

Message

From: Henry Staunton
on behalf of Henry Staunton
Sent: 21/12/2023 12:32:28
To: Nick Read
Subject: Fwd: Nick's Remuneration

GRO

Nick ,

I want to be completely open with you . You will see Lorna's comments which are a complete rejection of my note - i will send you a copy . You will also see that I intend to step off the RemCo when we reorganise the composition of the committees in a few months . I meet a blank wall with Lorna and she has the only vote . The recently retired NEDs said there was no point to being on the RemCo - it was a waste of time . I am too busy working with you on this business to waste my time .

You will also see that I have asked for much much more support for our CEO , and not just on remuneration matters and I reject her views as " unfair " .

I am fully expecting Lorna to " investigate " me as well for disagreeing - at least we will be in the same boat ! We have investigated three Main Board directors and all the GE in the last year so I will find out how you all feel soon enough .

I think you are doing a TERRIFIC job as do all our independent and PM NEDS . Please keep going . There MUST be a way through all this . I will ponder a solution over the Christmas holidays .
UKGI are completely disinterested in " the business " . I , with your help , MUST change that in 2024 . I fear that a Whitehall NED will make the position worse . One or two NEDs who voted for a Whitehaller are changing their minds ! I sense Lorna is working behind the scenes to appoint the SID single handedly. That needs sorting too but she is all powerful .

We must nonetheless try and focus on the business and not this silly politics .

Best ,
Henry

Sent from [Outlook for iOS](#)

From: Henry Staunton
Sent: Thursday, December 21, 2023 12:07 pm
To: Gratton, Lorna - UKGI; amanda burton; **GRO**
BEN TIDSWELL
Cc: Brian Gaunt
Subject: Re: Nick's Remuneration

Lorna ,

Your points noted but they are in my opinion MOST unfair to our CEO . He needs much much more support I fear and not just wrt pay - will do the best I can motivation wise .

Henry

PS I assume Amanda agrees with your sentiments. You and I Lorna look so differently at this business (inc rem and motivation) that I have decided I will step off the RemCo . I do not formally sit on any of the Board committees and the RemCo will be no exception . I will attend all Board committees as previously . Rachel and I have been mapping out committee composition and this will be reflected in the next iteration .

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From: Gratton, Lorna - UKGI <GRO>
Sent: Thursday, December 21, 2023 11:10:21 AM
To: amanda burton <GRO>; 'ben.tidswell' <GRO>;
Henry Staunton <GRO>
Cc: Brian Gaunt <GRO>
Subject: RE: Nick's Remuneration

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Henry,

Thanks for your message.

I think it's tricky one, and I've spoken to Amanda about it this morning.

I can see that Nick might be tempted to compare his position that to that of others in the business.

However, to my mind, whilst Nick might feel hard done to, as CEO, many of the issues that cause the reduction in his rem ultimately fall at his door. The £54k bonus repayment was voluntary, and caused not only by a Remco issue, but also by a POL people function that had become a bit of a mess. The likely low pay out on the LTIP 21/24 is a function of cost over runs in the business and significant delays to the IT programme. Whilst other people in the business manage the day to day of these, as CEO, the buck ultimately stops with him on them. (I'd also note that people who do manage these programmes, who report into Nick haven't been effectively held to account on them). The terms of this LTIP aren't a surprise to Nick, and he would have known the position on it for a long time. So in short, I'm afraid I'm not sympathetic on this occasion.

Aside from this, when Nick was awarded a 5% backdated pay rise from April 2022, a condition of it being granted was that he wouldn't receive a pay rise in 2023/24. All remuneration increases for Nick require Shareholder consent, and I can not image that any request would be considered favourably by the department or HMT (approval from both is required).

All this said, I've spoken to Ian Rudkin this week, who has told me that Nick has enquired about joining the POL pension scheme. At the time of his appointment, pay in lieu of pension was explicitly factored into his base salary. I understand however that we due to the auto-enrolment pension legislation, if Nick wishes to join the company scheme, then he may be legally entitled to. Whilst this, like any increase to his remuneration, would require Shareholder consent, I don't think the shareholder would be able to stop it, if it is a legal entitlement (though they are likely to be unhappy about it, and think it's not in the spirit of his contract). My team are picking up with Ian.

Whilst I'm sorry this will lead to further difficult conversations with Nick, I think we should suggest he focus on the 23/24 STIP, which is likely to have a good pay out on it.

Sorry not to go into Christmas with a more positive message.

Lorna

Lorna Gratton | Director

UK Government Investments

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Begin forwarded message:

From: Henry Staunton [REDACTED] GRO [REDACTED] >
Date: 20 December 2023 at 16:49:49 GMT
To: Amanda Burton <[REDACTED] GRO [REDACTED] >, ben.tidswell [REDACTED] GRO [REDACTED], Lorna Gratton [REDACTED]
Subject: Nick's Remuneration

Dear All ,

Earlier this week I asked Nick to leave RemCo and discussed what we ought to do about his package. He did not prompt me but I sensed an issue might arise .

We chatted this afternoon . He noted the management team were pleased with a pay rise ; a 50 % deferred retention bonus for those who receive a 4 or a 5 personal rating to be paid this Friday ; and now a replacement for the LTIP 21-24 scheme to pay out at 70 % in the summer .

I sense he feels that similar interest and attention has not been shown in his rem . The above does not apply to him but he also took the financial and reputational hit (as he sees it) for RemCo's bonus governance failure to the tune of £54 K . On a basic comparison with an SLG colleague he reckons it has cost him £ 180 K .

He feels this is unfair treatment and all this is before mentioning Rose and being the only Director in a business as he says is in " complete crisis ".

My assessment before the RemCo was that he may feel this is discriminative and unfair and , after our chat today , I would say we have a very very serious risk of losing our CEO . I think he feels tremendously under valued by the shareholder not only wrt pay and rations . I raised the matter at the beginning of the week and raise it again now even more seriously . We really are at risk I think of losing him .

I know we might say we should try and find a successor but we should start by making some effort to treat him in line with how we treat the rest of the team .

Best ,

Henry

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