Willis Towers Watson

Executive remuneration in FTSE 100 companies

2021 market data report for executive and non-executive directors

October 2021

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This report provides a final update for the 2021 Annual General Meeting (AGM) season on key pay developments this year. It also sets out an overview of executive director market data and non-executive director fees for companies in the FTSE 100.

This report includes data sourced from Willis Towers Watson's Global Executive Compensation Team. This report is based on the FTSE 100 as at 1st September 2021.

Key headlines from the 2021 AGM season

Who changed what?

- 2021 was not a regular policy review year, and consequently we saw a significant decrease in the number of companies tabling a new policy for shareholder approval (29%, down from 65% in 2020).
- Since the majority of these were due to expiring policies, most of the changes were still being made in response to the UK Corporate Governance Code (UKCGC), that applied to companies from 1st January 2019, and responses to evolving views from shareholders and proxy agencies.
- The most frequently made changes were the strengthening of clawback/malus clauses (43%), the introduction/strengthening of post-cessation share ownership guidelines (46%) and pension alignment with wider workforce (43% of companies tabling new policies).

What was the impact of COVID-19?

Against the background of an economy severely affected by the COVID-19 pandemic, companies were generally restrained in their decisions around executive pay.
We observed:

- Muted salary increases, with a median of just 1%. However, if the 44% of CEOs and around 1 in 3 CFOs receiving 0% increases are excluded, median increases were around 2.8%.
- A significant reduction in payouts under both annual bonus and PSP. The proportion of 0% payouts more than doubled for both annual bonus (from 12% to 27%) and PSP (from 7% to 16%) compared to 2020, and median payouts reduced to 48% of maximum for both annual bonus and PSP, compared to 64% and 68% respectively in 2020.

  This has been influenced in part by the receipt, or not, of government support, with only three companies paying out executive bonuses despite retaining some/ all of the funding received from CJRS and/or other similar schemes.
- Continued use of discretion (by 36% of companies) to adjust both variable pay outcomes and in-flight performance targets, with three out of five cases citing the impact of COVID-19.
- A drop in realised pay, predictably given the reduced variable pay out-turns, with the median CEO single figure falling below £3m for the first time in eleven years.

Figure 1. **Change in ISS and IVIS FTSE 100 voting recommendations, 2020 – 2021**

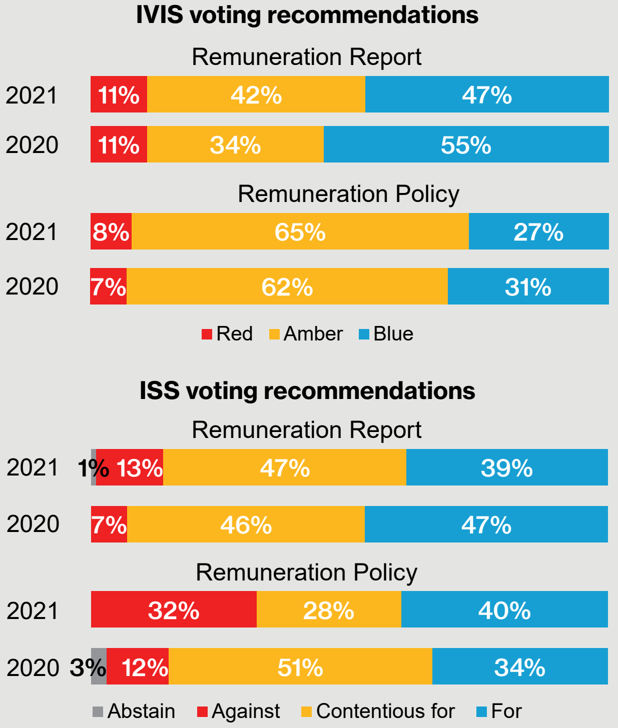
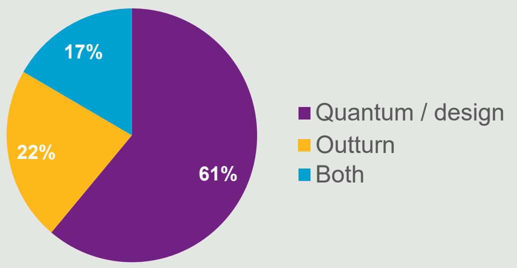


Figure 2. **Rationale for a Red/Against remuneration report recommendation**



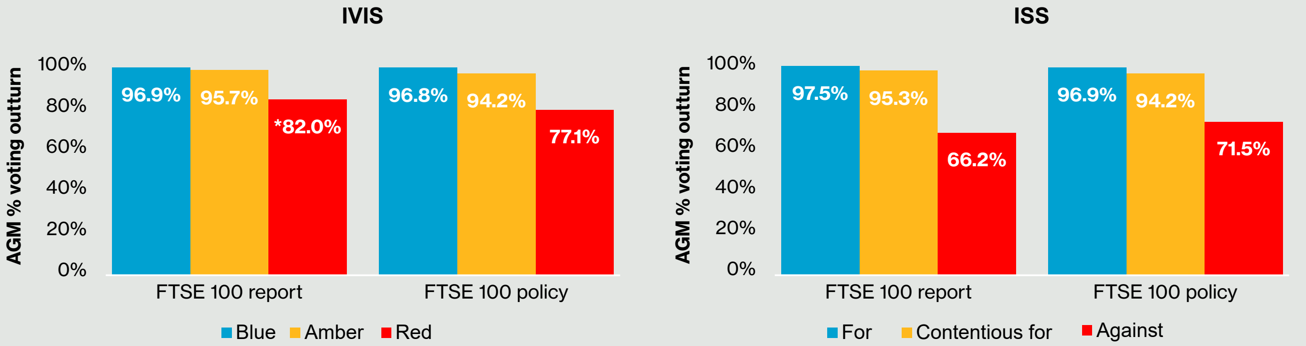
On-going concerns around pension alignment are included in Quantum / design.

How did proxy agencies react?

- Year on year, ISS 'Against' recommendations on remuneration reports nearly doubled to 13% (from 7% in 2020), frequently driven by their views on base salary increases for executive directors.
- Although the proportion of 'red-topped' reports hasn't changed, IVIS highlighted more issues of concern, increasing by nearly 25% the number of 'Amber' recommendations this year. Fewer than half of companies received a 'Bluetop' in 2021.
- *Figure 2* shows that proxy agencies are more likely to vote against changes to quantum than decisions around outturns and implementation.
- In respect of votes on remuneration policies, the proportion of ISS 'Against' recommendations increased two and a half times to nearly one in three companies.

- The main area of contention continues to be quantum, with base pay and incentive increases among the top areas of concern where not accompanied by robust rationale. Other reasons include the insufficient use of downward discretion and insufficient corrective action of, or rationale for, previous low votes, as well as lack of pension alignment.
- The impact of proxy agency views cannot be understated, with ISS 'Against' recommendations resulting in a median voting out-turn of 66.2% and 71.5% for report and policy votes respectively, versus c.97% where a 'For' recommendation is given.

Figure 3. **Proxy Agency recommendations: influence upon AGM voting outturns**



*It should be noted that ten companies received a Red Top from IVIS on their remuneration report. Among these ten companies, there was a wide spread in voting out-turns, ranging from 38.3% to 97.7%; this median of 82.0% should therefore be treated with caution. Five of these companies gained less than 80% support, and all of those received an 'Against' or 'Abstain' recommendation from ISS.

And what happened at AGMs?

- There was little change in the median AGM voting out-turn, which remained high at 96% for the Annual Report on Remuneration (ARR) and 94% for the policy.
- Two companies lost the vote on their ARR and ten companies attracted low votes below 80%.

  The lost votes were due to (i) the extent of a malus adjustment applied to unvested LTIPs and (ii) adjustments to in-flight performance conditions resulting in partial LTIP vesting which would otherwise have lapsed, and the implementation of a new LTIP which had previously received a considerable proportion of votes against.

  Significant increases to salary and LTIP opportunity were the primary issues of contention for the low votes, although retrospective target adjustments and concerns around ignoring previous low votes also played a part.

Looking forward, post COVID-19

Although there will be industry variations, the most recent disclosures made by companies with financial year ends from the end of March onwards can provide a helpful indication of forward-looking trends (a sample of 22 companies that had published by mid- September). For most of these companies, many of the executive pay-related effects of the pandemic seem to be behind them, and we observe the following:

- Median bonus payouts for later reporters are around 80% of maximum, which is at the top end of the long-term FTSE 100 norm. This could suggest that these companies were better placed to set targets taking account of the likely impact of the pandemic.
- For long-term incentives, median PSP payouts amongst companies reporting later are also more aligned to long-term norms, at 68% of maximum compared to 48% for the full FTSE 100.
- Median forward-looking salary increases are higher amongst these companies, at longer-term levels of 2.2% for CEOs and 2.5% for CFOs. A lower proportion (fewer than 1 in 3 CEOs and under 25% of CFOs) have received 0% increases and, when these are excluded, median increases are 2.5% for CEOs and 3.2% for CFOs.
- Only 25% of companies reporting later are making metrics/weightings changes to their annual bonus, compared to 53% of the broader FTSE 100. In addition, whereas there have been both increases and decreases to long-term incentive levels amongst the broader FTSE 100, all the changes made by March onward year ends are increases.
- Finally, very few of these later filers are making explicit references to additional use of discretion or adjusting of long-term incentive levels to compensate for potential windfall gains.

Although most Remuneration Committees have had to make difficult decisions in the last year, the observations above suggest that companies reporting later ended up with somewhat different outcomes. This balances what we saw in 2020, where companies with financial years ending March onwards were more impacted by COVID-19 when determining payouts and setting targets.

However, regardless of year end timing, it is clear that the longer-term implications of the pandemic, Brexit and other macroeconomic issues are still creating much uncertainty and will no doubt give rise to yet more difficult discussions, and decisions, for all Remuneration Committees to tackle in the months ahead.

Key trends from the 2021 AGM season

The graphics below provide further detail on the key themes we observed this year.

Fixed pay

1.0%
Median CEO salary increase

Over 2 in 5
CEOs received no salary increase.
CFO is around 1 in 3.

Aligning pensions for existing executive directors with those of the wider workforce continued to be a key area of investor scrutiny this year.

18% of salary **to** **15%** of salary

Pension contributions for existing executive directors were already aligned with the wider workforce in 44% of companies, with an additional 5% achieving alignment following reductions in 2021. A further 25% of companies are committing to aligning levels by the end of 2022. Based on current disclosures, around 20% of companies are not compliant with the IA's guidance.

Annual bonus

Nine companies have increased annual bonus opportunity and one company has decreased.

9 **1**

Of these, two companies have implemented an increase on recruitment of a new ED/for future ED appointments and one company has increased the bonus opportunity while decreasing LTIP levels, resulting in a re-balancing of incentives.

The most common changes are:

53% changed measures and/or weightings

13% changed the target or payout calibration

11% enhanced clawback/malus triggers

Long-term incentive plans

Despite this not being a major policy year, more than one in four companies have made changes to LTI opportunity this year. So far fourteen companies increased and twelve decreased levels.

14 **12**

Of these, five companies adjusted award levels to compensate for share price / award level changes made in the prior year due to COVID-19. Five of the reductions reflect the introduction of Restricted Share Plans to replace traditional performance shares.

Changes to LTIPs are more varied than changes to annual bonuses:

40% changed the target or payout calibration

More than 75% of these changes were to the calibration of metric targets.

34% changed measures and/or weightings

12% enhanced clawback/malus triggers

Pay out-turns and shareholding guidelines

2020 median CEO single figure **£3.28 million**

2021 median CEO single figure **£2.91 million**

The median annual bonus payout as a percentage of maximum has **decreased significantly** from **64%** last year to **48%** this year. **Discretion** was applied by remuneration committees to reduce bonus payments in fifteen companies.

Median LTIP vesting has **also decreased significantly to 48% of maximum**, from 68% of maximum last year. Discretion was applied by remuneration committees to reduce LTIP vesting in three companies.

Shareholding guidelines

- Around 75% of companies in the FTSE 100 have a higher shareholding guideline for the CEO than other executive directors.
- Over 90% of companies in the FTSE 100 operate post-cessation shareholding guidelines and 72% of those are compliant with the Investment Association (IA) guideline.

Executive director market data

Salary

- The figures below set out the quartile salary data for CEOs and CFOs in the FTSE 30, FTSE 50 and FTSE 100.
- Salary increases were lower this year (median 1% for a FTSE 100 CEO), with a larger proportion of companies applying no increase at all, up from 38% last year to 44% this year.
- We typically find a salary differential of 58% to 66% for the CFO to CEO role, with a median of 64%.
- The median FTSE 100 CEO salary in 2020 was £865,000, rising to £893,000 in 2021. This increase has been driven by new incumbents and a handful of double digit increases to existing incumbents.

CEO

Figure 4. **CEO salary data by quartile**

	Lower quartile	Median	Upper quartile
FTSE 30	£1,050,000	£1,312,000	£1,399,000
FTSE 50	£879,000	£1,090,000	£1,334,000
FTSE 100	£757,000	£893,000	£1,106,000

Figure 5. **CEO median salary increases**

FTSE 30	2.0%
FTSE 50	1.8%
FTSE 100	1.0%

Figure 6. **Proportion of companies applying 0% increase for CEO salaries**

FTSE 30	34%
FTSE 50	35%
FTSE 100	44%

CFO

Figure 7. **CFO salary data by quartile**

	Lower quartile	Median	Upper quartile
FTSE 30	£688,000	£760,000	£869,000
FTSE 50	£565,000	£700,000	£781,000
FTSE 100	£481,000	£571,000	£711,000

Figure 8. **CFO median salary increases**

FTSE 30	2.0%
FTSE 50	1.8%
FTSE 100	1.5%

Figure 9. **Proportion of companies applying 0% increase for CFO salaries**

FTSE 30	36%
FTSE 50	32%
FTSE 100	34%

Benefits

- The alignment of pensions for existing executive directors (EDs) with the wider workforce by the IA's recommended date of end of 2022 has continued to be a key area of investor scrutiny this year. The median pension contribution in FTSE 100 companies has continued to drop, from 18% in 2020 to 15% in 2021.
- Pension contributions for existing EDs were already aligned with the wider workforce in 44% of companies, with an additional 5% achieving alignment following reductions in 2021. A further 25% of companies have committed to aligning levels by the end of 2022.
- Just under one in five companies has not yet committed to comply with the IA's guidance, a reduction from one in three in 2020.
- Of those companies making reductions, the most common approach continues to be a phased reduction, promising to align executive director contribution/allowance levels with those of the wider workforce by the end of 2022.
- While disclosure on car allowance benefits practice is mixed, it continues to be a common benefit at executive director level.

Pension contribution

- In the FTSE 100, over 95% of companies offer a defined pension contribution or cash allowance.
- 30% of companies introduced (or continued phased) changes to their pension provision during the most recent financial year, with the majority making changes for existing incumbents *(Figure 10)*.
- The median FTSE 100 CEO pension contribution/allowance as a percentage of salary has fallen from 18% in 2020 to 15% in 2021, indicating that companies are continuing to react to IA expectations by further aligning pension contributions/allowances to those of the wider workforce.

Figure 10. **Pension provision changes in FTSE 100 companies**

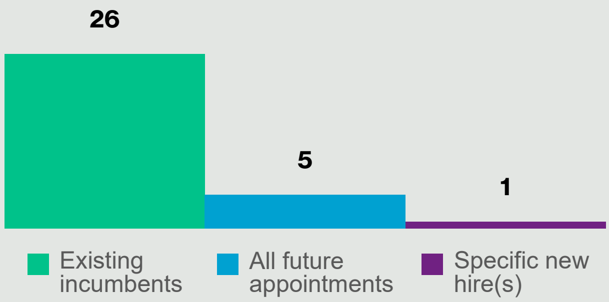


Figure 11. **Value of defined contribution/cash allowance for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	10%	15%	16%
FTSE 50	10%	15%	20%
FTSE 100	12%	15%	20%

Figure 12. **Value of defined contribution/cash allowance for CFO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	11%	15%	19%
FTSE 50	10%	14%	16%
FTSE 100	10%	14%	16%

Car allowance

82% of companies in the FTSE 100 disclose that executive directors receive a car benefit or car allowance. *Figure 14* provides data on the value of this benefit for those companies that do disclose the details of the car allowance.

Figure 14. **Value of car allowance benefit in FTSE 100 companies**

	CEO	CFO
Upper quartile	£25,000	£20,000
Median	£20,000	£15,000
Lower quartile	£15,000	£10,000

Figure 13. **How companies are responding to IA expectations**

Reduction in 2021 for existing EDs			No reduction in 2021 for existing EDs		
Reduction with alignment in 2021	Phased reductions with alignment by end of 2022	Phased reductions, although alignment not achieved by end of 2022 (not IA compliant)	Committed to alignment by end of 2022, but no disclosure on how this will be achieved	No changes – already aligned	No changes – not aligned (not IA compliant)
5% of companies	25% of companies	8% of companies	6% of companies	44% of companies	11% of companies

Annual bonus

- The median annual bonus payout was significantly lower in 2021, at 48% of maximum for the CEO down from 64% in 2020. This is the lowest outturn since CEO total remuneration reporting began. 27% of CEOs received a zero payout.
- We have not seen a significant change in bonus opportunity in the FTSE 100 this year, which means that changes in the data are mostly due to a change in sample constituents.
- Three-year annual bonus deferral is the norm, and only one company in the FTSE 100 now operates a deferred bonus matching plan. The number of companies not operating deferral remains unchanged since last year at 16% of the FTSE 100.

Maximum bonus opportunity as percentage of salary

Figure 15. **Maximum bonus opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	200%	200%	231%
FTSE 50	150%	200%	231%
FTSE 100	150%	200%	220%

Figure 16. **Maximum bonus opportunity for CFO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	150%	200%	200%
FTSE 50	150%	190%	200%
FTSE 100	150%	165%	200%

Bonus pay-outs as percentage of maximum

Figure 17. **Bonus pay-outs for CEO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	32%	60%	86%
FTSE 50	0%	52%	82%
FTSE 100	0%	48%	82%

Figure 18. **Bonus pay-outs for CFO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	39%	69%	79%
FTSE 50	23%	61%	74%
FTSE 100	0%	54%	80%

Application of discretion

15

Instances of remuneration committees applying downward discretion

3

Instances of remuneration committees applying upward discretion

Downward discretion was typically applied due to committees undertaking a holistic assessment of bonus out-turns in relation to the wider stakeholder experience, with four out of five companies applying downward discretion due to the impact of COVID-19.

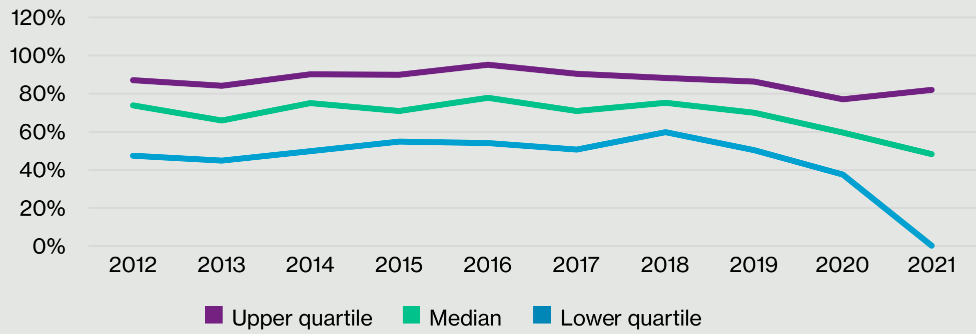
The reasons for the three instances of upwards discretion were diverse, but two were related to the impact of COVID-19: one recognising the way employees, including executive directors, handled the business through the pandemic; the other recognising that pre-defined targets were impossible to achieve given social distancing restrictions, but that other significant contributions had been made. The third case related to adjusted financial outcomes following a merger.

In addition to these cases of upward and downward discretion made at year end, nine companies made adjustments to “in-flight” STI targets, prior to year end; two-thirds of these were due to the impact of COVID-19.

Bonus pay-outs over time

Over the past 10 years, the median annual bonus payout has generally been between 70% and 80% of the maximum opportunity in FTSE 100 companies. The median payout has only fallen below this range in three of the last 10 years with a downward trend, exacerbated by the pandemic, observed since 2018.

Figure 19. **Bonus pay-outs from 2012 – 2021 (% of maximum opportunity)**



Performance measures

In FTSE 100 companies, the median split of financial versus non-financial measures has changed since last year, from 80% and 20% to 75% and 25%, respectively. This split is consistent practice across the whole of the FTSE 100 and reflects the increased focus on metrics that look at the 'bigger' picture, in particular ESG.

Figure 21 shows that a profit- or income-based measure continues to be the most common measure used in FTSE 100 annual bonus plans. Sixty-five percent of companies have incorporated one or more environmental, social and governance (ESG) measures in their annual bonus plan. Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO is 15% of the annual bonus. *Figure 22* shows that these measures are most often based on customer service and people & HR targets, for example employee engagement and succession/talent management.

Figure 20. **Split of performance measures in FTSE 100 bonus plans**

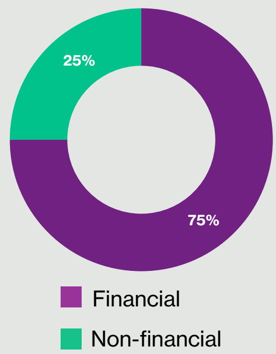


Figure 21. **Prevalence of performance measures (by measure category)**

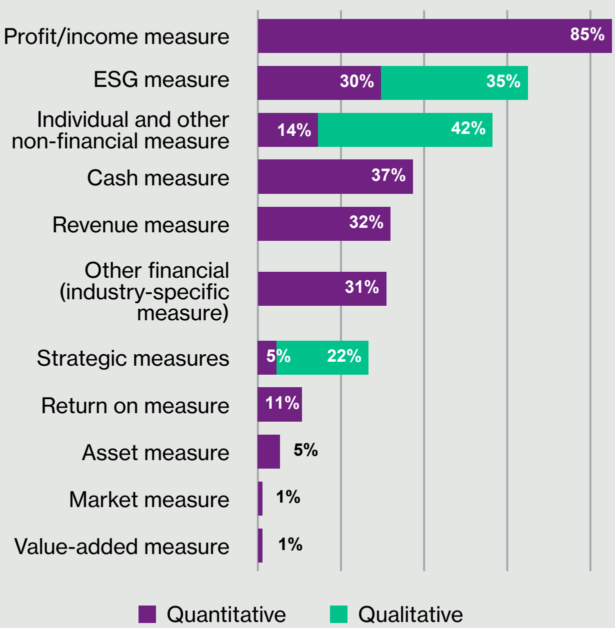
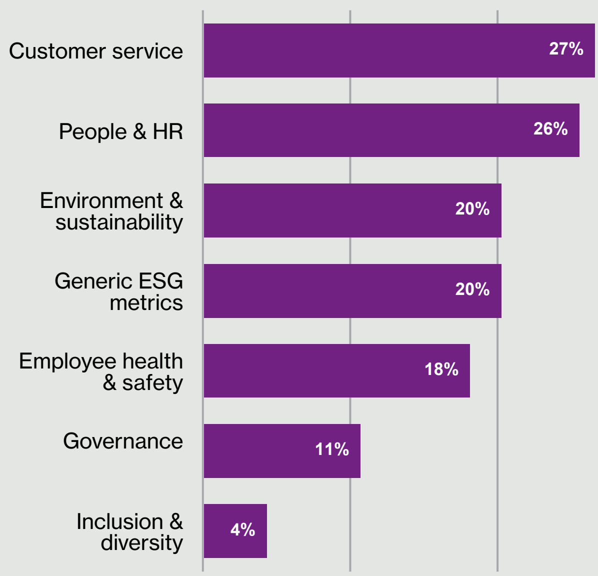


Figure 22. **Prevalence of ESG performance measures**



Annual bonus deferral

The number of companies not operating deferral has remained stable with 16% of the FTSE 100 in 2020 and 17% in 2021. There are no longer any deferral plans in the FTSE 100 that are operated on a voluntary only basis. Deferral periods with cliff vesting have harmonised around two and, most commonly, three years, while average phased vesting periods are around 3.5 years.

Figure 23. **Proportion of deferral**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Up to 25.0%	0%	2%	1%
25.1% – 33.0%	11%	15%	16%
33.1% – 50.0%	57%	48%	48%
50.1%+	11%	13%	10%
No deferral	14%	13%	17%
% in excess of salary/other	7%	10%	8%

Figure 24. **Deferral mechanism**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Deferral with no match	82%	85%	82%
Deferral with match	4%	2%	1%
No deferral	14%	13%	17%

Figure 25. **Deferral time period**

	FTSE 30	FTSE 50	FTSE 100
Less than two years	0%	0%	0%
Two years	7%	13%	9%
Three years	57%	54%	57%
More than three years	0%	0%	0%
No deferral	14%	13%	17%
Phased	21%	21%	17%
	100%	100%	100%

Malus and clawback

Based on disclosure, malus and clawback provisions are now ubiquitous in FTSE 100 annual bonus plans:

- 97% have the ability to operate clawback on the cash bonus.
- 94% of companies have the ability to operate malus on shares that have not yet vested.
- In addition, we have seen malus and clawback provisions strengthened in 11% of companies.
- The most common practice is for malus and/or clawback provisions to be operated for two to three years on the annual bonus.
- Common triggers for malus and clawback include material misstatement of financial results, serious misconduct and miscalculation of any performance condition.
- One company implemented its malus clause in the financial year. Following a well-documented inquiry into the destruction of a site of exceptional cultural importance to indigenous peoples, three former executive directors (including the CEO) forfeited their entire 2020 bonus.

Long-term incentive plans (LTIPs)

- While the performance share plan (PSP) continues to be the most common plan operated, there are examples of companies taking a more tailored approach, with six companies introducing a Restricted Share Plan (RSP) during 2021. AGM voting on the introduction of these plans varied, but three companies received voting outcomes above 90%.
- 23% of companies now operate a long-term incentive plan that is not a PSP; 70% of these are operated as the executive directors' only LTIP.
- The majority of companies operate the PSP over a five-year time period (i.e. performance period plus holding period).
- Pay-outs across the FTSE 100 this year are significantly below the long-term trend, due to the impact of COVID-19 on the final 12-18 months of most performance periods; median pay-outs are at 48% of the maximum opportunity, down by nearly a third from 68% in 2020.
- There have been three examples each of application of upwards and downwards discretion to long-term incentive awards this year.

Types of plans

The most prevalent plan type continues to be a PSP; 76% of plans operated in the FTSE 100 are PSPs. Other share plans include restricted shares (16%) and share options (3%), with the remainder made up of alternative arrangements such as single incentive plans.

Figure 26. **Number of LTIPs operated**

	FTSE 30	FTSE 50	FTSE 100
No plans	0%	0%	4%
One plan	86%	88%	88%
Two plans	14%	12%	8%

Maximum PSP opportunity

Figure 27. **Maximum PSP opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	219%	358%	500%
FTSE 50	219%	300%	400%
FTSE 100	200%	250%	350%

Figure 28. **Maximum PSP opportunity for CFO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	206%	285%	438%
FTSE 50	200%	250%	326%
FTSE 100	175%	225%	275%

The median and upper quartile threshold opportunity in the FTSE 100 is 25% of the maximum opportunity, with a lower quartile of 20%.

Exceptional PSP maximums

Twenty-five per cent of companies in the FTSE 100 disclose an exceptional PSP maximum in their policy. This is typically 33% to 50% above the usual maximum PSP opportunity.

[redacted]

Maximum RSP opportunity

Figure 29. **Maximum RSP opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 100	57.5%	112.5%	140%

For new restricted share plans, the quantum discount versus prior PSP awards tends to be between a third to a half. Voting outturns are higher for those applying a 50% discount, demonstrating investors' preference for this level of discount.

PSP pay-outs as a percentage of maximum

We observe the same pay-outs to the CEO and CFO roles, as they generally participate in the same LTIP with the same performance measures.

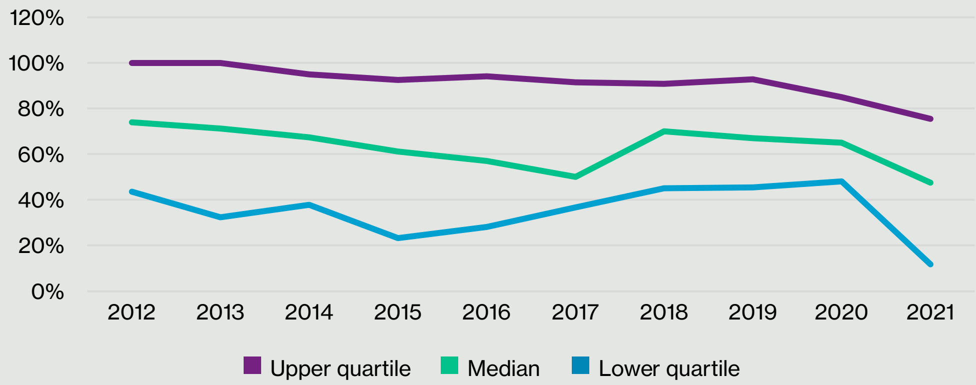
PSP pay-outs over time

PSP pay-outs tend to be more variable than pay-outs under the annual bonus, and we have observed median pay-outs of between 50% and 75% over the past 10 years, dropping just below 50% in 2021 due to the pandemic. (*Figure 31*).

Figure 30. **PSP pay-outs (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	25%	60%	84%
FTSE 50	24%	67%	88%
FTSE 100	12%	48%	76%

Figure 31. **PSP pay-outs from 2012 – 2021 (% of maximum opportunity)**



PSP performance measures

Figure 32 shows that TSR (or other market-based measures) continues to be the most common measure used in FTSE 100 PSPs. However, thirty-six percent of companies now incorporate one or more environmental, social and governance (ESG) measures in their PSPs. Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO is 20% of the PSP. The most common ESG measures are focused on environment and sustainability, as shown in *Figure 33*.

Figure 32. **Prevalence of performance measures (by measure category)**

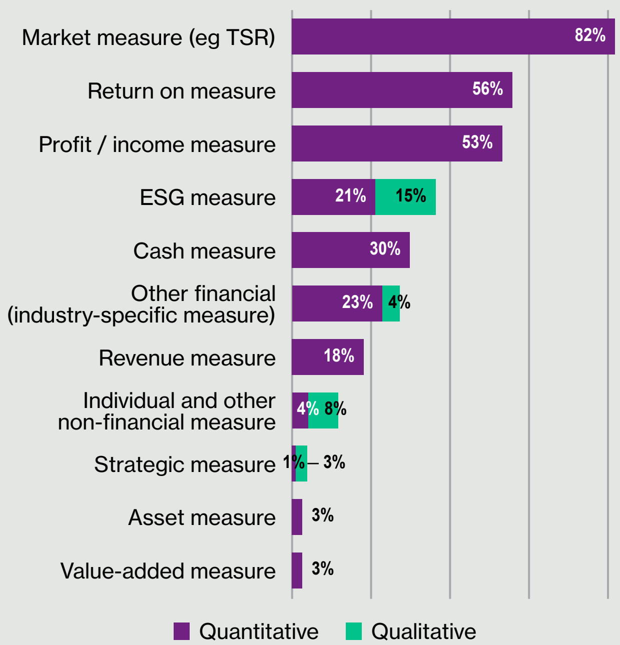
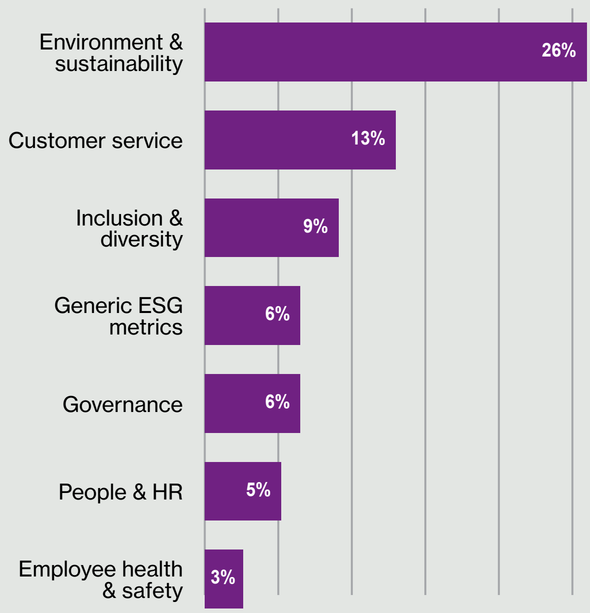


Figure 33. **Prevalence of ESG performance measures**



PSP time horizons

Ninety-nine per cent of companies in the FTSE 100 have a total time horizon (i.e. performance plus holding periods) of at least five years. Ninety-six per cent of companies in the FTSE 100 operate a holding period on the PSP.

Figure 34. **Length of performance period**

	FTSE 30	FTSE 50	FTSE 100
One year	0%	0%	0%
Two years	0%	0%	0%
Three years	81%	87%	88%
Four years	0%	0%	3%
Five years	12%	7%	5%
More than five years	8%	7%	4%

Figure 35. **Length of holding period**

	FTSE 30	FTSE 50	FTSE 100
One year	8%	7%	6%
Two years	73%	80%	85%
Three years	8%	4%	3%
More than three years	0%	0%	0%
Until SOG is met	4%	2%	3%
No holding period	8%	7%	4%

Application of discretion

3
Instances of remuneration committees applying downward discretion

3
Instances of remuneration committees applying upward discretion

Two cases of downward discretion ensured that changes made to financial statements (un-related to remuneration) did not benefit management. In the third case, a downward adjustment was applied to the formulaic outcome to recognise the technical breach of a dividend underpin.

The reasons given for the three instances of upward discretion were to to reflect performance against targets that were modified to remain stretching, given the impact of COVID-19, and, in one case, retention.

In addition to these cases of upward and downward discretion made at the end of the performance period, ten companies made adjustments to "in-flight" LTI targets, ie for those awards which are still partway through their respective performance periods. In seven cases, this followed acquisitions/mergers, other changes of strategy or financial reporting; in three cases, the adjustments were made to recognise the impact of COVID-19.

Malus and clawback

Based on disclosure, malus and clawback provisions are also virtually universal in FTSE 100 LTI plans:

- 100% of companies have the ability to operate malus.
- 98% have the ability to operate clawback.
- In addition, we have seen malus and clawback provisions strengthened in 12% of companies.
- The most common practice is for clawback provisions to be operated for two or three years after the shares have vested.
- Common triggers for malus and clawback closely mirror those of the annual bonus and include misstatement of financial results, serious misconduct and miscalculation of any performance condition.
- The company that implemented its malus clause in relation to the 2020 bonus also reduced the value of the former CEO's vesting LTIP by £1m (c. 15% of the pre-adjusted vesting value).

Single figure

CEO single figure

The median CEO single figure in the FTSE 100 has reduced 11.4% since last year and, at below £3m, is now lower than at any time since single figure reporting began.

We would advise caution in using the single figure as an indication of excess/restraint in relation to quantum, given the significant impact of company performance and share price on the out-turn, and the not insignificant impact of COVID-19 over the past 18 months.

Figure 36. **CEO single figure total compensation in 2021**

	Lower quartile	Median	Upper quartile
FTSE 30	£3,252	£5,067	£7,128
FTSE 50	£2,618	£3,782	£5,768
FTSE 100	£1,531	£2,910	£4,605

Figure 37. **CEO total remuneration 2012-2021**

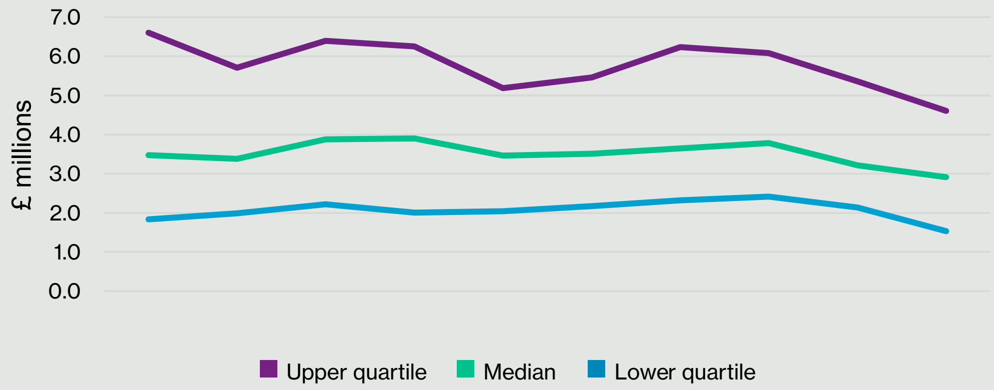
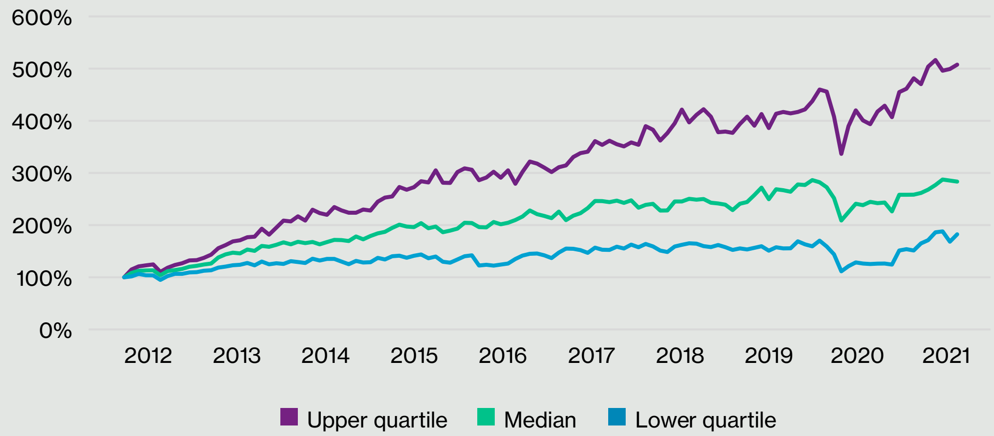


Figure 38. **FTSE 100 total shareholder return (TSR) performance from 2012 - 2021**



Shareholding guidelines

The figures below set out the level of shareholding guidelines in the FTSE 30, FTSE 50 and FTSE 100 for both the CEO and CFO roles. Around 75% of companies in the FTSE 100 have a higher guideline for the CEO than other executive directors.

Around 60% of FTSE 100 companies disclose a time period over which the shareholding should be built. Of those that disclose this information, the most common time period for compliance is five years (90% of companies).

Figure 39. **Shareholding guidelines for CEO role (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	300%	425%	500%
FTSE 50	300%	375%	500%
FTSE 100	250%	300%	400%

Figure 40. **Shareholding guidelines for CFO role (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	220%	300%	400%
FTSE 50	200%	275%	320%
FTSE 100	200%	225%	300%

Actual median shareholdings

CEO actual shareholdings in the FTSE 100 are generally higher than the guidelines (*Figure 41*).

Figure 41. **Actual median shareholdings for CEOs and CFOs (% of base salary)**

	CEO	CFO
FTSE 30	690%	250%
FTSE 50	695%	230%
FTSE 100	550%	155%

Post-cessation shareholding guidelines

Over 90% of companies in the FTSE 100 now operate post-cessation shareholding guidelines and 72% of those are compliant with the Investment Association (IA) guideline of 100% of the in-employment guideline (or the actual shareholding on departure, if lower) for two years post cessation. Where companies do not comply with the IA guideline, the requirement typically applies on a phased basis or the post cessation level is lower than the in-employment guideline.

[redacted]

[redacted]

[redacted]

[redacted]

Non-executive directors' fees

The figures below set out fee levels paid to non-executive directors in the FTSE 30, FTSE 50 and FTSE 100.

The chairman is typically paid an all-inclusive fee for all responsibilities, based on company size, time commitment and role responsibilities. Chairman fees (Figure 42) have not changed significantly since 2020, with movements within a range of +/- 2-3% at median.

Non-executive directors are typically paid a base fee for board membership, with additional fees for other responsibilities such as chairing a board committee.

Figure 42. **Chairman fee**

	Lower quartile	Median	Upper quartile
FTSE 30	£536,000	£660,000	£738,000
FTSE 50	£403,000	£575,000	£700,000
FTSE 100	£333,000	£412,000	£610,000

Figure 43. **Basic non-executive director fee**

	Lower quartile	Median	Upper quartile
FTSE 30	£80,000	£90,000	£99,000
FTSE 50	£73,000	£83,000	£96,000
FTSE 100	£65,000	£74,000	£88,000

Figure 44. **Senior independent director fee**

	Lower quartile	Median	Upper quartile
FTSE 30	£26,000	£30,000	£47,000
FTSE 50	£20,000	£30,000	£37,000
FTSE 100	£14,000	£20,000	£30,000

Basic non-executive director fees and senior independent director premia remain broadly unchanged since 2020, although there have been some significant increases in committee chairmanship and membership fees. Median FTSE 50 Nomination Committee fees, both chairmanship and membership, have increased by around 30%; median FTSE 50 Risk Committee chairmanship fees by over 50% and median FTSE 100 Risk Committee membership fees by 33%.

FTSE100 Corporate Social Responsibility / ESG Committee chairmanship and membership fees have also increased by 20% and 36% respectively. More notably perhaps, their prevalence has broadly doubled across all peer groups to between 41%-47% for chairmanship and 27%-40% for membership, demonstrating the increasing importance of CSR governance stemming from Boards expanding their focus on ESG.

Figure 45. **Median committee fee levels and prevalence**

Audit committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£35,000	100%	£25,000	60%
FTSE 50	£30,000	100%	£20,000	56%
FTSE 100	£23,000	100%	£15,000	50%

Remuneration committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£33,000	93%	£20,000	60%
FTSE 50	£30,000	94%	£18,000	54%
FTSE 100	£21,000	95%	£15,000	47%

Nominations committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£27,000	13%	£15,000	53%
FTSE 50	£20,000	14%	£14,000	44%
FTSE 100	£15,000	20%	£10,000	38%

Risk committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£74,000	23%	£34,000	17%
FTSE 50	£68,000	22%	£32,000	16%
FTSE 100	£35,000	18%	£20,000	13%

Corporate social responsibility chair				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£35,000	47%	£19,000	40%
FTSE 50	£31,000	46%	£16,000	34%
FTSE 100	£24,000	41%	£15,000	27%

Further information

For more information on FTSE 100 market data and pay trends please contact your Willis Towers Watson contact or:

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