Executive remuneration in FTSE 250 companies

Market data report for executive and non-executive directors

January 2022

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Contents

This report provides a review of the 2021 Annual General Meeting (AGM) season and an overview of key pay developments this year for companies in the FTSE 250.

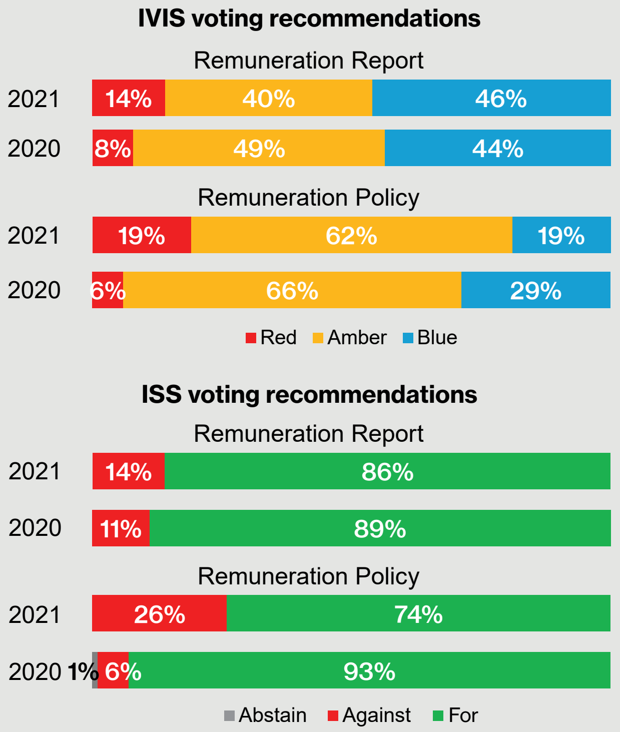
This report includes data sourced from Willis Towers Watson's Global Executive Compensation Analysis Team. This report is based on the FTSE 250 as at 23rd September 2021.

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 (39%, down from 55% 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 introduction/strengthening of post-cessation share ownership guidelines and pension alignment with the wider workforce (50% and 32% of companies tabling new policies, respectively).

Figure 1. **Change in ISS and IVIS FTSE 250 voting recommendations, 2020 – 2021**

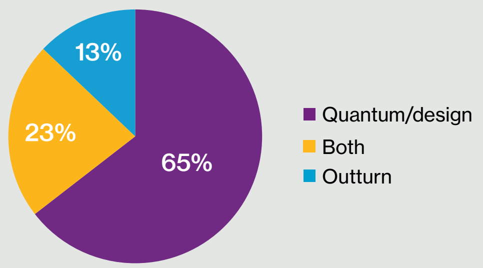


What was the impact of COVID-19?

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 1.5% for CEOs and 2.0% for CFOs. However, if the 37% of CEOs and 30% of CFOs receiving 0% increases are excluded, median increases were 2.5% for both roles.
- A wider range of payouts under the annual bonus, with the proportion of 0% payouts more than doubling (from 12% to 30%), although the median payout level held steady (at 60% of maximum, compared to 59% in 2020), and an increase at the upper quartile (91% of maximum, compared to 82% in 2020).
- A reduction in payouts under PSPs, with median levels nearly halving to 32% of maximum (from 61% in 2020), and the proportion of 0% payouts increasing by 75% (from 13% in 2020 to 23%).
- Continued use of discretion (by 30% of companies) to adjust both variable pay outcomes and/or in-flight performance targets, with nearly two-thirds of cases citing the impact of COVID-19.
- A predictable drop in realised pay, given the reduced variable pay out-turns, with the median CEO single figure falling below £1.3m for the first time in eight years.

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



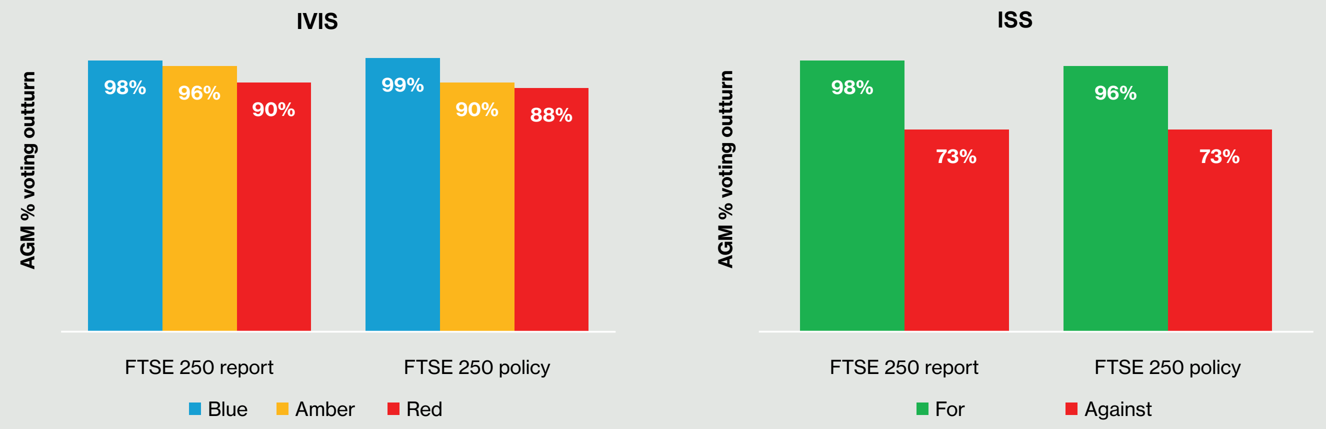
On-going concerns around pension alignment are included in Quantum/design.

How did proxy agencies react?

- Year on year, remuneration reports ‘red-topped’ by IVIS nearly doubled to 14% (from 8% in 2020), with ISS ‘Against’ recommendations also increasing to one in seven reports.
- More strikingly, IVIS ‘red-tops’ and ISS ‘Against’ recommendations increased to around 20% and over 25% respectively in respect of remuneration policies.
- *Figure 2* shows that proxy agencies are more likely to vote against changes to quantum than decisions around outturns and implementation.

- 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 perceived disconnect between pay and performance, either in respect of financial year actual or potential future outcomes, 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 73% for both report and policy votes, versus 98% and 96% respectively where a 'For' recommendation is given.

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



And what happened at AGMs?

- There was little change in the median AGM voting out-turn, which remained high at 97% for the remuneration report and 94% for the policy.
- One company lost the vote and nine attracted low votes, below 80%, on their remuneration policy. Twenty-one companies attracted low votes on their remuneration report. The lost vote was due to the perceived disconnect between pay and performance, the quantum of pay proposed for the CEO, and the bespoke share option plan put forward for shareholder approval.

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 52 companies). 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 90% of maximum, which is at the top end of the long-term FTSE 250 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 57% of maximum compared to 32% for the full FTSE 250.
- Median forward-looking salary increases are higher amongst these companies, at longer-term levels of 2.0% for CEOs and CFOs. A lower proportion (around 25% of both CEOs and CFOs) received 0% increases and, when these are excluded, median increases are 3.0% for CEOs and 3.3% for CFOs.
- Although we do not observe a significant difference in relation to annual bonus, only 13% of companies reporting later are making metrics/weightings changes to their LTIPs compared to 24% of the broader FTSE 250.
- Finally, a noticeably smaller proportion (22%, compared to 45% of the full FTSE 250) of these later filers are making explicit references to considering an adjustment to 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 contrasts with 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 2022.

Key trends from the 2021 AGM season

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

Fixed pay

1.5%
Median CEO salary increase

Nearly 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.

15% of salary **to** **12%** of salary

Pension contributions for existing executive directors were already aligned with the wider workforce in 40% of companies, with an additional 4% achieving alignment following reductions in 2021. A further 43% of companies are committing to aligning levels by the end of 2022. Based on current disclosures, 13% of companies are not compliant with the IA's guidance.

Annual bonus

Thirty-four companies have increased and six companies have decreased annual bonus levels.

34 **6**

50% of these increases are to both policy and operational levels, 35% are to operational levels only (ie within pre-approved policy limits) and 15% are to policy levels only with no immediate increases planned for operational maxima.

The most common design changes are:

47%
changed measures and/or weightings

13%
introduced, removed or otherwise changed the deferral requirement

11%
enhanced clawback/malus triggers

Long-term incentive plans

Despite this not being a major policy year, more than one in five companies have made changes to LTI opportunity this year, with 28 companies increasing and 10 companies decreasing levels.

28 **10**

Almost 3 in 5 of these increases are to operational levels only (ie within pre-approved policy limits), and half of those were to compensate for share price/award level changes made in the prior year due to COVID-19. One third of companies increasing levels are adjusting both policy and operational levels.

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

38%
changed the target or payout calibration

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

24%
changed measures and/or weightings

11%
enhanced clawback/malus triggers

Pay out-turns and shareholding guidelines

2020 median CEO single figure
£1.52 million

2021 median CEO single figure
£1.29 million

The median annual bonus payout as a percentage of maximum has held steady at 60% this year, compared to 59% last year. Discretion was applied by remuneration committees to reduce bonus payments in twenty-six companies.

Median LTIP vesting has **decreased significantly to 32% of maximum**, from 61% of maximum last year. Discretion was applied by remuneration committees to reduce LTIP vesting in five companies.

Shareholding guidelines

11% of companies have increased, and 2% have introduced, shareholding guidelines this year.

Nearly 90% of companies now also operate post-cessation shareholding guidelines, and over half 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 101-150, the FTSE 151-350 and the full FTSE 250.
- Forward-looking salary increases were lower this year (median 1.5% for a FTSE 250 CEO), with a larger proportion of companies applying no increase at all, up from 33% last year to 37% this year.
- We typically find a salary differential of 63% to 70% for the CFO to CEO role, with a median of 64%.
- The median FTSE 250 CEO salary rose to £610,000, from £580,000 in 2020. 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 101-150	£603,000	£659,000	£725,000
FTSE 151-350	£494,000	£585,000	£680,000
FTSE 250	£500,000	£610,000	£700,000

Figure 5. **CEO median salary increases**

FTSE 101-150	1.7%
FTSE 151-350	1.5%
FTSE 250	1.5%

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

FTSE 101-150	29%
FTSE 151-350	39%
FTSE 250	37%

CFO

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	£394,000	£450,000	£499,000
FTSE 151-350	£338,000	£380,000	£430,000
FTSE 250	£350,000	£393,000	£450,000

Figure 8. **CFO median salary increases**

FTSE 101-150	2.0%
FTSE 151-350	1.8%
FTSE 250	2.0%

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

FTSE 101-150	19%
FTSE 151-350	33%
FTSE 250	30%

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 250 companies has continued to drop, from 15% in 2020 to 12% in 2021.
- Pension contributions for existing EDs were already aligned with the wider workforce in 40% of companies, with an additional 4% achieving alignment following reductions in 2021. A further 43% of companies have committed to aligning levels by the end of 2022.
- 13% of companies have not yet committed to comply with the IA's guidance, a reduction from 35% in 2020.
- Of those companies making changes, 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

- Where pension provision is provided, around 95% of FTSE 250 companies offer a defined pension contribution or cash allowance.
- 28% 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 250 CEO pension contribution/allowance as a percentage of salary has fallen from 15% in 2020 to 12% in 2021, illustrating 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 250 companies**

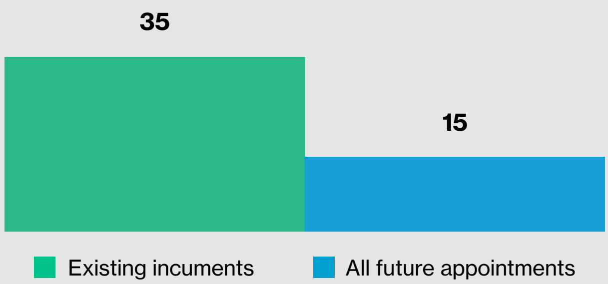


Figure 11. **Value of defined contribution/cash allowance for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	10%	12%	17%
FTSE 151-350	9%	11%	16%
FTSE 250	9%	12%	16%

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	6%	10%	15%
FTSE 151-350	8%	11%	17%
FTSE 250	7%	10%	15%

Car allowance

Nearly 80% of companies in the FTSE 250 indicate that executive directors receive a car benefit or car allowance. *Figure 13* provides data on the value of this benefit for those companies that do disclose the details of the car allowance.

Figure 13. **Value of car allowance benefit in FTSE 250 companies**

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

Annual bonus

- Maximum bonus opportunities have remained largely unchanged, with median figures remaining at 150% of salary for both FTSE 250 CEOs and CFOs.
- The median annual bonus payout was 60% of maximum for the CEO in the FTSE 250. 30% of CEOs received a zero payout.
- Three-year annual bonus deferral is the norm and fewer than 10% of companies do not operate deferral.

Maximum bonus opportunity as percentage of salary

Figure 14. **Maximum bonus opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	150%	150%	200%
FTSE 151-350	125%	150%	175%
FTSE 250	125%	150%	175%

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	125%	150%	175%
FTSE 151-350	125%	140%	150%
FTSE 250	125%	150%	150%

Bonus pay-outs as percentage of maximum

Figure 16. **Bonus pay-outs for CEO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	0%	71%	94%
FTSE 151-350	0%	59%	90%
FTSE 250	0%	60%	91%

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	0%	68%	91%
FTSE 151-350	0%	63%	97%
FTSE 250	0%	63%	92%

Application of discretion

26
Instances of remuneration committees applying downward discretion

4
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-fifths of the 26 companies applying downward discretion due to the impact of COVID-19.

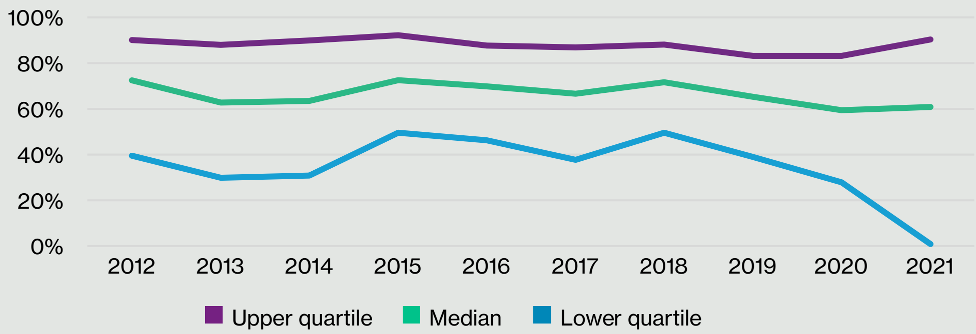
The reasons for the four instances of upwards discretion were diverse, but all were related to the impact of COVID-19: one allowed full payout for a production target that would have been fully achieved had a two-week plant stoppage not been imposed by the provincial authority; one acknowledged the success of pandemic-related business (a "vaccine adjustment") not envisaged when bonus targets were set; one allowed partial payout against financial targets to rectify the misalignment between EDs and the wider workforce, where most had earned bonuses; and one added back one-off, unforeseen costs incurred during the year.

In addition to these cases of upward and downward discretion made at year end, nine companies made adjustments to "in-flight" measures or 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 60% and 75% of the maximum opportunity in FTSE 250 companies. In 2021, the median payout remained within this range, but the lower quartile continued its three-year fall to 0% of the maximum.

Figure 18. **Bonus pay-outs from 2012 – 2021 (% of maximum opportunity)**



Performance measures

In FTSE 250 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 250 and reflects the increased focus on metrics that look at the 'bigger' picture, in particular ESG.

Figure 20 shows that a profit- or income-based measure continues to be the most common measure used in FTSE 250 annual bonus plans. Fifty-two 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 21* shows that these measures are most often based on people & HR targets, for example employee engagement and succession/talent management, and other generic/combined ESG objectives.

Figure 19. **Split of performance measures in FTSE 250 bonus plans**

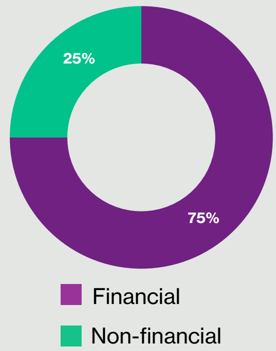


Figure 20. **Prevalence of performance measures (by measure category)**

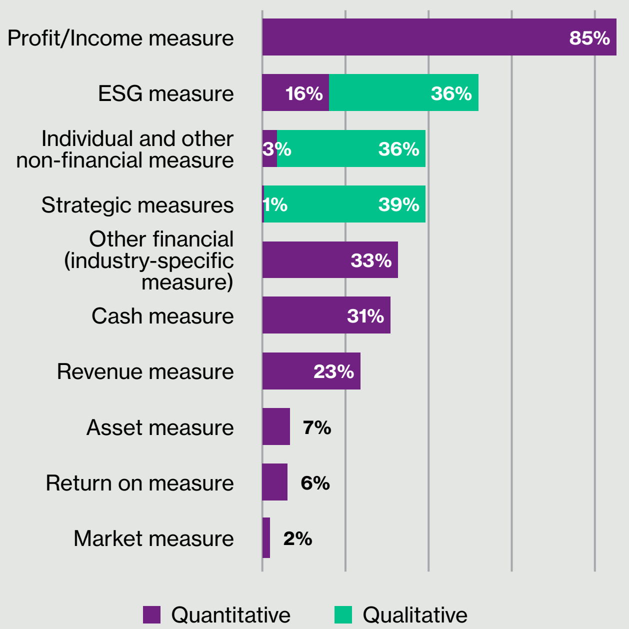
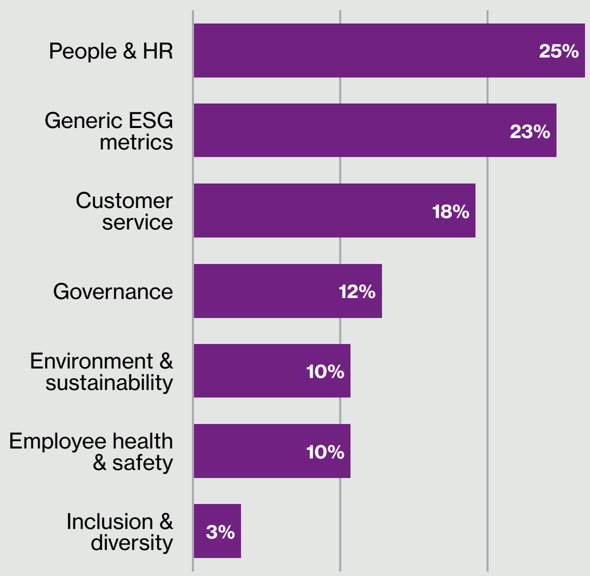


Figure 21. **Prevalence of ESG performance measures**



Annual bonus deferral

The number of companies operating bonus deferral has increased to 92%, from 87% in 2020. We also observe a change in the proportion of bonus to be deferred, with more companies requiring deferral of 25% - 33% of bonus payout (24%, up from 6% in 2020), and fewer companies requiring deferral of 33% - 50% of bonus payout (32%, down from 42% in 2020). The most common deferral period remains three years with subsequent cliff vesting.

Figure 22. **Proportion of deferral**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Up to 25.0%	3%	7%	6%
25.1% – 33.0%	26%	23%	24%
33.1% – 50.0%	26%	33%	32%
50.1%+	11%	5%	6%
No deferral	11%	7%	8%
% in excess of salary/other	21%	22%	22%
Voluntary only	3%	1%	2%

Figure 23. **Deferral mechanism**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Deferral with no match	84%	92%	90%
Deferral with match	5%	1%	2%
No deferral	11%	7%	8%

Figure 24. **Deferral time period**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Less than two years	0%	1%	1%
Two years	32%	25%	27%
Three years	45%	46%	46%
More than three years	0%	2%	2%
No deferral	11%	7%	8%
Phased	13%	18%	17%

Malus and clawback

Based on disclosure, malus and clawback provisions are now ubiquitous in FTSE 250 annual bonus plans:

- 99% have the ability to operate clawback on the cash bonus.
- 95% 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.

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 in 2021, with five companies introducing a Restricted Share Plan (RSP), three introducing Value Creation Plans (VCP) and a further two introducing exceptional, one-off PSPs. AGM voting on the introduction of these plans varied, with support around 90% for the RSPs but typically around 70% for the other plans.
- 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 250 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 32% of the maximum opportunity, down by nearly half from 61% in 2020.
- There have been five examples of downwards and two examples of upwards discretion to the vesting of long-term incentive awards this year.

Types of plans

The most prevalent plan type continues to be a PSP; 84% of plans operated in the FTSE 250 are PSPs. Other plans include Restricted Shares, Bonus Matching/Coinvestment and Value Creation plans.

Figure 25. **Number of LTIPs operated**

	FTSE 101-150	FTSE 151-350	FTSE 250
No plans	5%	5%	5%
One plan	87%	90%	89%
Two plans	8%	5%	6%
More than two plans	0%	0%	0%

Maximum PSP opportunity

Figure 26. **Maximum PSP opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	200%	250%	250%
FTSE 151-350	150%	200%	200%
FTSE 250	150%	200%	250%

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	175%	200%	250%
FTSE 151-350	150%	150%	200%
FTSE 250	150%	175%	200%

The median and upper quartile threshold opportunity in the FTSE 250 is 25% of the maximum opportunity, with a lower quartile of 20%.

Exceptional PSP maximums

Around one third of companies in the FTSE 250 disclose an exceptional PSP maximum in their policy. This is typically 25% to 33% above the usual maximum PSP opportunity.

[redacted]

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.

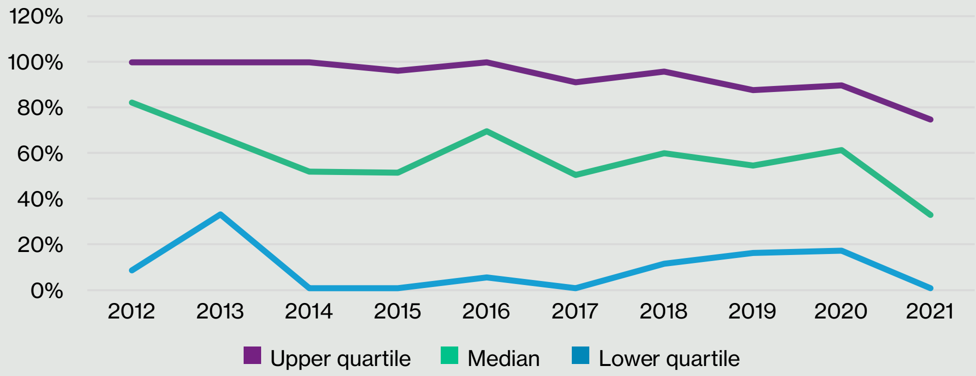
PSP pay-outs over time

PSP payouts tend to be more variable than payouts under the annual bonus, and we have observed median pay-outs between 50% and 75% of the maximum over the past 10 years, dropping to just above 30% in 2021 due to the pandemic. *(Figure 29)*.

Figure 28. **PSP pay-outs (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	0%	57%	81%
FTSE 151-350	0%	32%	63%
FTSE 250	0%	32%	74%

Figure 29. **PSP pay-outs from 2012 – 2021 (% of maximum opportunity)**



PSP performance measures

Figure 30 shows that TSR (or other market-based measures) and profit/income continue to be the most common measures used in FTSE 250 PSPs. However, a growing number (more than one in five) 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 31*.

Figure 30. **Prevalence of performance measures (by measure category)**

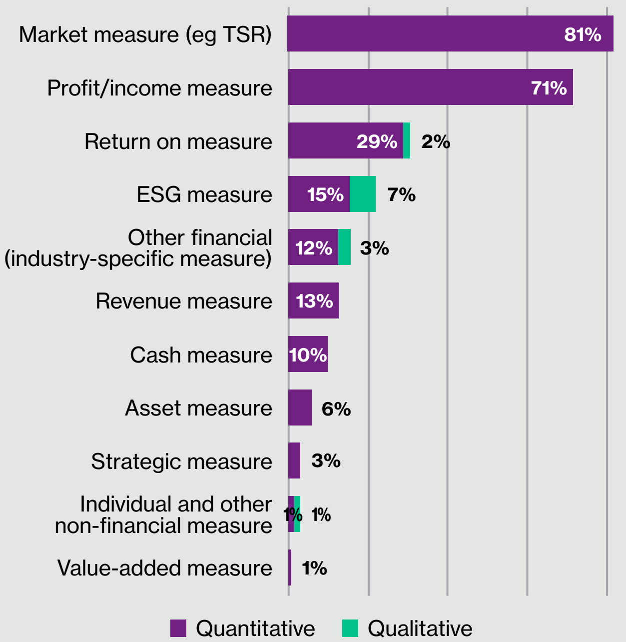
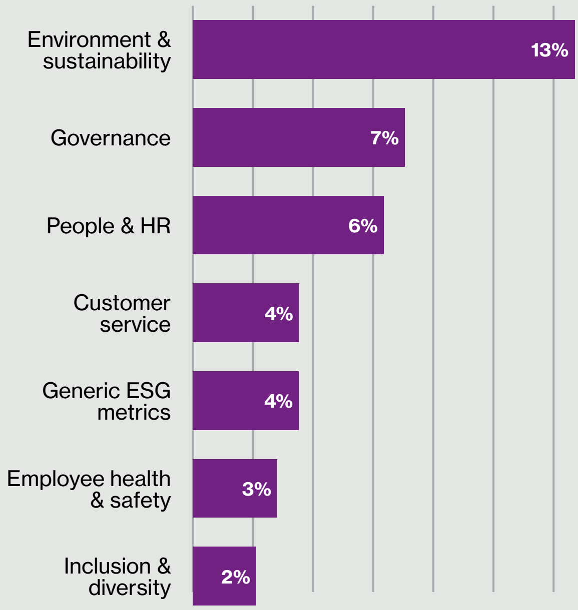


Figure 31. **Prevalence of ESG performance measures**



PSP time horizons

Ninety-six per cent of companies in the FTSE 250 have a total time horizon (i.e. performance plus holding periods) of at least five years. Ninety-eight per cent of companies in the FTSE 250 operate a holding period on the PSP.

Figure 32. **Length of performance period**

	FTSE 101-150	FTSE 151-350	FTSE 250
One year	0%	0%	0%
Two years	0%	1%	1%
Three years	93%	94%	94%
Four years	3%	0%	1%
Five years	3%	3%	3%
More than five years	0%	3%	2%

Figure 33. **Length of holding period**

	FTSE 101-150	FTSE 151-350	FTSE 250
One year	0%	3%	3%
Two years	90%	92%	92%
Three years	0%	0%	0%
More than three years	3%	0%	1%
Until SOG is met	0%	2%	1%
No holding period	7%	1%	2%

Application of discretion

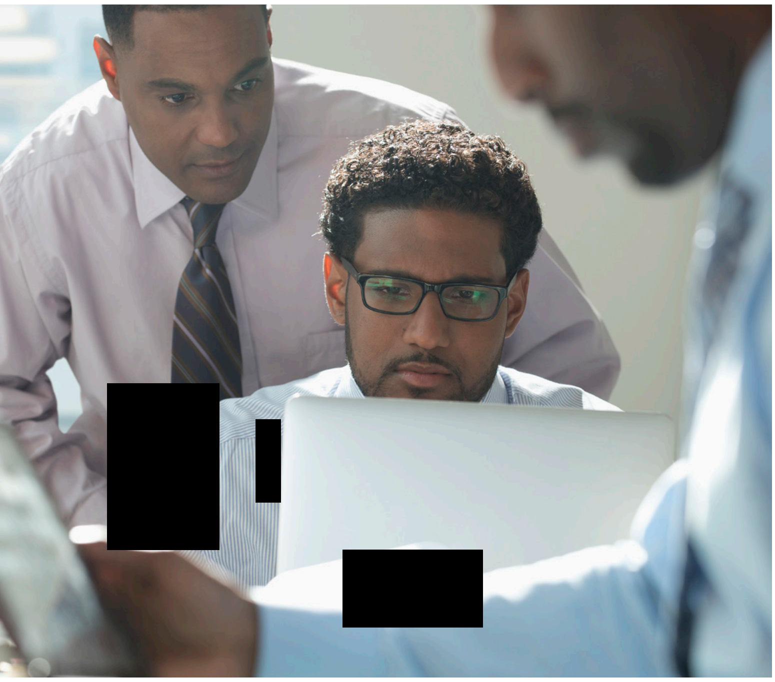
5
Instances of remuneration committees applying downward discretion

2
Instances of remuneration committees applying upward discretion

In all cases, downward discretion was applied to reduce (to zero in two cases) or cap vesting to better reflect the shareholder experience over the period.

One of the instances of upward discretion reflected an accounting change in the classification of transformation costs; the other allowed for the partial vesting of a strategic target, originally calibrated as "all or nothing", that would have been fully achieved if not for pandemic-related process delays outside the Group's control.

In addition to these cases of upward and downward discretion made at the end of the performance period, six companies made adjustments to "in-flight" LTI targets, ie for those awards which are still partway through their respective performance periods. In five cases, this followed acquisitions/mergers, other changes of strategy or financial reporting; in one case, 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 250 LTI plans:

- 99% 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 11% 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.

Single figure

CEO single figure

The median CEO single figure in the FTSE 250 has reduced nearly 15%, from £1,519k in 2020, as shown in *Figure 34*.

Despite this drop, we would continue to advise caution in using the single figure as an indication of excess/restraint in relation to quantum, given the significant impact of share price on the out-turn and the not insignificant impact of COVID-19 over the past 18 months, as well as the change in constituents of the FTSE 250 .

Figure 34. **CEO single figure total compensation in 2021**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£892k	£1,440k	£2,759k
FTSE 151-350	£813k	£1,271k	£1,761k
FTSE 250	£815k	£1,289k	£1,948k

Figure 35. **CEO total remuneration 2012-2021**

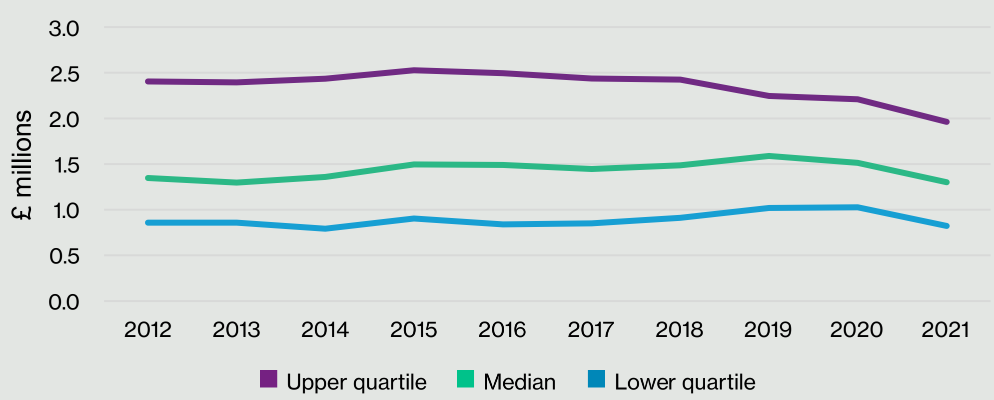
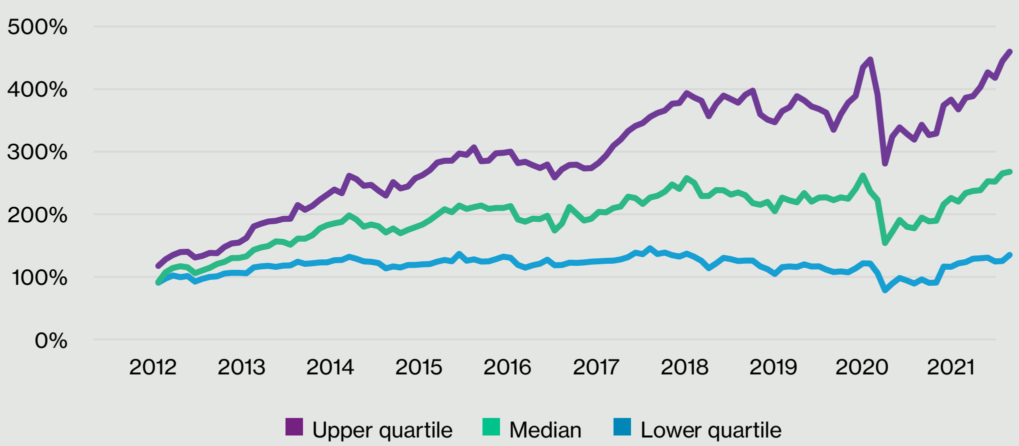


Figure 36. **FTSE 250 total shareholder return (TSR) performance from 2012 - 2021**



Shareholding guidelines

The level of shareholding required of CEOs and CFOs remains unchanged at 200% of salary across most quartiles for the full FTSE 250. Amongst the largest 50 companies however, the upper quartile requirement has increased to 300% of base salary, which is in line with the levels observed in FTSE 100 companies. Around 30% of companies in the FTSE 250 have a higher guideline for the CEO than other executive directors.

Under half of FTSE 250 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 (c. 90% of companies).

Figure 37. **Shareholding guidelines for CEO role (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	200%	250%	300%
FTSE 151-350	200%	200%	250%
FTSE 250	200%	200%	250%

Figure 38. **Shareholding guidelines for CFO role (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	200%	200%	300%
FTSE 151-350	200%	200%	200%
FTSE 250	200%	200%	200%

Actual median shareholdings

CEO actual shareholdings in the FTSE 250 are generally higher than the guidelines *(Figure 39)*.

Figure 39. **Actual median shareholdings for CEOs and CFOs (% of base salary)**

	CEO	CFO
FTSE 101-150	365%	150%
FTSE 151-350	390%	110%
FTSE 250	370%	115%

Post-cessation shareholding guidelines

Nearly 90% of companies in the FTSE 250 now operate post-cessation shareholding guidelines, an increase of 37.5% since 2020. Of those companies, over half 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.

Non-executive directors' fees

The figures below set out fee levels paid to non-executive directors in the FTSE 101-150, FTSE 151-350 and FTSE 250.

The chairman is typically paid an all-inclusive fee for all responsibilities, based on company size, time commitment and role responsibilities. FTSE 250 chairman fees *(Figure 40)* have increased by around 1.5% in the two years since 2019. There has been more movement within the FTSE 101-150 and FTSE 151-350 peer groups, due primarily to significant changes in the samples.

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 40. **Chairman fee**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£214,000	£240,000	£324,000
FTSE 151-350	£182,000	£215,000	£274,000
FTSE 250	£185,000	£225,000	£284,000

Figure 41. **Basic non-executive director fee**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£56,000	£62,000	£68,000
FTSE 151-350	£51,000	£56,000	£63,000
FTSE 250	£52,000	£58,000	£65,000

Figure 42. **Senior independent director fee**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£10,000	£11,500	£15,500
FTSE 151-350	£10,000	£10,000	£13,500
FTSE 250	£10,000	£10,000	£15,000

Although there is variety between the peer groups, median basic non-executive director fees and Audit/Remuneration Committee chairmanship fees have increased by around 5% since 2019, whereas SID premia remain largely unchanged. Audit/Remuneration Committee membership fees, however, have increased by 20%-25%.

Interestingly, although their respective levels are broadly unchanged, the prevalence of fees has doubled for Nomination Committee chairmanship and more than tripled for both Corporate Social Responsibility/ESG Committee chairmanship and membership. This clearly demonstrates the increasing focus of FTSE 250 Boards on CSR/ESG and broader governance issues.

Figure 43. **Median committee fee levels and prevalence**

Audit committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£15,000	90%	£10,000	21%
FTSE 151-350	£10,500	93%	£5,500	23%
FTSE 250	£12,000	93%	£7,500	22%

Remuneration committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£15,500	85%	£7,500	18%
FTSE 151-350	£10,500	90%	£5,000	23%
FTSE 250	£11,500	89%	£6,000	22%

Nominations committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£15,000	15%	£6,000	18%
FTSE 151-350	£10,000	34%	£5,000	15%
FTSE 250	£11,000	30%	£5,000	16%

Corporate Social Responsibility committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£12,500	36%	N/A	13%
FTSE 151-350	£12,000	22%	£5,500	7%
FTSE 250	£12,000	25%	£5,000	8%

Further information

For more information on FTSE 250 market data and pay trends please contact your Willis Towers Watson contact or:

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