors, as described in the policy table.	Up to 200% of salary p.a.

In determining appropriate remuneration for a new Executive Director, the committee will take into consideration all relevant factors (including the quantum, nature of remuneration and jurisdiction from which the candidate was recruited) to ensure that the pay arrangements are in the best interests of the Group and its shareholders.

The committee may include additional elements of pay which it considers appropriate in circumstances which may include: interim appointments; Non-executive Directors taking on an Executive function on a short-term basis; and where the timing of the recruitment means that it would be inappropriate to provide a bonus or LTIP opportunity for the year, in which case the quantum in respect of the opportunity for the year of recruitment may be transferred to the subsequent year in order that reward is provided on a fair and appropriate basis. However, the committee's discretion is not uncapped. As noted above, salary, pension and benefits will be provided in line with the existing policy and non-performance-related incentives (such as a "golden hello") will not be offered. The committee may alter the performance measures and vesting periods of incentive remuneration and the deferral arrangements for the bonus or holding period for the LTIP to reflect the circumstances of the recruitment. The rationale for any exercise of this discretion will be explained in the following Directors' remuneration report.

In addition to the above elements of remuneration, the committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, to replace remuneration, benefits and/or incentive arrangements forfeited on leaving a previous employer.

Any "buyout awards" would typically have a fair value no higher than and be receivable no sooner than the awards forfeited. In doing so, the committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. Such awards would typically be subject to clawback.

In the event of the appointment of a new Executive Director by way of internal promotion, the remuneration committee will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

Directors' remuneration report continued

Directors' remuneration policy continued

Approach to recruitment remuneration – Executive Directors continued

External appointments

It is the Board's policy to allow each Executive Director to take up one non-executive position on the board of another company, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. No such positions were taken and so no such fees were paid during the financial year.

Service contracts/letters of appointment

The Executive Directors are employed under contracts of employment with the Group.

The Non-executive Directors including the Chair are appointed under letters of appointment, usually for a term of three years.

Executive Directors' contracts and Non-executive Directors' letters of appointment and reappointment are available to view at the Company's Registered Office.

	Executive Directors		Non-executive Directors				
	Andy Thorburn	Peter Southby	Patrick De Smedt	Kevin Boyd	Denise Collis	JP Rangaswami	Jen Byrne
Date of contract/ appointment	May 2017	October 2012	January 2020	May 2014 (renewed in 2017 and 2020)	October 2021	March 2021	May 2019
Notice period in months							
Company	12	12	3	3	3	3	3
Director	12	12	3	3	3	3	3

Remuneration policy for the Chair and the Non-executive Directors

The Board determines the remuneration policy and level of fees for the Non-executive Directors, within the limits set out in the Articles of Association. The remuneration committee recommends the remuneration policy and level of fees for the Chair of the Board.

The policy table below summarises the key components of remuneration for the Chair and Non-executive Directors.

Element	Operation	Opportunity	Performance metrics
Fees			
To reflect market competitive rates for the role, as well as individual performance and contribution.	<p>The Chair and Non-executive Directors receive a basic fee for their respective roles. Additional fees may be paid to Non-executive Directors for additional services such as chairing a Board committee or acting as the Senior Independent Non-executive Director. Expenses related to the Non-executive Directors' duties, such as travel and accommodation or secretarial support, may also be reimbursed.</p> <p>Fees are reviewed annually with reference to information provided by remuneration surveys, the extent of the duties performed, time commitment and the size and complexity of the Group. Fee levels are benchmarked against sector comparators and appropriate listed companies of similar size and complexity.</p>	<p>Fee increases are applied in line with the outcome of the annual review. Fees for the year commencing 1 January 2022 are set out in the annual report on remuneration.</p> <p>There is no prescribed maximum fee. It is expected that increases to Non-executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.</p>	None.

Non-executive Directors' remuneration

In the case of hiring or appointing a new Non-executive Director, the committee will follow the policy as set out in the table on page 74. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for additional services, such as chairing a Board committee.

Exit payment policy

The Company's policy is to limit any payment made to a departing Director to contractual arrangements and to honour any pre-established commitments. A payment in lieu of notice (consisting of salary, benefits and pension contributions for the relevant portion of the notice period) may be made. As part of this process, the committee will take into consideration the Executive Director's duty to mitigate their loss.

The table below summarises how the awards under the bonus scheme and LTIP are typically treated in different leaver scenarios and a change of control. Whilst the committee retains overall discretion on determining "good leaver" status, it typically defines a "good leaver" in circumstances such as ill health, disability, death, redundancy, or any other reason as the committee decides. Final treatment is subject to the committee's discretion. The holding period that applies to vested LTIP awards ceases when an individual leaves, subject to any post-employment shareholding requirements that may apply.

Reason for leaving	Timing of vesting	Treatment of awards
Annual bonus		
"Good leaver"	Usually paid at the same time as continuing employees. Pro rata payments may also be made early on compassionate grounds to a "good leaver".	Eligible for an award to the extent that performance targets are satisfied and the award is pro-rated for the proportion of the financial year served.
"Bad leaver"	No annual bonus payable.	Not applicable.
Change of control	Paid immediately on the effective date of change of control.	Eligible for an award to the extent that performance targets are satisfied up to the change of control and the award is pro-rated for the proportion of the financial year served to the effective date of change of control.
LTIP		
"Good leaver" – awards which are still subject to performance conditions	Continue until the normal vesting date or vest immediately, at the discretion of the committee. In the event of the death of a participant, the award would vest immediately.	Outstanding awards vest to the extent the performance conditions are or are reasonably considered to be likely to be satisfied and the awards are pro-rated to reflect the length of the performance period served unless the remuneration committee decides otherwise. In the event of the death of a participant during the performance period, the award would vest in full.
"Bad leaver"	Outstanding awards are forfeited.	Not applicable.
Change of control	Vest immediately on the effective date of change of control.	Outstanding awards vest subject to the satisfaction of performance conditions as at the effective date of change of control, and the award is pro-rated for the proportion of the performance period served to the effective date of change of control unless the remuneration committee decides otherwise.