

## **Directors' remuneration report 2022**

The following pages set out GMG's Directors' remuneration report for the year ended 3 April 2022. The report includes:

- Remuneration & people committee chair's statement
- The guiding reward principles adopted by the committee and the elements of remuneration
- Details of how the committee sets pay levels
- The total pay to each of GMG's directors in the year
- Details of service contracts
- The governance of executive remuneration at GMG

### **Remuneration & people committee chair's statement**

As Chair of the remuneration & people committee, I am very aware of the need for the committee to take an approach to remuneration and talent matters that is grounded in the unique values of the Guardian and its people, as well as supporting the Scott Trust's purpose of securing independent journalism in perpetuity. The committee has continued to support the Board of the Scott Trust during the year on several matters.

The committee is also very aware that pay, and particularly executive pay, can be an emotive subject at the Guardian because of the distinctive values of the organisation. As a committee we regularly debate and challenge ourselves on this topic and seek regular input from our employees on this subject.

The remuneration committee information and consultation forum ("the RCICF") is a body made up of elected representatives from GNM employees which has the opportunity to input and influence remuneration committee agenda matters. To help ensure that the richness of discussion and debate is maintained Ole Jacob Sunde, the Scott Trust chair, and Katharine Viner, the editor-in-chief, and Keith Underwood, interim CEO, have been invited to attend meetings of the RCICF. This has proved extremely valuable in providing an opportunity to discuss the strategic vision, editorial ambition, and employee related matters raised by members of the RCICF.

Over the course of the year both the committee and the RCICF have been mindful of the challenges presented by the cost of living crisis and the impact of the high inflation environment on all employees, but in particular the disproportionate burden this places on those in lower paid roles. The committee was pleased to see that the approach to the 2022 annual salary review recognised this point by allocating a higher level of increase to those on lower pay. This approach was strongly supported by the committee and provides a tangible example of the application of our pay principles.

The RCICF continues to be a valuable source of perspective and challenge for the committee and I would like to thank the representatives for their time and thoughtful input over the year.

#### *Remuneration matters for the year*

During 2021/22 the committee continued to operate the fixed pay model that has been in place since 2015/16. Under this approach our executive directors do not receive any bonus payments of any kind. Their pay is wholly made up of salary, pension contributions/allowances and benefits.

As mentioned in last year's report the former CEO, Annette Thomas, left the Guardian on 30 June 2021. In line with contractual obligations, she received a payment in lieu of notice of 12 months' salary, along with cash in lieu of pension contributions, the health insurance premium, and her accrued holiday pay. Full details are reported later in this report.

From 1 July 2021 Keith Underwood has been acting as interim CEO, whilst retaining certain responsibilities associated with his underlying role of chief financial and operating officer. Throughout this period, in recognition of his additional responsibilities, he received an 'acting up' allowance of 20% of his basic salary per annum. Full details of this arrangement are reported later in this report.

In line with our longstanding governance structure, the salary of the editor-in-chief is set by the Scott Trust rather than the committee. This reflects that the editor-in-chief is appointed by and reports to the Scott Trust, as part of ensuring that editorially the Guardian is independent from GMG, the commercial entity.

During the year, the Scott Trust reviewed Katharine Viner's salary as editor-in-chief. The review took into account pay levels for comparable editorial roles in the external market, her experience in the role, and the success of the Guardian under her leadership. Having reviewed the base salary of the editor-in-chief against appropriate internal senior executive comparators, and recognising that her salary had only been reviewed once since her appointment in June 2015, the Scott Trust decided to increase it to £495,000 per annum, effective 1 January 2022.

During the year it was also announced that Neil Berkett would retire as Guardian Media Group chair after more than 12 years on the Board. He stepped down from the Board on 17 March 2022 and was succeeded by Charles Gurassa. Neil did not receive any payments related to his departure, and Charles' fee as chair has been set at £140,000 per annum. I would like to thank Neil for his contributions to the company and to the committee over the years.

On 10 November 2021, Emily Bell and Mary Ann Sieghart joined the Board as non-executive directors. They have been appointed on the same terms as our existing non-executive directors.

### *GNM Pay principles*

As discussed in last year's report, the committee has overseen the development of the Guardian's employee pay principles, informed by the views of staff with input from the RCICF, employee working groups and a staff survey. The pay principles were updated and published in January 2022. The intention of these principles is to provide a consistent point of reference to support managers and employees around pay decisions and encourage pay that is fair, understood and valued by our people. These principles, set out later in the report, will also inform the committee's approach when making pay related decisions for those in executive roles.

The committee has also provided oversight of a review of the sales commission schemes, that operate in our Advertising teams in the UK, the US and Australia. This review has been important in establishing a governance framework for these arrangements that aligns with our pay principles and company values.

### *Diversity and inclusion*

The committee fully supports all efforts to ensure our workforce is diverse, inclusive and reflects the society the Guardian serves. We value and respect all differences (seen and unseen) in all people at the Guardian and we aspire to inclusive working experiences for all our employees.

The committee received updates on the race action plan and the race steering committee, including feedback from the People of Colour groups and other representatives across the Guardian. The committee will continue to receive reports on developments in this area.

The GNM equality report, covering the 2020 and 2021 results for both gender pay and ethnicity pay gap disclosures, was published during the year and the 2022 results will be published later this year. The committee continues to discuss the gender pay and ethnicity pay gap results across the organisation, to further understand the reasons for the gap and, most importantly, to provide input on the action plans for the future. It is encouraging that progress against the action plans has continued and the committee will continue to apply scrutiny to progress and outcomes.

**Jennifer Duvalier**

Chair of the remuneration & people committee

6 July 2022

## Principles and policies

The Scott Trust Limited's core purpose (to secure the financial and editorial independence of the Guardian in perpetuity) requires GMG to operate successfully in a competitive commercial environment. GMG's pay arrangements should be sufficiently flexible to reflect such differences while remaining within the guiding reward principles adopted by the committee, recognising the structure and level of executive remuneration must enable the attraction and retention of executives of the quality the Group requires to deliver successfully on its long-term strategic ambitions.

The committee's approach to pay is underpinned by the GNM pay principles published in January 2022:

<b>Fair Pay</b>	<ul style="list-style-type: none"> <li>• All employees will be paid a fair salary for their work, taking account of minimum and 'living wage' levels and other benchmarks in each of our markets</li> <li>• We use external benchmark data and internal comparisons to inform salaries.</li> <li>• We operate a sales commission scheme for some commercial roles.</li> </ul>
<b>Inclusive and consistent</b>	<ul style="list-style-type: none"> <li>• We value and respect all differences in all people, seen and unseen, and aspire to an open, supportive and inclusive culture that makes the Guardian a good place to work for everyone, free from discrimination of any kind.</li> <li>• Our pay principles will be applied consistently to all, including executives.</li> </ul>
<b>Proportionate</b>	<ul style="list-style-type: none"> <li>• Salaries will be reviewed annually. Decisions are informed by our values and will reflect the need to reward employees appropriately for their contribution with the need to maintain financial stability.</li> </ul>
<b>Open and transparent</b>	<ul style="list-style-type: none"> <li>• We will maintain open dialogue on pay and benefits with employees and employee forums and representative bodies.</li> <li>• We will work with our recognised unions on matters relating to salaries and benefits.</li> <li>• The salaries of our Executive Directors are governed by the remuneration committee and will be reported transparently in our annual Directors' Remuneration Report.</li> <li>• We will take proactive steps to understand and eliminate any gender or ethnicity pay gaps where they exist.</li> </ul>
<b>Provide benefits to all</b>	<ul style="list-style-type: none"> <li>• We offer all our staff a competitive package of employee benefits.</li> <li>• We support our staff with flexibility and encourage work-life balance.</li> <li>• Our workplace policies are reviewed and updated regularly, with input from employees, to ensure that they support a diverse, progressive and purposeful organisation</li> </ul>

In addition, when considering pay arrangements for executive roles the committee continues to consider the following factors, which are consistent with the GMG corporate governance code and the pay principles:

- The structure and level of executive remuneration must enable the **attraction and retention of executives of the quality the Group requires to deliver successfully on its long-term strategic ambitions**

- Executive remuneration policies should always **support the achievement of the Group's business strategies, and be aligned with the Group's vision and values**
- The Group should avoid paying more than necessary for this purpose. It operates a remuneration framework that **balances considerations of external market competitiveness with internal equities and reflects the importance of the organisation's values and its ownership structure**
- The committee therefore takes account of the relevant external market when setting remuneration levels but is not driven by it and **considers other factors, such as relevant internal pay comparisons and the reputation and attractiveness of the Group's employment brand**

### Pay structure

Our principles are delivered through a simple pay structure based on fixed pay only, made up of base salary, benefits and pension.

Executive roles do not participate in any performance based incentives or bonuses. This approach reflects the unique values of the Guardian. This structure was introduced following a review of our reward principles in 2015/16, taking into account feedback from the RCICF and staff. The structure was reaffirmed in 2018/19 following another review, again taking into account the views of the RCICF and staff. In 2020/21 the committee's remit over wider employee salary levels was reviewed to ensure appropriate oversight.

- **Salary** - The committee reviews salary levels for all Executive Committee roles (other than the editor-in-chief of GNM, for whom pay decisions fall under the remit of the Scott Trust). The committee also reviews proposals for any new roles where the proposed total remuneration exceeds £150,000 per annum, or any proposed increase that would result in total remuneration exceeding £150,000 per annum.
- **Benefits** - Benefits for Executive roles principally include private medical cover.
- **Pensions** - Executive roles participate in a money purchase pension scheme. Contributions to the pension scheme may be capped at the HMRC annual allowance limit (currently £4,000), with any contributions due in excess of the annual allowance provided as a cash allowance subject to the usual deductions for income tax and national insurance. As members of the pension scheme, death in service benefits are also provided. Pension arrangements for senior executives are aligned to the same age related contribution structure available to the wider workforce.

### Setting pay levels

When setting pay levels the committee balances setting pay at a level which will recruit and retain senior staff, with the key principle of not paying more than necessary.

To help provide context for these decisions the committee considers both internal relativities compared to other employees and external benchmarking data for equivalent roles in other organisations. The committee considers a number of external reference points, including:

- General industry companies of a similar size to GMG.
- Media and Technology companies.
- Companies with similar values to GMG.

Benchmarking data is only used as a reference point, and the committee sets pay in the context of GMG and its values rather than mechanically setting salaries based on benchmarking data.

The Group has robust mechanisms in place to monitor the operation of its executive remuneration strategy, and the committee takes account of the remuneration of other groups of employees in making decisions on executive pay.

### **Remuneration for chair and independent directors**

The chair and independent directors are paid a basic flat fee with further payments made for additional responsibilities such as chairing a committee. They do not receive any other form of pay.

Fees for the chair are set by the committee and were reviewed as part of the process when appointing Charles Guarassa as chair. As noted above this review resulted in the fees for the chair being increased to £140,000 per annum. Fees for independent directors are set by the chair and the CEO of GMG. Fees were last reviewed in 2020/21 and fees have not been increased since April 2007.

## Pay ratio reporting

The Guardian has published its CEO pay ratio for a number of years. Since 2018/19 the ratio has been disclosed based on legislation that applies to UK listed companies with more than 250 UK employees. Although this legislation does not apply to GMG as a private company, the committee considers it is important to continue to take a lead in this area by disclosing ratios based on this methodology for all executive directors, not just the CEO. Additionally, the committee has decided to include an additional ratio, against the company's minimum salary.

### 2021/22

The CEO single total figure of remuneration used for purpose of the pay ratio reflects the previous CEO's pay for the period to 30 June 2021, annualised for the full year. The editor-in-chief single total figure of remuneration used for the purposes of the pay ratio reflects pay received for service during 2021/22, including the impact of Katharine Viner's salary increase part way through the year. An additional ratio, based on her year-end salary, has also been included. The interim CEO single total figure of remuneration includes the 20% acting up allowance received by Keith Underwood for his additional duties as interim CEO during the year. An additional ratio has been included based on his salary for his underlying role as CFOO.

It is noted that the effect of the executive directors taking voluntary salary reductions during the previous year has been to increase the ratios reported this year. However, the ratios remain consistent with those reported for 2019/20. The ratios for next year are expected to change, for example the ratios for the CEO and CFOO based on actual pay received in the year will change based on the timing of the appointment of a new CEO.

Pay ratio	Company's minimum salary	25 <sup>th</sup> percentile employee	Median employee	75 <sup>th</sup> percentile employee
CEO pay ratio annualised figure	23.6	13.5	<b>10.4</b>	8.0
Editor-in-chief salary after increase	18.4	10.5	8.1	6.2
Editor-in-chief actual pay received	14.6	8.4	6.5	5.0
Interim CEO actual pay received	18.2	10.4	8.0	6.2
CFOO underlying role	16.1	9.2	7.1	5.5

Pay details for the individuals on a full-time equivalent basis are set out below:

	CEO (annualised)	Editor-in-chief (after increase)	Editor-in-chief (actual pay in year)	Interim CEO (actual pay in year)	CFOO (underlying role)
Salary	£630,000	£495,000	£392,000	£496,000	£430,500
Total pay	£700,105	£545,886	£433,000	£539,000	£478,380

The 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile employees were identified based on full-time equivalent salary data as at 3 April 2022.

	Company's minimum salary	25 <sup>th</sup> percentile employee	Median employee	75 <sup>th</sup> percentile employee
Salary	£27,000	£45,380	£59,277	£76,700
Total pay	£29,600	£51,840	£67,024	£87,359

## CEO pay ratio over recent years

	2013 /14	2014 /15	2015 /16	2016 /17	2017 /18	2018 /19	2019 /20	2020 /21	2021 /22
Hutton methodology	17.2	15.8	15.2	13.1	12.6	12.4	-	-	-
Current methodology	-	-	-	-	-	11.6	11.3	10.0*	<b>10.4</b>

\*This figure includes the voluntary 20% salary reduction that applied during the period 1 May 2020 to 31 December 2020.

Prior to 2018/19, the CEO pay ratio was calculated based on the Hutton methodology. The CEO pay ratio under the current methodology is lower than the Hutton methodology because it includes the value of employer pension contributions, and therefore increases the value of the pay for the median employee. Details of the methodology can be found in previous reports.

Under the current methodology, total remuneration includes all remuneration, including employer pension contributions, aligned with the directors' emoluments table on page 7.

## Directors' emoluments

	Note	Base salary £000	Benefits (note 1) £000	Pension contributions and allowances (note 1) £000	<b>Total 2021/22 £000</b>	Total 2020/21 £000
<b>Executive Directors</b>						
Keith Underwood (* from 22 June 2020)	2	496	1	42	539	309
Katharine Viner	3	392	2	39	433	349
<b>Independent Directors and Chair</b>						
Charles Gurassa (* from 17 March 2022)	4	6	-	-	6	-
Emily Bell (* from 10 November 2021)	5	12	-	-	12	-
Jennifer Duvalier	6	39	-	-	39	31
Anders Jensen		34	-	-	34	27
Yasmin Jetha		34	-	-	34	27
Nigel Morris		34	-	-	34	27
Baroness Gail Rebuck	7	44	-	-	44	35
René Rechtman		34	-	-	34	27
Mary Ann Sieghart (* from 10 November 2021)	8	12	-	-	12	-



Coram Williams	9	39	-	-	39	31
<b>Former Directors</b>						
Annette Thomas (* to 30 June 2021)	10	881	-	89	970	616
Neil Berkett (* to 17 March 2022)	11	116	-	-	116	96
<b>Total Directors</b>		2,173	3	170	2,346	1,575

\*Date of appointment, resignation, or other changes to directorships.

## Notes

- Executive directors' pension arrangements are paid in two parts. Contributions to the company pension are restricted to the annual tax-approvable limit which will be £0 where the Lifetime Allowance has been reached or £4,000 where contributions are made, reduced from £10,000 from April 2020. Any value above this limit is paid as cash in lieu of pension contributions and subject to PAYE. Benefits comprise solely healthcare and life and income protection. The latter is calculated as a percentage of base salary. Where applicable, and noted below, allowances include the value of accrued holiday paid to Executives when leaving the Guardian.
- Keith Underwood's base salary for his role as CFOO was increased to £430,500, an increase of 2.5%, effective 1 April 2021. This increase was agreed as part of the 2021 annual salary review and was applied in November 2021 and backdated to 1 April 2021. With effect from 1 July 2021 Keith was appointed as interim CEO and has received an 'acting up' allowance of 20%, which equates to £86,100 per annum in recognition of his additional responsibilities. During 2020/21 his salary was voluntarily reduced by 20% for the period 22 June 2020 to 31 December 2020. Keith's company pension contribution rate increased from 8% to 9% of base salary during the year in line with an agreed age related increase under the scheme. Keith's base salary was increased by 3% to £443,415, effective 1 April 2022, and was agreed as part of the 2022 annual salary review. This increase will be included in next year's report.
- Katharine Viner's base salary for the year was independently reviewed by the Scott Trust and was increased on 1 January 2022 to £495,000. Her salary prior to this was £357,000, and was voluntarily reduced by 20% for the period 1 May 2020 to 31 December 2020. Katharine's company pension contribution rate was 10% of base salary during the year in line with the agreed age related contribution structure under the scheme. Katharine's base salary was increased by 3% to £509,850, effective 1 April 2022, and was agreed as part of the 2022 annual salary review. This increase will be included in next year's report.
- Charles Gurassa was appointed as chair on 17 March 2022. His annual fee for the role has been set at £140,000. His fee received for 2021/22 reflects his time in role during the year.
- Emily Bell was appointed as a non-executive director on 10 November 2021. Her fee reflects her time in role during the year.
- Jennifer Duvalier's remuneration included an additional fee for chairing the Remuneration & People Committee.
- Baroness Gail Rebusk's remuneration included an additional fee for acting as Senior Independent Director.
- Mary Ann Sieghart was appointed as an independent non-executive director on 10 November 2021. Her fee reflects her time in role during the year.
- Coram Williams' remuneration included an additional fee for chairing the Audit Committee.
- Annette Thomas left the Company on 30 June 2021. Annette's base salary for the year was £630,000 and her company pension contribution rate was 11% of salary in line with the agreed age related contribution structure under the scheme. In line with contractual commitments Annette received a one-off payment, inclusive of a 4% uplift to her basic salary applied for the 2021/22 financial year, in respect of salary, pension and health insurance premium for her 12 month notice period totaling £795,396.
- Neil Berkett left the Company on 17 March 2022. His fee received for 2021/22 reflects his time in role during the year.

## Service contracts

All executive directors have service contracts terminable on notice by either party.

The chair has a letter of appointment which allows for three months' notice by the chair; no notice period needs to be given by the Company or, where appropriate, The Scott Trust Limited.

Independent directors have letters of appointment that are terminable by immediate notice by either side. Terms and conditions of appointment of independent directors are available for inspection by any person at the Company's registered office during normal business hours.

Details of the service contracts of those directors in office on 3 April 2022 (being the year-end), or appointed subsequently, are as follows:

	<b>Contract / contract renewal date</b>	<b>Contract unexpired term at 3 April 2022</b>	<b>Notice period</b>	<b>Contractual termination payments</b>
<b><u>Executive Directors</u></b>				
Keith Underwood	22 June 2020	12 months rolling	6 months	Notice Period
Katharine Viner	1 June 2015	12 months rolling	12 months	Notice Period
<b><u>Independent Directors and Chair</u></b>				
Charles Gurassa	17 March 2022	2 years 11 months	By Chair 3 months, by Company none.	None
Emily Bell	10 November 2021	2 years 7 months	-	None
Jennifer Duvalier	1 May 2020	1 year	-	None
Anders Jensen	17 March 2020	11 months	-	None
Yasmin Jetha	1 February 2021	1 year 9 months	-	None
Nigel Morris <sup>1</sup>	1 September 2021	4 months	-	None
Baroness Gail Rebuck	27 January 2022	2 years 9 months	-	None
René Rechtman	17 March 2020	11 months	-	None
Mary Ann Sieghart	10 November 2021	2 years 7 months	-	None
Coram Williams	27 January 2020	9 months	-	None

<sup>1</sup> Nigel Morris' final term was extended by 12 months with effect from 1 September 2021.

## Governance

The remuneration & people committee is responsible for setting the Group's compensation framework and for determining the remuneration packages of the executive directors and key senior managers. The committee retains the right to scrutinise and, if necessary, veto proposals for individuals outside this group, and has oversight of talent and the overall employee experience for all staff. The editor-in-chief of GNM's pay is set by the Scott Trust.

The committee has met on 3 occasions in the last 12 months. The committee consists of four independent Board directors, Jennifer Duvalier (the committee chair since 1 December 2017), Baroness Gail Rebuck, Yasmin Jetha and Mary Ann Sieghart (committee member since 10 November

2021). The chair of the Company (previously Neil Berkett but going forwards Charles Gurassa) normally attends the committee's meetings. In addition, on matters other than those concerning themselves, the chief executive, editor-in-chief, and group HR director normally attend meetings. Deloitte LLP is retained as independent advisors to the committee and the committee has access to other professional advice where necessary.

**Jennifer Duvalier**

Chair of the remuneration & people committee

6 July 2022