

FTSE 250 – 2022 AGM season update



As of early June 2022, 115 FTSE 250 companies had published their 2021/22 annual report and accounts. This report provides some key insights so far.

Most salary increases for executive directors have been aligned with those offered to the wider workforce. Only 26% of companies are tabling a new Policy for approval, and the majority are making limited changes with a focus on updating/formalising policy items such as clawback/malus and post-employment shareholding. 23% of companies that have published (26 companies) are proposing to increase variable pay opportunities, almost equally split between short- and long-term plans; 3 companies are increasing levels under both. Half of these (13 companies) are doing this by way of increases to policy levels, and half (13 companies) are increasing by way of implemented increases under existing policy limits. Whilst AGMs are on-going, we have also provided a summary of proxy agency recommendations and AGM voting out-turns to date.

Base salary

UK inflation rates surged to 9.1% in May, the highest rate in 40 years. Although median salary increases for the wider workforce are currently at 3.0%, data from the most recent publications suggest that this is likely to increase over the coming months.

Around 40 CEOs (34%) received increases above 3.0%; over half these increases were still in line with or lower than those provided to the wider workforce and ranged from 3.1% to 6.0%.

Median CEO/CFO salary increase:



in line with wider workforce increases



Around **20%** of CEOs (14% of CFOs) received no salary increase (2021: 40%/33% respectively)

Annual bonus



15 (13%) companies have increased bonus opportunities; 1 has decreased



7 of the 15 companies increasing bonus opportunities are doing so within previously approved policy limits.

For those companies increasing their policy limits, the median CEO increase is **20%** of bonus opportunity, eg from 125% to 150% of salary.

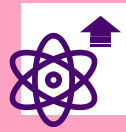


52 (45%) companies are making changes to their metrics or weightings. These vary widely but **62%** are either introducing or, more typically, changing/expanding on their **ESG metrics**.

Long-term incentives (LTIs)



14 (12%) companies have increased LTI opportunities, 5 (4%) have decreased



8 of the 14 companies increasing LTI opportunities are doing so within previously approved policy limits.

For those companies increasing their policy limits, the median CEO increase is **around 30%** of LTI opportunity, eg from **200%** to **260%** of salary.



31 (27%) companies are making changes to their metrics or weightings. These vary but **65%** include either introductions or, more typically, changes/expansions to existing **ESG metrics**.

Environment, Social, Governance



Annual bonus: around half of companies already include ESG metrics in their annual bonus. **32** (28%) companies have disclosed either the introduction (19%), further expansion (50%) of, or some other change to (31%), ESG metrics in their 2022 plan. The new and expanded ESG metrics are diverse, but around **40%** include **environmental objectives**.



Long-term incentives: ESG metrics are less prevalent in LTI plans (just over 20%). **20** (17%) companies have disclosed either the introduction (60%) or further expansion (15%) of, or some other change to (25%), ESG metrics for their 2022 awards. Around 80% of the new and expanded metrics include **environmental objectives**, in particular carbon/emissions reductions.

Pay out-turns

2021 median
single figure
£1.29 million



2022 median
single figure
£1.77 million

The median annual **bonus** payout has increased to **80% of maximum**, from 60% last year; this is the highest median payout in the last ten years.

Median **LTIP vesting** has also increased, to 43% of maximum from 32% last year. This remains below typical median levels observed in recent years, which is to be expected given the impact of the pandemic over multiple LTIP performance periods.

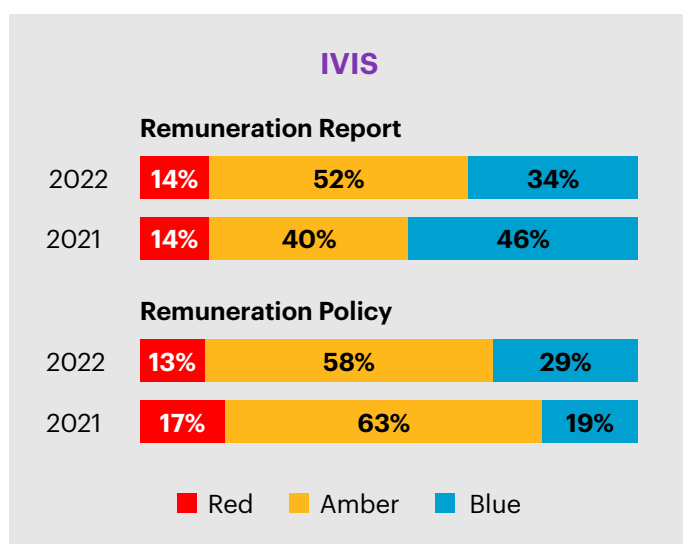
Interventions have so far been somewhat **more prevalent** overall than last year and remain **more likely for the annual bonus than LTI**:

- **bonuses** at 16% of companies were either **reduced** by the RemCo or waived by executive directors (2021: 15%);
 - of these reductions, 72% were through RemCo discretion and 28% through executive director waiver or RemCo cancellation;
 - the median reduction versus the formulaic outcome (excluding waives) was 20%.
- bonus outcomes at a further 3 companies were increased through RemCo discretion.
- by comparison, 10% of companies altered formulaic **LTI outcomes** (2021: 4%);
 - of these alterations, 55% decreased (either through RemCo discretion or executive director waiver) and 45% increased the vesting outcome.

Proxy agencies and AGM voting

IVIS voting recommendations

All 115 of our sample of companies have received voting recommendations from IVIS for their remuneration reports and remuneration policies, where applicable. The report recommendations have been a little less favourable so far, with an equal proportion of 'red-tops' (14%) but more 'amber-tops' than last year (52%, versus 40% in 2021). On the other hand, there have been fewer red- and amber-topped policies so far (13% and 58% respectively, versus 17% and 63% in 2021).



The rationale for red-topped policies varies, but the most common reasons for an IVIS 'red top' on the remuneration report are:

1. Excessive increases in fixed and/or variable pay;
2. Executive director pensions not aligned with the wider workforce by 2022;
3. Insufficient/excessive application of downwards/upwards discretion on variable pay outcomes.

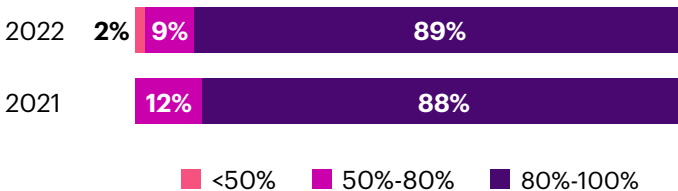
AGM Voting Outcomes

Shareholder support at AGMs remains high with **median** votes 'for' of **96%** for both the **remuneration report** (2021: 97%) and **policy** (2021: 94%).

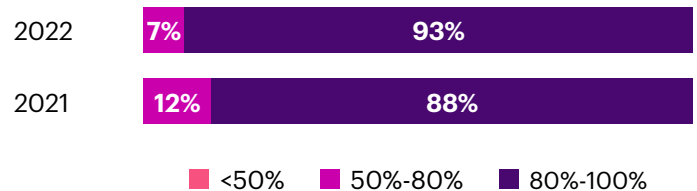


The overall proportion of “low votes” (ie those below 80%) is smaller so far this year, especially in respect of remuneration policies (7%, down from 12%).

Voting outcomes by category - report



Voting outcomes by category - policy



Further information

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

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This report includes data sourced from WTW's **Global Executive Compensation Analysis Team**. This report is based on the FTSE 250 (excluding investment trusts) as at 1 June 2022.



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