

Directors' Remuneration Report 2023

The following pages set out GMG's Directors' remuneration report for the year ended 2 April 2023. 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 the newly appointed Chair of the Remuneration & People Committee, I present our 2023 Directors' Remuneration Report. I would like to thank my predecessor Jennifer Duvalier for her outstanding contribution to the Committee and to GMG during her five-year tenure as Chair of the Committee.

In this role I am aware of the need for the Committee to ground its approach to remuneration and talent matters 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. This means that 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 contribute to and influence Remuneration Committee agenda matters. Over the course of this year, the RCICF has discussed topics related to remuneration and its wider context. The RCICF's inaugural away day provided an opportunity to discuss a range of subjects with internal and external speakers, including Larry Elliot, the Guardian's economics editor, Charles Gurassa, the GMG Chair, and Katherine Chapman, Director of the Living Wage Foundation.

This year, both the Committee and the RCICF have continued to be 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 2023 annual salary review, as in the previous year, recognised this point by allocating a higher level of increase to those on lower pay. This approach continues to be strongly supported by the Committee and provides a tangible example of the application of our pay principles, which are detailed later in this report.

The RCICF continues to be a valuable source of perspective and challenge for the Committee and we would like to thank the representatives for their time and thoughtful input over the year. I look forward to continuing to work with the RCICF over the coming year.

Directors' remuneration matters for the year

During 2022/23, 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 or long-term incentive

payments of any kind. Their pay is wholly made up of salary, pension contributions/allowances and benefits.

Anna Bateson was appointed as the new chief executive officer and started in role on 19 September 2022. Anna's salary has been set at £630,000, and is therefore the same as the salary received by the previous CEO when appointed on 2 March 2020. Anna did not receive any additional pay in relation to her appointment as CEO and all other terms and conditions are aligned with those of the workforce. Full details of Anna's pay for 2022-23 are disclosed later in this report. Following the 2023 annual salary review, Anna's salary was unchanged.

In line with our longstanding governance structure, the salary of Katharine Viner, our editor-in-chief, is set by the Scott Trust rather than the Committee. This reflects the fact that the editor-in-chief is appointed by the Scott Trust, as part of ensuring that editorially the Guardian is independent from GMG, the commercial entity. While decision-making responsibility in relation to Katharine's salary rests with the Scott Trust, the Committee will consult with, and support, the Chair of the Scott Trust, as part of the Committee's annual cycle. Katharine's salary was unchanged throughout the year, having increased by 3% to £509,850 on 1 April 2022, following the 2022 annual salary review. Following the year end, as part of the 2023 annual salary review, Katharine's salary was increased by 3.5% in line with the standard rate applied to high earners in the wider workforce.

In December 2022, the Committee reviewed Keith Underwood's salary in his role as CFOO. This followed the expansion of his role to include responsibility for leading the Publishing and UK Jobs teams, two revenue generating areas, in addition to his ongoing responsibilities for Finance and Operations. As a result of this review, Keith's salary was increased by 6% to £470,000, with effect from 1 November 2022, and was inclusive of the 2023 annual salary review. Therefore Keith's salary was not increased on 1 April 2023.

Workforce pay context

Over the last year the Committee has been mindful of the challenges of the cost-of-living crisis and the disproportionate impact on those on lower pay. The company continues to be registered as a Living Wage company and maintains open dialogue with the Living Wage Foundation. The Committee has therefore been supportive of the steps taken during the year to offer additional support to those on lower pay. Examples of these steps include making cost of living support payments of £1,000 to employees earning below £45,000 per annum, in late 2022. Additionally, throughout the period from 1 October 2022 to 31 March 2023, colleagues in our offices had access to free food and hot drinks.

A key principle when conducting the annual salary reviews, in 2022 and 2023, has been to award higher increases to those in lower paid roles. As with the cost of living support payments, this approach recognises the fact that inflationary pressure is felt most acutely by those on lower salaries.

The 2023 annual salary review, effective 1 April 2023, awarded increases of between 3.5% and 8%, with those on lower salaries receiving higher increases. Additionally, the overall award included a non-consolidated payment of £2,000 (pro-rated for those working part-time) which is proportionately more beneficial for those on lower pay.

The application of the 2022 annual salary review and the non-consolidated payments made in March 2023 as part of the 2023 annual salary review have contributed to the reduction in the CEO pay ratio this year, as disclosed later in this report. Furthermore, the cost of living support payments have led to a further reduction in the ratio when comparing to those in lower-paid roles.

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 strive to create a workplace where everyone can flourish.

The GNM equality report, covering the 2022 results for both gender pay and ethnicity pay gap disclosures, was published during the year and the 2023 results will be published later this year. Being transparent through reporting is an important aspect of accountability. The Committee undertook its annual review of 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.

Mary Ann Sieghart

Chair of the Remuneration & People Committee

3 July 2023

Our principles and policies for setting pay

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:

Fair Pay	<ul style="list-style-type: none"> • 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 • We use external benchmark data and internal comparisons to inform salaries. • We operate a sales commission scheme for some commercial roles.
Inclusive & consistent	<ul style="list-style-type: none"> • 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. • Our pay principles will be applied consistently to all, including executives.
Proportionate	<ul style="list-style-type: none"> • 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.
Open & transparent	<ul style="list-style-type: none"> • We will maintain open dialogue on pay and benefits with employees and employee forums and representative bodies. • We will work with our recognised unions on matters relating to salaries and benefits. • The salaries of our Executive Directors are governed by the Remuneration Committee and will be reported transparently in our annual Directors’ Remuneration Report. • We will take proactive steps to understand and eliminate any gender or ethnicity pay gaps where they exist.
Provide benefits to all	<ul style="list-style-type: none"> • We offer all our staff a competitive package of employee benefits. • We support our staff with flexibility and encourage work-life balance. • Our workplace policies are reviewed and updated regularly, with input from employees, to ensure that they support a diverse, progressive and purposeful organisation

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**

How we pay executive directors

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

Executive director 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.

	Overview and Committee approach	Remuneration for Executive Directors	Remuneration for wider Guardian workforce
Salary	<p>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).</p> <p>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.</p>	<p>Salaries from 1 April 2023:</p> <ul style="list-style-type: none"> - Anna Bateson: £630,000 – no increase on 1 April 2023 and unchanged from time of appointment - Katharine Viner: £527,695 – 3.5% increase effective 1 April 2023 - Keith Underwood: £470,000 - 6% increase effective 1 November 2023 <p>All Executive Directors received, as part of the 2023 annual salary review, the non-consolidated payment of £2,000 in April 2023, on the same basis as other employees. The value of this payment will be included in the emoluments table for 2023/24.</p>	<p>The overall increase applied following the 2023 annual salary review was 6.5%.</p> <p>Lower-paid employees received higher increases in percentage terms, up to an 8% increase.</p> <p>Highest paid employees received a smaller percentage increase of 3.5%.</p> <p>All employees received a non-consolidated, one-off payment of £2,000 (pro-rated for part time staff).</p> <p>In late 2022, cost of living support payments of £1,000 were made to those colleagues earning less than £45,000 per annum.</p>
Pensions & benefits	<p>Executive roles participate in a money purchase pension scheme. Contributions to the pension scheme are capped at the HMRC annual allowance limit, which was £4,000 for the 2022/23 tax year, with any contributions due in excess of the annual allowance provided as a</p>	<p>Pension arrangements for 2023/24 of:</p> <ul style="list-style-type: none"> - Anna Bateson: 10% of salary - Katharine Viner: 10% of salary - Keith Underwood: 9% of salary <p>The respective contribution rates are consistent with the age</p>	<p>All UK employees are eligible to participate in the company pension scheme, with maximum normal company contribution rates of between 8% and 12% of salary, linked to the age of the employee. The Company makes contributions up to 13% to 17% of salary where the employee makes</p>

	<p>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.</p> <p>Pension arrangements for senior executives are aligned to the same contribution structure available to the wider workforce.</p>	<p>related structure, applicable to the wider workforce.</p> <p>Benefits for Executive roles principally include access to the private medical scheme, with same cover and options as are available to the wider workforce.</p>	<p>additional contributions.</p> <p>Colleagues can choose to join the private medical scheme and the company meets the cost of their cover. There are further options to extend cover to family members, with the cost met by the employee.</p>
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How the Committee sets 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.

How the GMG Chair and independent directors are paid

The GMG Chair receives an annual fee of £140,000, set by the Committee on his appointment in March 2022.

The fees for the non-executive directors are set by the GMG Chair and the CEO of GMG. The basic flat fee was increased by £2,000, from £34,000 to £36,000, effective 1 November 2022. Further payments are made for additional responsibilities such as chairing a Committee. The fee for chairing a Committee increased from £5,000 to £8,000, effective 1 November 2022. The Senior Independent Director receives an additional fee of £10,000 and this was unchanged during the year. Non-executive directors do not receive any other form of pay. The increases noted above were the first increase to non-executive director fees since April 2007.

Comparing executive director pay to the UK workforce

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. The Committee also reports an additional ratio against the company's minimum salary.

2022/23 pay ratios

The total pay figure used for the purpose of calculating the ratios for each of the executive directors has been derived as follows:

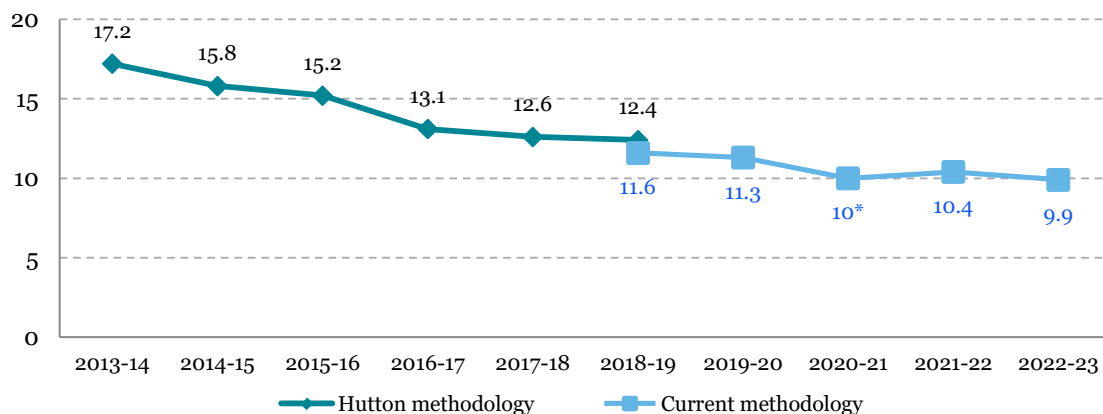
- For the CEO, the total pay figure reflects the pay received by Anna Bateson, annualised for the full year.
- For the editor-in-chief, the total pay figure is based on the actual pay received by Katharine Viner throughout 2022/23.
- For the CFOO, the total pay figure is based on Keith Underwood's current salary, as this most accurately reflects his remuneration for his underlying role.

Executive director pay ratios

Pay ratio	Company's minimum salary	25 th percentile employee	50 th percentile employee	75 th percentile employee
CEO - Anna Bateson	21.6	12.5	9.9	7.7
Editor-in-chief - Katharine Viner	17.5	10.1	8.0	6.2
CFOO - Keith Underwood	16.0	9.3	7.3	5.7

CEO pay ratio over recent years

The CEO pay ratio has fallen when compared to 2022, thereby continuing a downward trend as highlighted in the graph below.



*2020/21 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.

The primary reasons for the reduction in the CEO pay ratio this year are:

- 1) The impact of the 2022 annual salary review, which awarded higher increases to those on lower pay. This approach has contributed to the median salary being 5% higher when compared to the equivalent figure in the 2021/22 report.
- 2) The inclusion of the non-consolidated payments made to employees in March 2023.

Pay details for the executive directors

The salary information used in the table below reflects each executive director's salary on 31 March 2023.

	CEO (annualised)	Editor-in-chief	CFO (annualised)
Salary	£630,000	£509,850	£470,000
Total pay	£693,886	£562,000	£513,186

As set out in the table of Directors' emoluments, the difference between salary and total pay is primarily attributable to the value of company pension contributions.

Pay details for the workforce employees

The salary information used in the table below was identified based on the full-time equivalent salary data as at 31 March 2023.

	Company's minimum salary	25th percentile employee	Median employee	75th percentile employee
Salary	£27,000	£48,027	£61,227	£79,804
Total pay	£32,160	£55,437	£70,365	£90,133

The difference between salary and total pay is attributable to the value of company pension contributions and the £2,000 non-consolidated payment made in March 2023. The cost of living support payment of £1,000 for those earning below £45,000 per annum also increases the total pay of those on the minimum salary.

Directors' emoluments for the year

	Base salary	Pension (note 1)	Benefits (note 2)	Total 2022/23	Total 2021/22	Notes
	£000	£000	£000	£000	£000	
Executive Directors						
Anna Bateson	339	34	-	373	-	Anna commenced employment on 19 September 2022. The pay received for 2022/23 reflects her time in role during the year. Anna's base salary for the year was £630,000 and the company pension contribution rate was 10% of salary.
Katharine Viner	510	51	1	562	433	Katharine's base salary is independently reviewed by the Scott Trust and has been £509,850 throughout the year, following a 3% increase on 1 April 2022. Salary details in respect of the 2021/22 year are included in last years' report. Katharine's company pension contribution rate was 10% of base salary. Katharine's base salary was increased by 3.5% to £527,695 effective from 1 April 2023. This increase will be reflected in her total pay for 2023/24 in next year's Directors' Remuneration Report.
Keith Underwood	517	45	1	563	539	Keith's underlying base salary for the period 1 April – 30 October 2022 was £443,415. This was increased on 1 November 2022 to £470,000 reflecting his additional responsibilities. There have been no further changes to his salary. For the period 1 July 2021 to 30 September 2022, Keith was the interim CEO and received an acting up allowance of 20%, which for the current year equates to £44,342. Included in base salary is a payment in lieu of unused holiday, granted on an exceptional basis, due to Keith's integral involvement and coordination of the emergency response to the IT incident in December 2022. Keith's company pension contribution rate was 9% of base salary and acting up allowance (where applicable).
Independent Directors and GMG Chair						
Charles Gurassa	140	-	-	140	6	Appointed as GMG Chair on 17 March 2022. His fee for 2021/22 reflects his time in role during the year
Emily Bell	35	-	-	35	12	Appointed on 10 November 2021. Her fee for 2021/22 reflects her time in role during the year.
Jennifer Duvalier	41	-	-	41	39	The total fee includes an additional fee for chairing the Remuneration & People Committee. The change in fees reflects the increase applied on 1 November 2022.
Yasmin Jetha	35	-	-	35	34	The change in fees reflects the increase applied on 1 November 2022.

Baroness Gail Rebusk	45	-	-	45	44	The total fee includes an additional fee for acting as Senior Independent Director. The change in fees reflects the increase applied on 01 November 2022.
René Rechtman	35	-	-	35	34	The change in fees reflects the increase applied on 1 November 2022.
Mary Ann Sieghart	35	-	-	35	12	Appointed on 10 November 2021. Her fee for 2021/22 reflects her time in role during the year.
Coram Williams	41	-	-	41	39	The total fee includes an additional fee for chairing the Audit Committee. The change in fees reflects the increase applied on 01 November 2022.
Ete Davies	12	-	-	12	-	Appointed as a non-executive director on 1 December 2022. His fee for 2022/23 reflects his time in role during the year. His annualised remuneration is £36,000 per year.
Former Directors						
Nigel Morris	14	-	-	14	34	Left the Company on 1 September 2022. His fee for 2022/23 reflects his time in role during the year.
Anders Jensen	14	-	-	14	34	Left the Company on 31 August 2022. His fee for 2022/23 reflects his time in role during the year.
Neil Berkett	-	-	-	-	116	Neil Berkett stepped down as GMG Chair on 17 March 2022.
Annette Thomas	-	-	-	-	970	Annette Thomas left the Company on 30 June 2021. Payments relating to Annette's departure are included in last year's report.
Total Directors	1,813	130	2	1,945	2,346	

Notes

- Executive directors' pension arrangements are paid in two parts. Contributions to the company pension are restricted to the annual tax-approvable limit, which was £4,000 for the 2022/23 tax year. 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, allowances include the value of accrued holiday paid to Executives when leaving the Guardian.

Service contracts

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

The GMG Chair has a letter of appointment which allows for three months' notice; 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 2 April 2023 (being the year-end), or appointed subsequently, are as follows:

	Contract / contract renewal date	Contract unexpired term at 02 April 2023	Notice period	Contractual termination payments
<u>Executive Directors</u>				
Anna Bateson	21 September 2022	12 months rolling	12 months	Notice Period
Katharine Viner	1 June 2015	12 months rolling	12 months	Notice Period
Keith Underwood	22 June 2020	12 months rolling	6 months	Notice Period
<u>Independent Directors and GMG Chair</u>				
Charles Gurassa	17 March 2022	1 year 11 months	By Chair 3 months, by Company none.	None
Emily Bell	10 November 2021	1 year 7 months	-	None
Jennifer Duvalier	1 May 2020	0 months	-	None
Yasmin Jetha	1 February 2021	9 months	-	None
Baroness Gail Rebuck	27 January 2022	1 year 9 months	-	None
René Rechtman	17 March 2023	2 years 11 months	-	None
Mary Ann Sieghart	10 November 2021	1 year 7 months	-	None
Coram Williams	27 January 2023	2 years 9 months	-	None
Ete Davies	1 December 2022	2 years 7 months	-	None

- During the year, René Rechtman's appointment as non-executive director was extended for a second term until March 2026.
- During the year, Coram Williams' appointment as non-executive director was extended for its final term until January 2026.
- Ete Davies was appointed as a non-executive director in December 2022.
- Jennifer Duvalier stepped down as a non-executive director with effect from 30 April 2023.
- Trei Brundrett was appointed as a non-executive director on 1 July 2023.
- Debbie Klein will be appointed as a non-executive director on 1 September 2023.

How the Committee works

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 Committee has met on 4 occasions in the last 12 months. The Committee has consisted of four independent Board directors during the year, Jennifer Duvalier (the Committee chair from 1 December 2017 to 30 April 2023), Mary Ann Sieghart (Committee chair since 1 May 2023), Baroness Gail Rebeck and Yasmin Jetha (Committee member to 30 September 2022). The GMG Chair, 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 advisor to the Committee and the Committee has access to other professional advice where necessary.

Mary Ann Sieghart

Chair of the Remuneration & People Committee

3 July 2023