Executive remuneration in FTSE 100 companies

2022 market data report for executive and non-executive directors

September 2022

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This report provides a final update for the 2022 Annual General Meeting (AGM) season on key pay developments this year. It also sets out an overview of executive and non-executive market data for companies in the FTSE 100.

This report includes data sourced from WTW's Global Executive Compensation Analysis Team. This report is based on the FTSE 100 as of 1st September 2022.

Key headlines from the 2022 AGM season

Who changed what?

- Like 2021, 2022 was not a regular policy review year, and consequently we saw a similarly small proportion of companies tabling a new policy for shareholder approval (31%, up slightly from 29% in 2021).
- The majority of these cases were due to expiring policies and, although many proposed changes reflected responses to evolving views from shareholders and proxy agencies, there was no over-riding trend. Companies most frequently proposed:
  - changes to shareholding guidelines (58%), over two-thirds of which were introducing/strengthening post-cessation guidelines;
  - increases to variable pay opportunities (31%), two-thirds of which were in respect of long-term plans;
  - changes to annual bonus deferral (28%), three-quarters of which were introductions/increases to the proportion of bonus beingdeferred; and
  - strengthening of clawback/malus clauses (28%).

How did proxy agencies react?

- Year on year, ISS ‘Against’ recommendations on remuneration reports fell slightly to 11% (from 13% in 2021).
- Although the proportion of ‘red-topped’ reports increased slightly (from 12% to 13%), IVIS highlighted somewhat fewer issues of concern, with the number of ‘Amber’ recommendations dropping by 10% this year. Just under half of companies received a ‘Bluetop’ in 2022.
- *Figure 2* shows that proxy agencies are marginally more likely to recommend a vote against changes to quantum/design, be that in relation to salaries, variable pay and/or pension, than decisions around outturns and implementation.
- In respect of votes on remuneration policies, the proportion of ISS ‘Against’ and IVIS ‘red-topped’ recommendations decreased by almost a quarter and a third, to 27% and 7%, respectively.
- The main area of contention around policies continues to be quantum, with variable pay increases the top area of concern where not accompanied by robust rationale. Other reasons include the one-off nature of some long-term incentive awards, as well as technical details such as the disapplication of time pro-rating, change-in-control provisions and other accelerated vesting concerns, and extended performance periods (allowing targets to be retested).

Figure 1: **Change in ISS and IVIS FTSE 100 voting recommendations, 2021—2022**

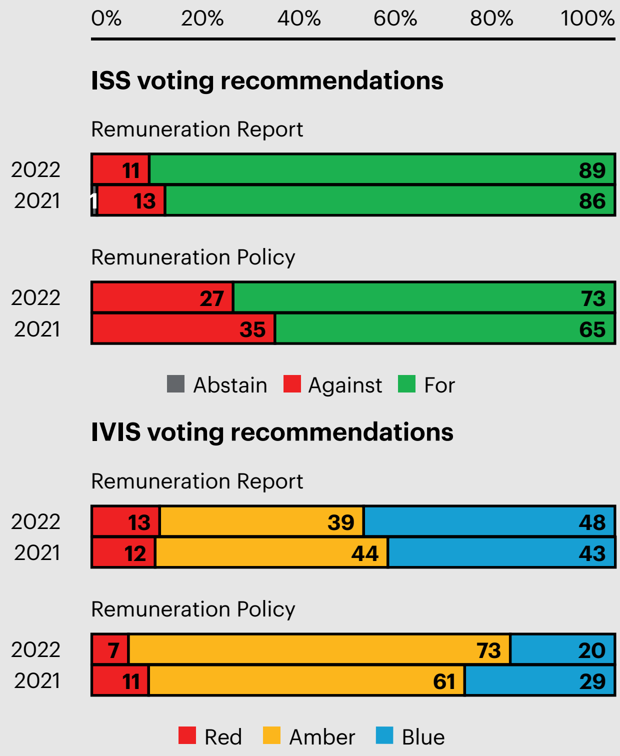
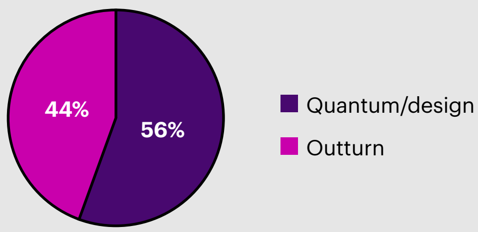


Figure 2: **Rationale for a Red/Against remuneration report recommendation**



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

- The impact of proxy agency views cannot be understated (see *Figure 3*), with ISS ’Against’ recommendations being accompanied by a median voting out-turn of 68% and 69% for report and policy votes, versus 95% and 93% respectively where a ‘For’ recommendation is given.

And what happened at AGMs?

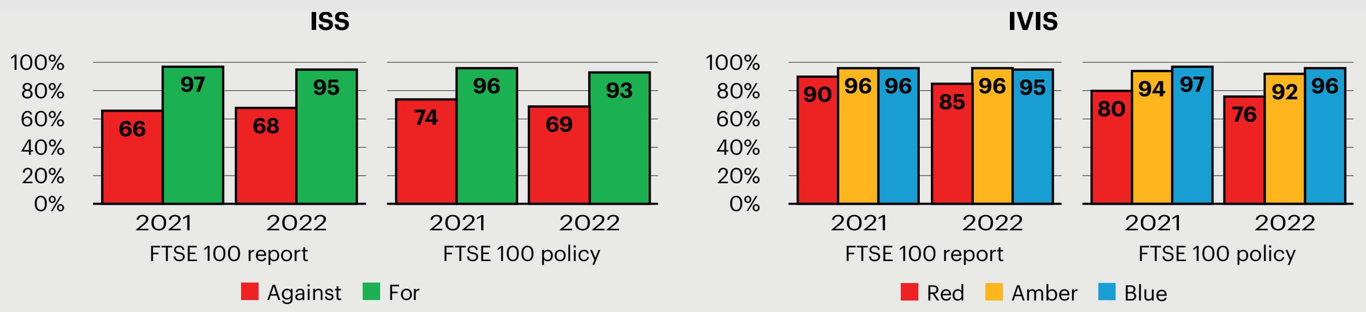
- There was little change in the median AGM voting out-turn, which remained high at 95% for the remuneration report and 93% for the policy.
- One company lost the vote on its remuneration report and eight companies attracted low votes below 80%.

The lost vote was due to continued shareholder displeasure at (i) the further granting of awards under a Restricted Share Plan, which had previously received a considerable proportion of votes against and (ii) performance measures under the in-flight LTIP awards being amended for a second year running.

The issues of contention for the low votes were more varied than last year, although significant increases to salary and pay-for-performance concerns, regarding the excessive and/or insufficient use of discretion on variable pay outcomes, were the most common.

- Five proposed remuneration policies also attracted low votes below 80%; the most common concern was around increases to levels of variable pay with insufficiently robust rationale.

Figure 3: **Proxy Agency recommendations: influence on AGM voting outturns**



Looking ahead to 2023

- We expect over half of FTSE 100 companies to table a new policy for approval during the 2023 AGM season. As policies are reviewed, we advise these topical issues be borne in mind:
  - **Salary increase alignment** – in recent years, proxy agency and investor expectations have been that executive director (ED) salary increases should be aligned with those offered to the wider workforce. However, with inflation levels in the UK showing no signs of abating, and median wider workforce increases likely to rise beyond 3.0% in the coming months, there will be a growing debate about whether this alignment should continue. Absolute levels aside, ED salaries flow through to other pay elements such as bonus and long-term incentives to a much greater extent than for other employees. ISS has raised this question in its recent annual survey, and it is possible that push-back on alignment may be formalised into its next policy.
  - **ESG metrics** – over just a few years, there has been a dramatic increase in the prevalence of ESG metrics in executive incentive plans. In principle, this has been positively received by most proxy agencies and investors. However, as companies review and reconsider metrics on a regular basis, we recommend companies challenge themselves to ensure these metrics are specific, tangible, meaningful, measurable and, above all, linked to the individual company's broader strategy on ESG. Investors are increasingly wary of 'greenwashing', companies implementing such metrics simply as a tick-box exercise, and we anticipate further scrutiny in this area.
  - **Energy crisis** – the impact on business of the energy crisis has the potential to be of similar magnitude to the pandemic or financial crisis. As with these events, investors and proxies will expect remuneration committees to assess formulaic pay-for-performance outcomes carefully and to apply judgement and/or discretion where needed to take account of the experiences of key stakeholders and the wider performance context.
- In addition to the above, a reminder of some evergreen critical success factors:
  - **Business first** – we always advocate putting the business first and then reviewing through external market, governance and broader stakeholder lenses to determine if any adjustments are required.
  - **Storytelling is key** – changes accompanied by a robust rationale linked to the strategy are more likely to be supported, even if the changes result in atypical pay structures or metrics. Telling the story concisely and persuasively in both shareholder consultation materials and the remuneration report is important.
  - **Know your audience** – every AGM season flags a number of shareholder and proxy agency 'hotspots' and this year was no different. It is therefore worth being prepared for any challenge/questions you may get on your proposed approach, taking these views into account.
- The engagement process is more time-intensive than ever before with a significant amount of work taking place 'behind the scenes'. Despite the additional workload, the policy review does provide an opportunity for companies to consider their approach to executive pay to ensure that it remains right for the business and its executive talent, as well as being appropriately aligned with investors, the wider workforce, and other key stakeholders.

Key trends from the 2022 AGM season

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

Fixed pay

Salary

UK inflation rates surged to 10.1% in July, the highest rate in 40 years. Although median salary increases for the wider workforce are currently 3.0%, data from the most recent publications suggest that this is likely to increase in the coming months.

Median CEO salary increase: **3.0%** in line with wider workforce increases

11%/12% of CEOs/CFOs received no salary increase (2021: 50%/40% respectively)

Of the c. 25% of CEOs that have received increases above 3.0%, three-quarters ranged from 3.1% to 5.0% and were in line with or lower than those provided to the wider workforce.

Pension

The alignment of ED pensions with those of the wider workforce is now almost universal. Median CEO pension:

15% of salary → **12%** of salary

Long-term incentive plans

Despite this not being a major policy year, nearly one in four companies has made changes to LTI opportunity this year; nineteen companies increased and four decreased levels.

Increases: nearly half of these companies are increasing policy levels; just over half are implementing increases under existing policy limits.

Reductions: rationale varies but include one switch from performance to restricted shares, one reduction in number of LTI plans and one re-balancing alongside the reintroduction of an annual bonus plan.

The most common changes to plan design:

- **59%** changed the target or payout calibration
- **34%** changed measures and/or weightings
- **75%** of companies making these changes are introducing or, more typically, changing/expanding on their ESG metrics

More than 85% of these changes were to the calibration of metric targets, the majority being made more stretching as companies moved away from pandemic-related uncertainties.

Annual bonus

Eight companies have increased bonus opportunities (one has reintroduced a bonus plan); none have decreased.

Half of these companies are increasing policy levels; half are implementing increases under existing policy limits.

The most common changes to plan design:

- **55%** changed measures and/or weightings
- Over **70%** of companies making these changes are introducing or, more typically, changing/expanding on their ESG metrics
- **12%** changed the target or payout calibration

Pay out-turns and shareholding guidelines

2021 median single figure **£2.87 million** → **2022** median single figure **£3.79 million**

The median annual bonus payout as a percentage of maximum has **increased significantly** from 48% last year to **90%** this year, in line with long-term upper quartile levels. Median LTIP vesting has also increased back into line with long-term norms, to **60%** of maximum from 48% last year.

Interventions were less prevalent overall than last year and remained more likely for the annual bonus than LTI:

- bonuses were reduced/waived at 20% of companies [42% in 2021], with a median reduction of 7%; and
- 11% of companies altered formulaic LTI outcomes [6% in 2021] with 73% increasing and 27% reducing vesting outcomes.

Shareholding guidelines

- There has been little movement in the level of in-post shareholding requirements; actual holdings for CEOs are somewhat lower than last year, but in line with figures from 2020.
- Post-cessation shareholding guidelines have now been almost universally adopted with 95% prevalence across the FTSE 100; compliance with the Investment Association (IA) guideline, however, has increased only slightly since last year (75%).

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 higher this year (up from 1-2% to around 3% across both roles and all peer groups), with a much smaller proportion of companies applying no increase at all (down significantly from 44% last year to 11% this year). ED increases reflected those awarded to the wider workforce as companies were no longer restricted by pandemic-related cost control measures.
- Despite these increases, FTSE 100 CEO salaries have decreased a little across all quartiles since last year (the median is down 1.8% from £893,000 to £877,000). This is due to changes in the index constituents, the relatively high salary positioning of those CEOs/companies that have dropped out and the relatively low salary positioning of those that have joined.
- We typically find a salary differential of 60% to 67% for the CFO to CEO role, with a median of 66%.

CEO

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

	Lower quartile	Median	Upper quartile
FTSE 30	£1,094,000	£1,291,000	£1,389,000
FTSE 50	£940,000	£1,082,000	£1,326,000
FTSE 100	£750,000	£877,000	£1,100,000

Figure 5: **CEO median salary increases**

FTSE 30	2.9%
FTSE 50	3.0%
FTSE 100	3.0%

Figure 6: **Proportion of companies awarding 0% increase to CEO salaries**

FTSE 30	13%
FTSE 50	8%
FTSE 100	11%

CFO

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

	Lower quartile	Median	Upper quartile
FTSE 30	£719,000	£740,000	£900,000
FTSE 50	£631,000	£720,000	£798,000
FTSE 100	£491,000	£584,000	£728,000

Figure 8: **CFO median salary increases**

FTSE 30	3.0%
FTSE 50	3.0%
FTSE 100	3.0%

Figure 9: **Proportion of companies awarding 0% increase to CFO salaries**

FTSE 30	14%
FTSE 50	15%
FTSE 100	12%

Benefits

- The alignment of pensions for existing EDs with the wider workforce by the IA's recommended date of end of 2022 is now almost universal.
- The median pension contribution in FTSE 100 companies has continued to drop, from 15% in 2021 to 12% in 2022.
- While disclosure on car allowance benefits practice is mixed, it continues to be a common benefit for EDs.

Pension contribution

- As shown in *Figures 10 and 11*, pension provision has continued to drop, with median defined contribution/cash allowance benefits amongst the FTSE 100 now representing 12% of salary, down from 15% in 2021.
- All FTSE 100 companies have updated their remuneration policies in the last few years such that pension provision for new ED hires is in line with that offered to the wider workforce, apart from one company whose alignment is to that offered to 'senior management'.
- In line with IA guidance, 90% of companies will also have aligned their provision for existing EDs by the end of 2022. Of the remaining companies:
  - 5 have one or more EDs that are members of legacy DB plans, with no disclosed indication of planned changes;
  - 3 have begun phased reductions, but full alignment will not be achieved by the end of 2022;
  - 1 has an ED with pension provision aligned to 'senior management' rather than 'the wider workforce'; and
  - 1 has made some reductions already, and disclosed a further review of existing ED pensions, but with no commitment yet to alignment with the wider workforce.

Figure 10: **Value of defined contribution/cash allowance for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	10%	12%	15%
FTSE 50	10%	14%	15%
FTSE 100	10%	12%	15%

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

	Lower quartile	Median	Upper quartile
FTSE 30	10%	11%	15%
FTSE 50	10%	12%	15%
FTSE 100	9%	11%	14%

Car allowance

Over 80% of companies in the FTSE 100 disclose that EDs receive a car benefit or car allowance, although not all explicitly disclose its value. *Figure 12* provides data on the value of this benefit for those companies that do disclose the details of the car allowance.

Figure 12: **Value of car allowance benefit in FTSE 100 companies**

	CEO	CFO
Upper quartile	£30,000	£20,000
Median	£25,000	£15,000
Lower quartile	£15,000	£15,000

Annual bonus

- The median annual bonus payout has increased significantly to 90% of maximum, from 48% last year. Although 2021 levels reflected a COVID-19 related all-time low, this year's out-turn is higher than any median in the past ten years and is in line with long-term upper quartile levels.
- Bonus opportunities have not changed significantly year-on-year, nor have their design: three-year annual bonus deferral is the norm and the structure of that deferral is broadly unchanged from previous years.
- Companies continue to increase the proportion of annual bonus based on ESG and other strategic metrics, with the median financial/non-financial split moving from 80%/20% to 70%/30% over just two years.
- Although the majority of ESG metrics in annual bonus plans continue to fall under the 'S' umbrella, we observe a significant increase in the prevalence of 'E' metrics since last year.

Bonus pay-outs as percentage of maximum

Figure 13: **Bonus pay-outs for CEO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	64%	85%	94%
FTSE 50	71%	90%	98%
FTSE 100	71%	90%	98%

Figure 14: **Bonus pay-outs for CFO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	61%	82%	90%
FTSE 50	64%	88%	97%
FTSE 100	64%	86%	97%

Application of discretion

19 instances of remuneration committees applying downward discretion

0 instances of remuneration committees applying upward discretion

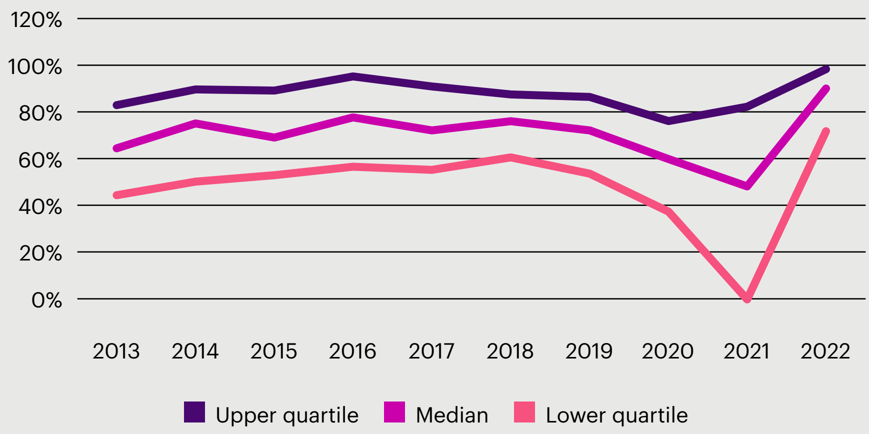
We observe slightly increased use of downward discretion on annual bonus outcomes (19%, up from 16% last year, including ED waivers) as companies continue to undertake holistic assessments of company performance in relation to the wider stakeholder experience. Levels of discretionary reduction (where disclosed) ranged from -2% to -48% of the formulaic outcome, with a median of -7%.

In addition to these cases of downward discretion, made at year end, six companies made adjustments to 'in-flight' bonus targets, prior to year end; most of these followed changes of strategy and/or acquisitions/disposals.

Bonus pay-outs over time

Following 2021's exceptional, COVID-19 related all-time low, bonus pay-outs reached an all-time high in 2022; the median and lower quartile (90% and 70% of maximum respectively) were higher than any in the past ten years and were in line with long-term upper quartile and median levels respectively.

Figure 15: **Bonus pay-outs from 2013—2022 (% of maximum opportunity)**



Maximum bonus opportunity as percentage of salary

Figure 16: **Maximum bonus opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	200%	200%	244%
FTSE 50	150%	200%	225%
FTSE 100	150%	200%	225%

Figure 17: **Maximum bonus opportunity for CFO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	150%	200%	200%
FTSE 50	150%	200%	200%
FTSE 100	150%	170%	200%

Performance measures

In FTSE 100 companies, the median split of financial versus non-financial measures has continued to shift, from 80%/20% to 75%/25% last year, to 70%/30% this year, reflecting the increased focus on metrics, such as ESG, that look at the 'bigger' picture.

Figure 19 shows that a profit- or income-based measure continues to be the most common measure used in FTSE 100 annual bonus plans. However, around three-quarters of companies have incorporated one or more environmental, social and governance (ESG) measures in their annual bonus plan, up from from sixty-five percent last year. Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO has increased from 15% to 20% of the annual bonus. *Figure 20* shows that these measures continue to be most often based on 'S' metrics, for example customer service, people/HR and inclusion & diversity targets. That said, there has been a marked increase in the prevalence of 'E' metrics, which now contribute to bonus performance measurement at 40% of companies (up from 20% in 2021).

Figure 18: **Median split of performance measures in FTSE 100 bonus plans**

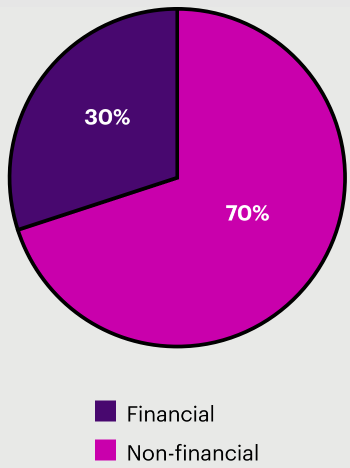


Figure 19: **Prevalence of performance measures (by measure category)**

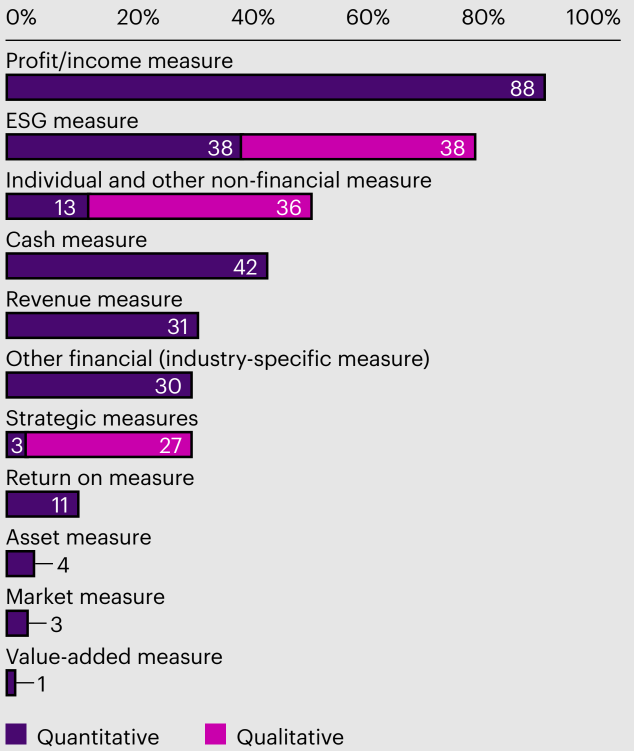
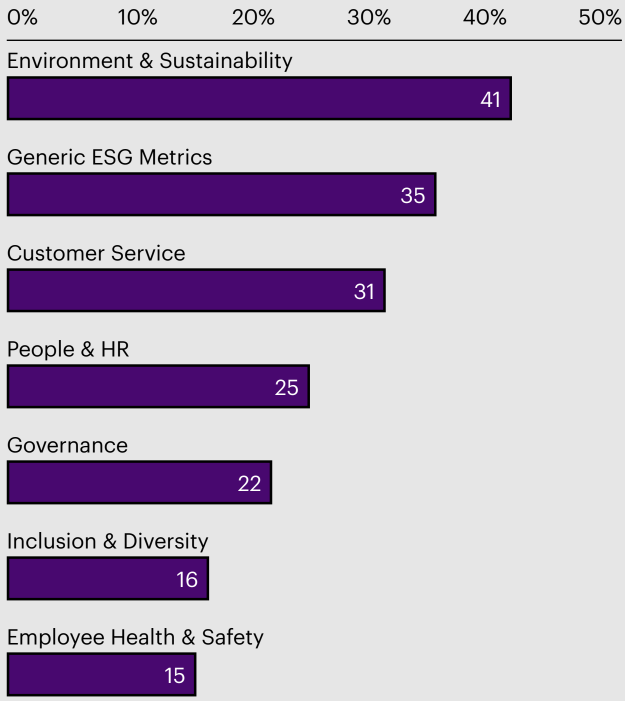


Figure 20: **Prevalence of ESG performance measures**



Annual bonus deferral

Compulsory deferral of some portion of the annual bonus continues to be majority practice (over 85% of the FTSE 100), and the requirement is usually expressed as a percentage of the bonus earned. 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 21: **Proportion of bonus deferred**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Up to 25.0%	0%	4%	4%
25.1%—33.0%	17%	12%	16%
33.1%—50.0%	57%	53%	48%
50.1%+	3%	8%	8%
No deferral	17%	14%	13%
% in excess of salary/other	7%	8%	9%

Figure 22: **Deferral mechanism**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Deferral with no match	80%	84%	86%
Deferral with match	3%	2%	1%
No deferral	17%	14%	13%

Figure 23: **Deferral time period**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Two years	3%	8%	18%
Three years	67%	59%	55%
No deferral	17%	14%	13%
Phased	13%	18%	14%

Malus and clawback

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

- 98% have the ability to operate clawback on the cash bonus; and
- 96% have the ability to operate malus on shares that have not yet vested.

The most common practice is for clawback provisions to apply for three years after payment of cash bonuses, and for malus provisions on bonus shares to apply for two years during the deferral period.

Common triggers for both malus and clawback include material misstatement of financial results, damage to reputation, serious misconduct and miscalculation of any performance condition.

Long-term incentive plans (LTIPs)

- Albeit less pronounced than with annual bonus outcomes, there has nevertheless been a year-on-year increase in LTIP vesting levels, up to 60% of maximum at median (48% in 2021).
- While the performance share plan (PSP) continues to be the most common plan operated, 23% of companies now operate a long-term incentive plan that is not a PSP (65% of which operated as the EDs' only LTIP).
- The prevalence of companies that incorporate ESG in their PSPs has increased by over 50% since 2021, and over 90% of companies that use ESG metrics have one or more "E" metrics in their plans.

PSP pay-outs as a percentage of maximum

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

Figure 24: **PSP pay-outs (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	27%	58%	86%
FTSE 50	30%	60%	98%
FTSE 100	30%	60%	95%

Application of discretion

3 instances of remuneration committees applying downward discretion

8 instances of remuneration committees applying upward discretion

The cases of upward discretion can be categorised into three groups: four companies adjusted outcomes to recognise the impact of the pandemic; three companies made adjustments following acquisitions/mergers, significant changes of strategy or financial reporting; and one company changed the way performance was measured to recognise the significant increase in inflation (as measured by the Retail Price Index).

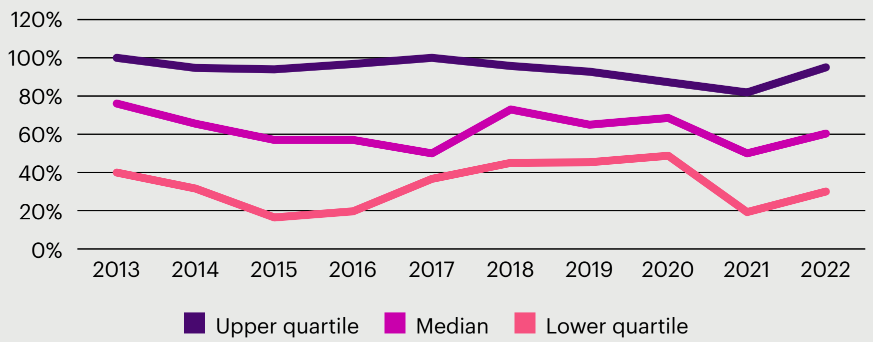
The reasons given for the three instances of downward discretion vary, reflecting: a more holistic assessment of the wider stakeholder experience; compensation for a pandemic-related, unbudgeted net-positive impact on performance; and an adjustment to ensure parity with the wider workforce following financial-crime related fines.

In addition to these cases of upward and downward discretion made at the end of the performance period, twelve companies made adjustments to 'in-flight' LTI targets, i.e., for those awards which are still partway through their respective performance periods. Half of these followed acquisitions/mergers, other changes of strategy or financial reporting and, in the other half, the adjustments were made to recognise the impact of COVID-19.

PSP pay-outs over time

A number of PSP pay-outs in the year remained impacted by performance during the pandemic; nevertheless, generally improved out-turns returned quartile levels close to longer-term norms.

Figure 25: **PSP pay-outs from 2013—2022 (% of maximum opportunity)**



Types of plans

The most prevalent long-term incentive plan type continues to be the PSP; 77% of plans operated in the FTSE 100 are PSPs. Other types include restricted share plans (RSP) (15%) and share options (3%), with the remainder made up of alternative arrangements such as value creation (VCP) and single variable (SVP) plans.

Figure 26: **Number of LTIPs operated**

	FTSE 30	FTSE 50	FTSE 100
No plans	0%	0%	3%
One plan	87%	88%	86%
Two plans	13%	12%	11%

Maximum PSP opportunity

Median PSP opportunities in FTSE 100 companies have increased by around 15% for CEOs and 10% for CFOs since last year.

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

	Lower quartile	Median	Upper quartile
FTSE 30	281%	368%	500%
FTSE 50	250%	350%	400%
FTSE 100	206%	288%	369%

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

	Lower quartile	Median	Upper quartile
FTSE 30	250%	310%	400%
FTSE 50	250%	275%	363%
FTSE 100	200%	250%	300%

Exceptional PSP maximums

Twenty-eight percent of companies that operate a PSP in the FTSE 100 disclose an exceptional award maximum in their policy. This is typically 33% to 50% above the usual maximum PSP opportunity.

Maximum RSP opportunity

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

	Lower quartile	Median	Upper quartile
FTSE 100	62%	125%	166%

Although the sample size remains small, maximum RSP opportunities have also increased by around 10% at median, in line with increases observed in PSP opportunities for CFOs, but below those observed for CEOs.

PSP performance measures

Figure 30 shows that TSR (or other market-based measures) continues to be the most common measure used in FTSE 100 PSPs. However, fifty-six percent of companies now incorporate one or more environmental, social and governance (ESG) measures in their PSPs; this represents a 56% increase from 2021. Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO is 20% of the PSP, unchanged since last year. Although we observe increased prevalence of almost all ESG categories, this has been most pronounced amongst environment and sustainability metrics which can now be found in over half of FTSE 100 PSPs *(Figure 31)*.

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

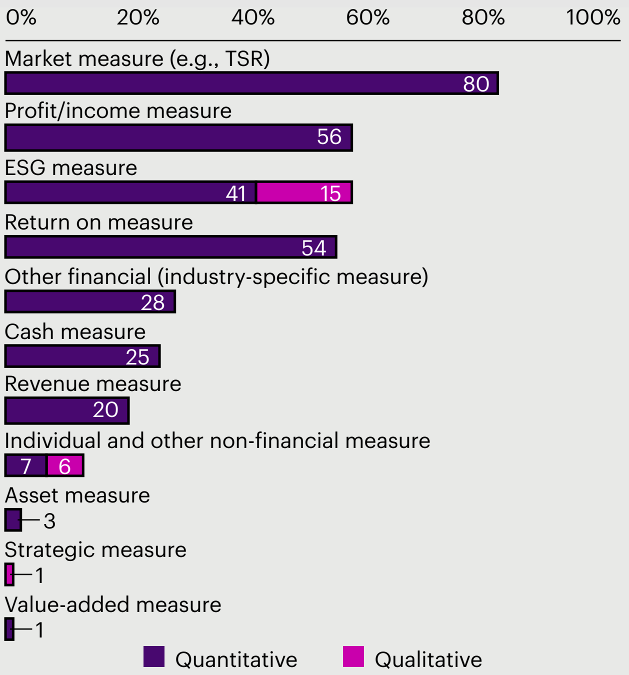
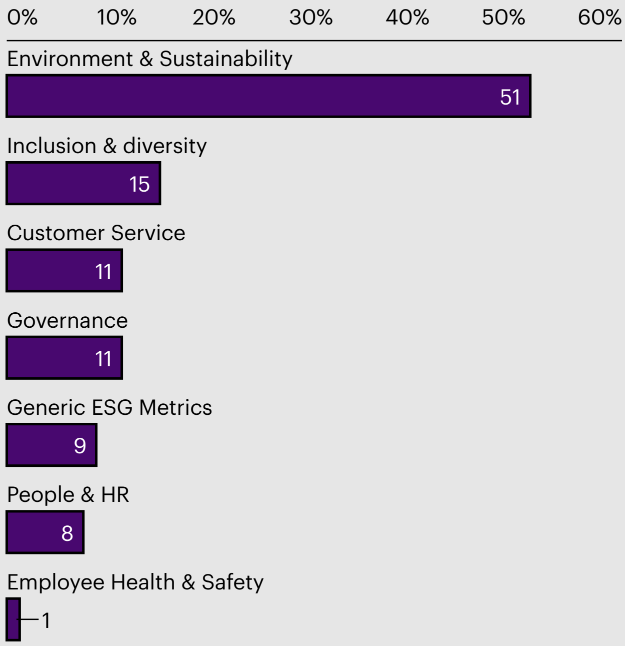


Figure 31: **Prevalence of ESG performance measures**



PSP time horizons

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

Figure 32: **Length of performance period**

	FTSE 30	FTSE 50	FTSE 100
Three years	81%	88%	91%
Four years	0%	0%	1%
Five years	8%	5%	4%
More than five years	12%	7%	4%

Figure 33: **Length of holding period**

	FTSE 30	FTSE 50	FTSE 100
One year	12%	7%	5%
Two years	73%	81%	88%
Three years	8%	5%	2%
No holding period	8%	7%	5%

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; and
- 98% have the ability to operate clawback.

The most common practice is for clawback provisions to be operated for two 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, damage to reputation, serious misconduct and miscalculation of any performance condition.

Single figure

CEO single figure

The median CEO single figure in the FTSE 100 has increased by 32% since last year and, after two years of lower-than-typical levels, is now back in line with long-term median levels.

Figure 35 illustrates that the interquartile range has been narrowing over time, particularly in the last two Covid-19 impacted years, suggesting that single figure outcomes might be standardising.

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.

Figure 34: **CEO single figure total compensation in 2022**

	Lower quartile	Median	Upper quartile
FTSE 30	£4,179	£5,431	£8,123
FTSE 50	£3,413	£4,503	£6,459
FTSE 100	£2,745	£3,787	£5,362

Figure 35: **CEO total remuneration from 2013-2022**

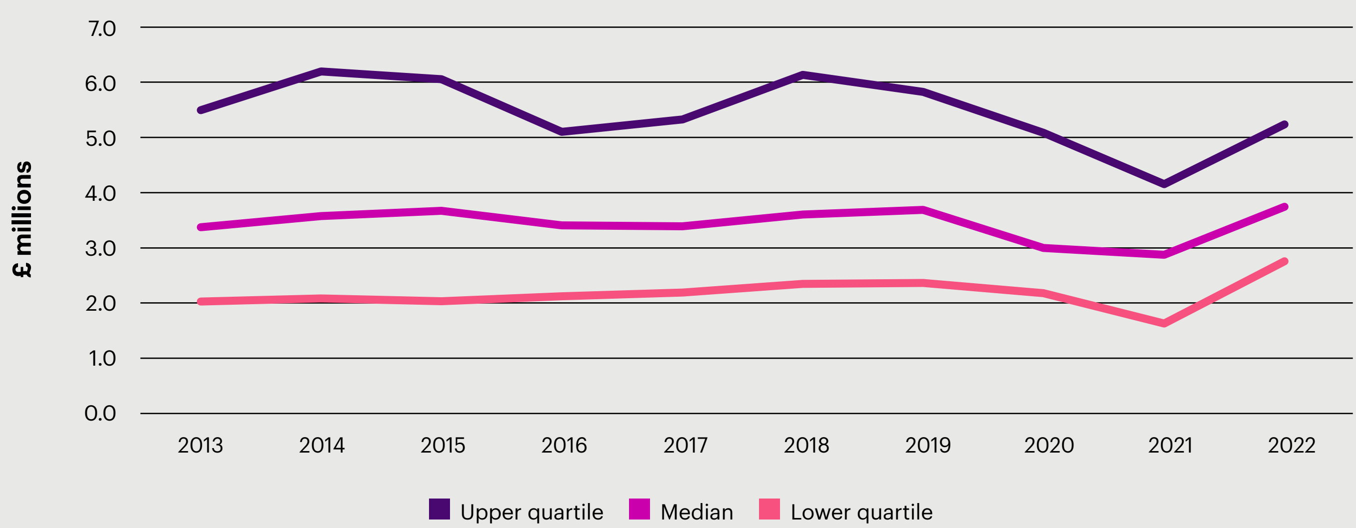
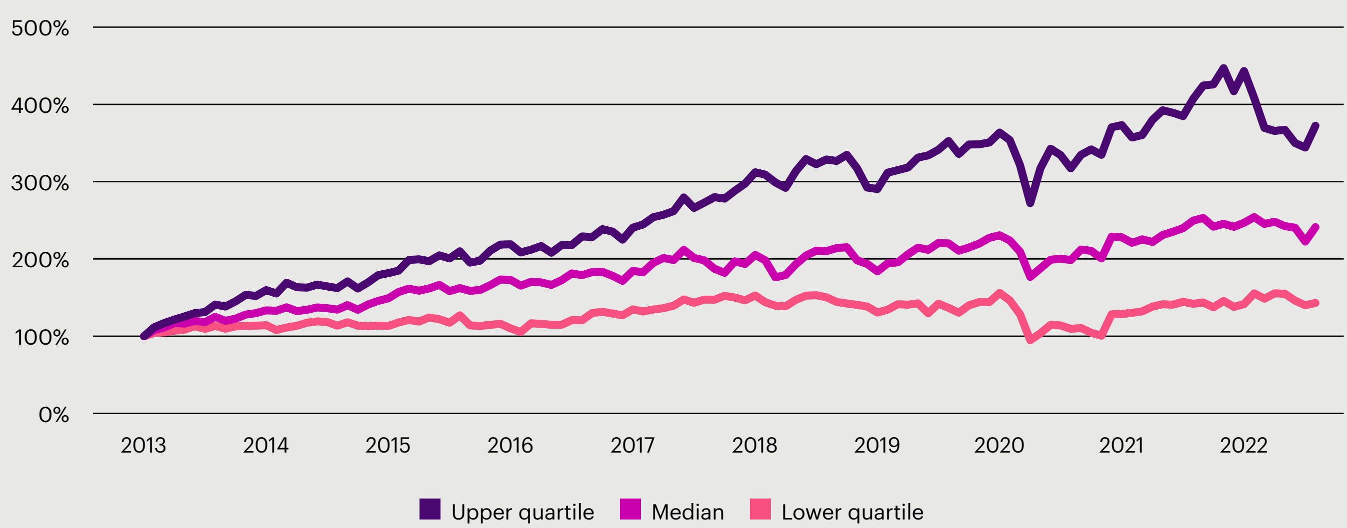


Figure 36: **FTSE 100 total shareholder return (TSR) performance from 2013-2022**



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; these are broadly unchanged since last year. Around 75% of companies in the FTSE 100 have a higher guideline for the CEO than other EDs.

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 (over 85% of companies).

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

	Lower quartile	Median	Upper quartile
FTSE 30	300%	400%	500%
FTSE 50	300%	400%	500%
FTSE 100	265%	300%	400%

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

	Lower quartile	Median	Upper quartile
FTSE 30	200%	300%	400%
FTSE 50	200%	250%	300%
FTSE 100	200%	225%	300%

Actual median shareholdings

In the FTSE 100, CEO actual shareholdings are generally higher than the guidelines *(Figure 39)*, although CEO figures for the FTSE 30 and FTSE 50 are significantly lower than last year's (around 700% of salary) due to index constituent changes and the departure of a few long-standing/founder CEOs with very large shareholdings.

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

	CEO	CFO
FTSE 30	555%	265%
FTSE 50	555%	300%
FTSE 100	555%	185%

Post-cessation shareholding guidelines

Over 95% of companies in the FTSE 100 now operate post-cessation shareholding guidelines and around 75% of those are compliant with the IA guideline of 100% of the in-employment guideline (or 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.

Non-executive director market data

The figures below set out fee levels paid to non-executive directors (NEDs) 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 40)* have typically increased by around 3% at median since last year, in line with increases for the wider workforce.

NEDs 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 30	£625,000	£679,000	£761,000
FTSE 50	£426,000	£622,000	£700,000
FTSE 100	£344,000	£425,000	£625,000

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

	Lower quartile	Median	Upper quartile
FTSE 30	£82,000	£95,000	£101,000
FTSE 50	£75,000	£82,000	£98,000
FTSE 100	£66,000	£75,000	£85,000

Figure 42: **Senior independent director fee**

	Lower quartile	Median	Upper quartile
FTSE 30	£29,000	£34,000	£45,000
FTSE 50	£21,000	£30,000	£40,000
FTSE 100	£15,000	£20,000	£30,000

Basic NED fees have also increased by around 2-3% at most quartiles, while senior independent director premia are unchanged at median apart from the FTSE 30, which has gone up by 13% due to a few double-digit increases. There have been virtually no changes to Remuneration committee chairmanship or membership fees. In respect of committee chairmanship fees, we observe 10-15% increases amongst FTSE 100 Audit, Nomination and Risk committees, whereas committee membership fees are broadly unchanged.

Whilst ESG committee fees, both chairmanship and membership, are broadly unchanged since last year there has been a continued increase in the prevalence of ESG committees especially amongst the very largest companies; over 75% of the FTSE 30 and 55% of the FTSE 100 now have ESG committees (up from 53% and 46% respectively in 2021).

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

Audit committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£37,000	100%	£24,000	67%
FTSE 50	£32,000	100%	£21,000	52%
FTSE 100	£25,000	100%	£15,000	49%

Remuneration committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£35,000	100%	£20,000	67%
FTSE 50	£30,000	98%	£18,000	52%
FTSE 100	£21,000	97%	£15,000	47%

Nominations committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£26,000	13%	£15,000	60%
FTSE 50	£20,000	18%	£15,000	44%
FTSE 100	£17,000	23%	£10,000	39%

Risk committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£73,000	27%	£34,000	20%
FTSE 50	£69,000	20%	£32,000	16%
FTSE 100	£40,000	17%	£19,000	14%

ESG committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£32,000	73%	£20,000	50%
FTSE 50	£31,000	60%	£16,000	38%
FTSE 100	£22,000	51%	£15,000	29%

About WTW
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