Director remuneration in FTSE 100 companies

2024 market data report for executive and non-executive directors

September 2024

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TABLE OF CONTENTS

This report provides a final update for the 2024 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 2024.

Key headlines from the 2024 AGM season

Who changed what?

Although not a peak year, around a quarter of FTSE 100 companies (27%) tabled a new remuneration policy for approval this season, and over two-thirds of those made major changes to one or more element of remuneration.

30 companies increased variable pay opportunities under annual bonus (15 companies) and/or long-term incentive (LTI) plans (26 companies); 11 companies increased levels under both their annual and long-term plans. Half a dozen of the largest of these companies have made significant, atypical increases to the quantum of variable pay. Although this has not had a significant impact on annual bonus or median FTSE 100 LTI opportunties, performance share plan (PSP) levels have increased for both CEOs and CFOs in the FTSE 30 and FTSE 50.

A few companies also made structural changes to their variable pay: two companies have introduced hybrid (performance plus restricted shares) plans for their US executive directors (EDs); one has replaced its bonus + PSP structure with a single variable plan (SVP), while another has done the opposite and reverted to market-standard arrangements. Around 75% of the FTSE 100 continue to operate market-standard variable pay structures, i.e., annual bonus + PSP, with the remainder operating alternative structures.

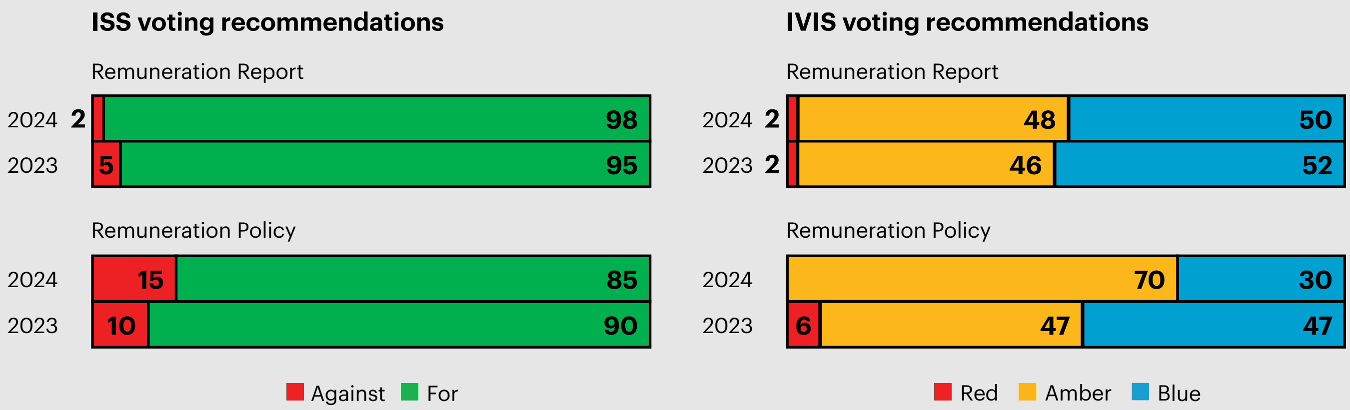
Other notable policy changes include:

- reductions in the proportion of annual bonus requiring deferral (in 4 of the 6 companies, this applies once the shareholding guideline has been met); and
- increases to shareholding requirements (10 companies), typically alongside increases to LTI opportunity.

How did proxy agencies react?

Overall, ISS recommendations have been slightly more favourable than last year, with 95% of all remuneration proposals receiving 'for' recommendations (up from 93%). Similarly, IVIS red-topped only 2% of remuneration reports and no remuneration policies (versus three last year).

Figure 1: **ISS and IVIS voting recommendations, 2023—2024**



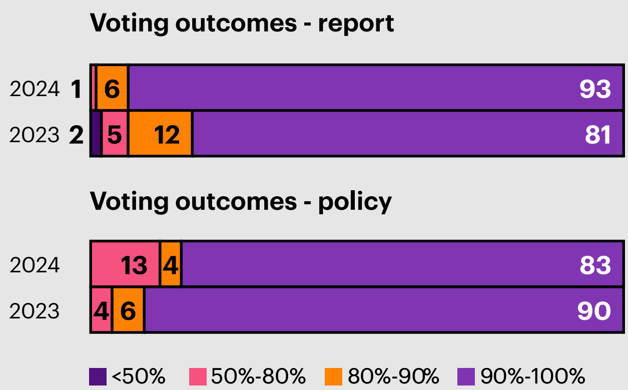
And what happened at AGMs?

The median AGM voting out-turn is also up slightly, versus 2023 at 96% for both remuneration reports and policies.

Only four companies so far have attracted low votes below 80%, versus nine last year. The issue of contention for most of this year's low votes is excessive increases/levels of variable pay and, in one case, no/insufficient action taken in response to a prior low vote.

Overall, the season has been relatively quiet and has, for most companies, reflected 'business as usual'. However, we expect more companies to move the dial in the years ahead which may impact voting outcomes.

Figure 2: **AGM voting outcomes, 2023-2024**



Key trends from the 2024 AGM season

Pay out-turns for 2023/24

2022/23 median single figure
£4.0 million

2023/24 median single figure
£4.1 million

The median annual bonus payout as a percentage of maximum has risen slightly to 77%, in line with long-term norms. Median LTIP vesting has increased significantly, from 67% to 77% of maximum, well above long-term norms.

Interventions:

- Bonuses at 26% of companies were reduced by the RemCo or partially waived by recipients (2022/23: 12%).
- Formulaic LTI outcomes were reduced at 4% of companies (2022/23: 8%), only one of which was due to windfall gains.
- Two companies increased outcomes, one for annual bonus (1% vs. 0% in 2022/23) and one for LTI vesting (1% vs. 2% in 2022/23).

Forward-looking salary

Median CEO/ CFO salary increase:
4.0%
below those of the wider workforce

Over 10% (up from fewer than 3%) of CEOs/CFOs received salary increases above 6.0% that were explicitly higher than those provided to the wider workforce; these ranged from 7.3% to 37.5%.

Non-executive directors

Around 65% of companies (2023: c. 60%) have increased Chair and/or basic NED fees. Median levels of increase are 4.5% for Chairs (2023: 4.0%), in line with median salary increases for the wider workforce, and 4.0% for NEDs (2023: 4.0%), in line with those for EDs.

Forward-looking variable pay

Annual bonus

15
2

Fifteen companies have increased bonus opportunities for one or more ED; two have decreased. Two companies have introduced market-typical bonus plans - one alongside a PSP in lieu of a SVP, and the other replaces a bonus based only on dividends earned on unvested share awards.

Long-term incentive plans

26
0

Twenty-six companies have increased LTI opportunities for one or more ED; none have decreased.

Malus and clawback

Fourteen companies have strengthened their malus and clawback policies in annual bonus and/or long-term incentive plans.

Executive director market data

Salary

- The tables below set out the quartile salary data for CEOs and CFOs in the FTSE 30, FTSE 50 and FTSE 100.
- Median salary increases were broadly unchanged (at 4% across both roles and all peer groups), but more aligned to those of the wider workforce (50% of CEOs received increases below those of the wider workforce, compared to 90% last year).

  A slightly greater proportion of companies applied no increase at all, up from 8% last year to around 10% this year.
- The median FTSE 100 CEO salary has increased by 3% from £944,000 to £975,000.
- We typically find a salary differential of 60% to 70% for the CFO to CEO role, with a median of 63%.

CEO

Figure 3: **CEO salary**

	Lower quartile	Median	Upper quartile
FTSE 30	£1,199,000	£1,357,000	£1,467,000
FTSE 50	£1,040,000	£1,234,000	£1,413,000
FTSE 100	£811,000	£975,000	£1,234,000

Figure 4: **CEO median salary increases**

FTSE 30	4.0%
FTSE 50	4.0%
FTSE 100	4.0%

Figure 5: **Proportion of companies awarding 0% increase to CEO salaries**

FTSE 30	10%
FTSE 50	8%
FTSE 100	9%

CFO

Figure 6: **CFO salary**

	Lower quartile	Median	Upper quartile
FTSE 30	£759,000	£800,000	£956,000
FTSE 50	£669,000	£760,000	£837,000
FTSE 100	£530,000	£606,000	£760,000

Figure 7: **CFO median salary increases**

FTSE 30	4.0%
FTSE 50	4.0%
FTSE 100	4.0%

Figure 8: **Proportion of companies awarding 0% increase to CFO salaries**

FTSE 30	7%
FTSE 50	7%
FTSE 100	10%

Benefits

- Retirement benefits for EDs are almost universally aligned with levels offered to the wider workforce.
- As full alignment has come into effect for most EDs, median defined contribution/cash allowance benefits have stabilised between 10% and 11% of salary.
- While disclosure on car allowance benefits practice is mixed, it continues to be a common benefit for EDs.

Pension contribution

- As shown in *Figures 9* and *10*, median defined contribution/cash allowance benefits have stabilised at 10% of salary for the FTSE 100 and FTSE 50, and 11% of salary for the FTSE 30.
- All FTSE 100 companies align pension provision for new EDs with that offered to the wider workforce.
- 97% of companies have aligned their provision for existing EDs. Of the remaining companies:
  - 2 have one or more EDs that are members of legacy DB plans; one has begun phased reductions, although full alignment is not planned, and the other still has no disclosed indication of planned changes; and
  - 1 has begun phased reductions, but full alignment will not be achieved by the end of 2024.

Figure 9: **Value of defined contribution/cash allowance for CEO (% of base salary)**

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

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

	Lower quartile	Median	Upper quartile
FTSE 30	10%	11%	14%
FTSE 50	10%	10%	12%
FTSE 100	8%	10%	12%

Car benefit

Almost 85% (up from 81%) of companies in the FTSE 100 disclose that EDs receive a car benefit or car allowance, although not all explicitly disclose its value. *Figure 11* provides data for those companies that do disclose the details of this benefit, including fuel allowances and company/personal drivers where applicable.

Figure 11: **Value of car benefit for Executive Directors**

	CEO	CFO
Upper quartile	£35,000	£20,000
Median	£20,000	£15,000
Lower quartile	£15,000	£15,000

Annual bonus plans

- Annual bonus payouts, just above 75% of maximum at median, are broadly in line with last year and typical longer-term levels for all peer groups and quartiles.
- Bonus opportunities have not changed significantly year-on-year, nor have plan designs: three-year annual bonus deferral is the norm and the structure of that deferral is broadly unchanged from previous years.
- We observe an increase in the prevalence of revenue metrics but a fall in 'return on' and strategic metrics.

Bonus pay-outs

Figure 12: **Bonus pay-outs for CEO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	69%	78%	86%
FTSE 50	66%	77%	87%
FTSE 100	56%	77%	88%

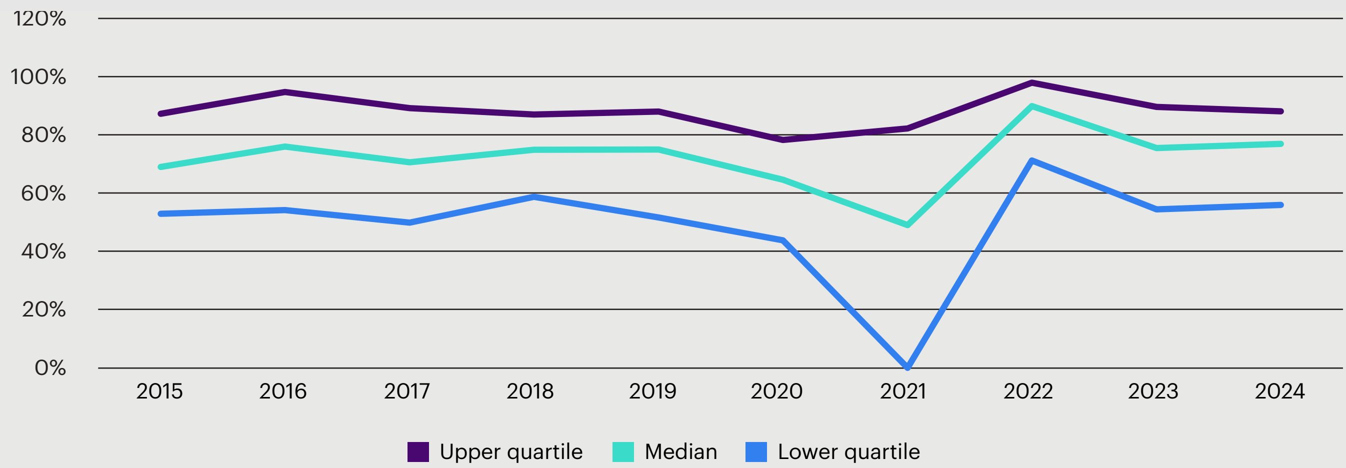
Figure 13: **Bonus pay-outs for CFO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	66%	77%	84%
FTSE 50	66%	77%	87%
FTSE 100	53%	73%	88%

Bonus pay-outs over time

Following two years of pandemic-related lows and exceptionally high levels in 2022, FTSE 100 bonus pay-outs as a percentage of maximum are in line with last year's and have broadly returned to the typical levels observed in the 2010s.

Figure 14: **CEO bonus payouts, 2015-2024 (% of maximum opportunity)**



Maximum bonus opportunity

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

	Lower quartile	Median	Upper quartile
FTSE 30	200%	200%	250%
FTSE 50	180%	200%	225%
FTSE 100	155%	200%	215%

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

	Lower quartile	Median	Upper quartile
FTSE 30	165%	200%	205%
FTSE 50	150%	200%	200%
FTSE 100	150%	180%	200%

Performance measures in bonus plans

The median split of financial versus non-financial measures has remained stable over recent years (at 75% financial, 25% non-financial)

Figure 17 shows that profit/income continues to be the most prevalent measure used in FTSE 100 annual bonus plans, and the prevalence of most other financial metric categories remains similar to previous years, with the exception of revenue (up by more than 20% from 31% to 38%) and return on measures (down by 25%, from 15% to 12%). There has also been a reduction in the prevalence of strategic measures (down 20%, from 41% to 34%).

Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO remains unchanged at 20% of the annual bonus and *Figure 18* shows that these measures continue to be most often based on 'S' metrics, for example people/HR, customer service and I&D targets. The prevalence of all ESG categories is broadly similar to last year.

Figure 17: **Prevalence of performance measures in bonus plans**

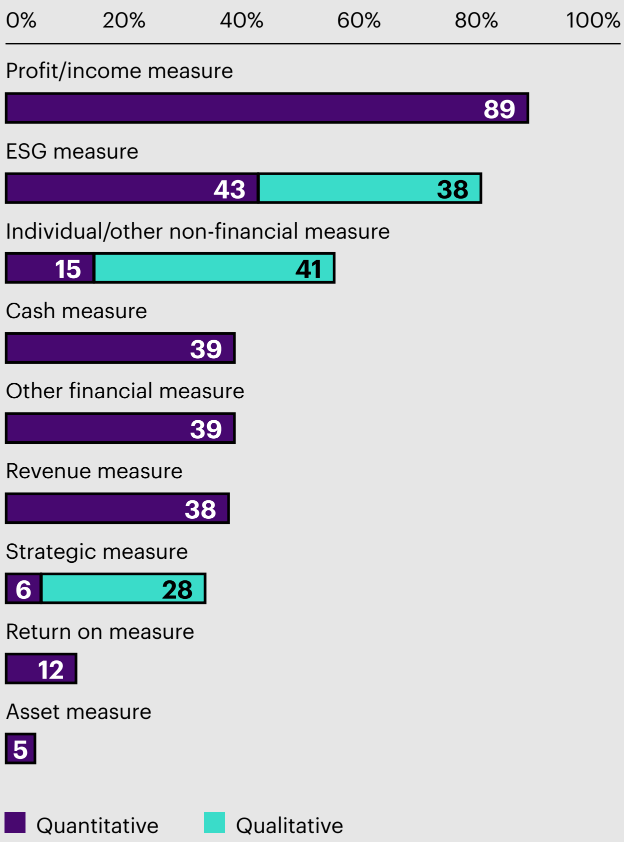


Figure 18: **Prevalence of ESG performance measures in bonus plans**

Bonus deferral

Compulsory deferral of some portion of the annual bonus continues to be majority practice (around 85% of the FTSE 100), and the requirement is usually expressed as a percentage of the bonus earned, with a median of 50% across all peer groups.

Figure 19: **Proportion of bonus deferred**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Up to 25.0%	0%	2%	1%
25.1%—33.0%	20%	20%	23%
33.1%—50.0%	47%	49%	44%
50.1%+	10%	8%	8%
No deferral	13%	10%	15%
% in excess of salary/other	10%	10%	9%

Deferred bonuses typically cliff vest after three years while average phased vesting periods are around 3.6 years.

Figure 20: **Deferral mechanism**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Deferral with no match	83%	88%	84%
Deferral with match	3%	2%	1%
No deferral	13%	10%	15%

Figure 21: **Deferral time period**

	% of FTSE 30	% of FTSE 50	% of FTSE 100
Two years	3%	10%	15%
Three years	67%	67%	60%
No deferral	13%	10%	15%
Phased	17%	12%	10%

Malus and clawback

Malus and clawback provisions remain ubiquitous in FTSE 100 annual bonus plans:

- 98% have the ability to operate clawback on the cash bonus; and
- 95% 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.

Over 50% of companies putting new remuneration policies to vote this year included strengthened or expanded clawback and malus triggers. Almost half of these reflect changes required following the US SEC's adoption of final rules under the Dodd-Frank Act.

Long-term incentive plans (LTIPs)

- LTIP vesting levels, 74% of maximum at median, have increased around 15% since last year and are above long-term trends.
- While the performance share plan (PSP) continues to be most prevalent, almost a quarter of companies continue to operate an LTIP other than a PSP. However, the proportion of these that operate plan types other than PSPs as the EDs' only LTIP has dropped from 74% to 55%. This is due to some companies switching (typically) from restricted share plans (RSPs) to PSPs and others introducing hybrid arrangements (typically RSPs alongside PSPs).
- There has been steady growth in the prevalence of profit/income and ESG metrics in PSPs, although we observe a fall in the overall weighting of ESG measures at all quartiles.

PSP pay-outs

We observe the same payouts, as a percentage of maximum, for CEOs and CFOs, as they generally participate in the same plan with the same performance measures.

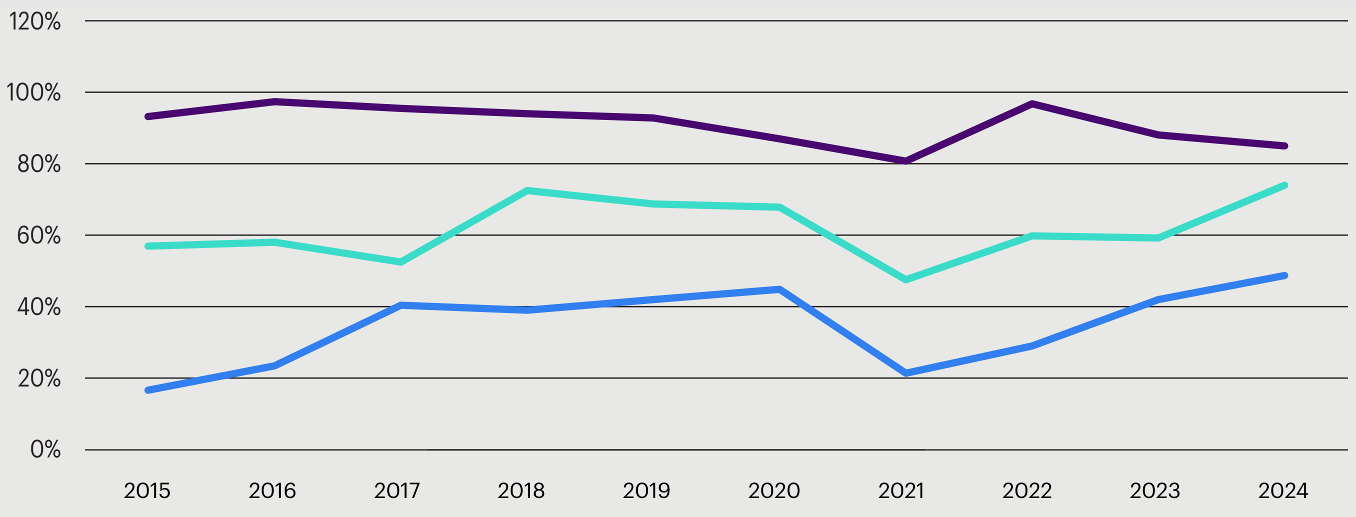
Figure 22: **PSP pay-outs (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 30	49%	78%	93%
FTSE 50	56%	75%	89%
FTSE 100	49%	74%	85%

PSP pay-outs over time

As FTSE 100 PSP pay-outs were no longer impacted by the pandemic, median and lower quartile levels have increased beyond even pre-pandemic levels, while the upper quartile has fallen a little since last year.

Figure 23: **PSP pay-outs, 2015-2024 (% of maximum opportunity)**



Types of LTIPs

The most prevalent LTIP continues to be the PSP, operated by 86% of FTSE 100 companies. These represent 79% of LTIPs offered to EDs; other types include RSPs (17%) and share options (3%), with the remainder made up of alternative arrangements such as value creation (VCP) and co-investment (CIP) plans.

Figure 24: **Number of LTIPs operated**

	FTSE 30	FTSE 50	FTSE 100
No plans	0%	0%	2%
One plan	80%	86%	87%
Two plans	20%	14%	10%
Three plans	0%	0%	1%

Maximum PSP opportunity

PSP opportunities for FTSE 100 EDs are unchanged since last year but we observe increases at median and upper quartile levels among FTSE 30 companies, and at the upper quartile among the FTSE 50.

Figure 25: **Maximum PSP opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	300%	415%	515%
FTSE 50	300%	370%	500%
FTSE 100	230%	300%	400%

Figure 26: **Maximum PSP opportunity for CFO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	270%	340%	440%
FTSE 50	225%	290%	380%
FTSE 100	200%	250%	300%

Exceptional PSP maximums

Twenty-two percent (2023: 23%) of companies that operate a PSP in the FTSE 100 disclose an exceptional award maximum in their policy. While this is still typically 33% to 50% above the usual maximum PSP opportunity, there is an increasing number of cases where the exceptional level is less that 30% above the usual maximum.

Maximum RSP opportunity

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

	Lower quartile	Median	Upper quartile
FTSE 100	100%	125%	160%

While the sample size remains small and maximum RSP opportunities are broadly unchanged year-on-year at the median and upper quartile, the lower quartile figure has increased a further 30% this year, increasing from around 60% to 100% of salary in two years.

PSP time horizons

Ninety-nine percent of FTSE 100 companies that operate PSPs have a total time horizon (i.e., performance plus holding periods) of at least five years and ninety-six percent operate a holding period; these figures are broadly unchanged over recent years. We do, however, observe increased standardisation in the length of performance periods (away from 5+ and towards 3 years) and holding periods (away from 3 towards 2 years).

Figure 28: **Length of performance period**

	FTSE 30	FTSE 50	FTSE 100
Three years	86%	88%	92%
Four years	0%	0%	1%
Five years	4%	2%	2%
More than five years	11%	9%	5%

Figure 29: **Length of holding period**

	FTSE 30	FTSE 50	FTSE 100
One year	11%	9%	6%
Two years	75%	81%	88%
Three years	7%	5%	2%
No holding period	7%	5%	4%

PSP performance measures

The median split of financial vs. non-financial measures has changed slightly from 85%/15% to 87.5%/12.5%.

Figure 31 shows that TSR (or other market-based measures) continues to be the most prevalent measure used in FTSE 100 PSPs, although the prevalence of profit/income measures has increased this year (up 14%, from 58% to 66%). There has been a reduction in the prevalence of individual/other non-financial measures this year (down by 33%, from 15% to 10%) while ESG prevalence continues to increase (up 10%, from 63% to 69%), albeit at slower rate than in recent years. This is especially true of environment & sustainability measures, which are up 10%, from 58% to 64%.
Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO has dropped to 17% this year, from the relatively stable 20% of the last few years. This fall is also observed at the lower and upper quartiles (from 15% to 10% and from 25% to 22% respectively).

Figure 30: **Median split of performance measures in PSPs**

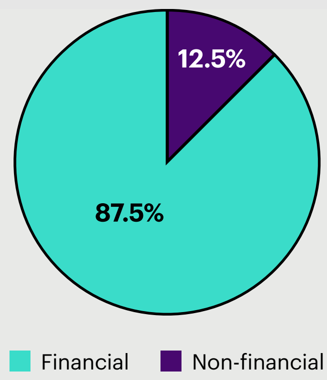


Figure 31: **Prevalence of performance measures in PSPs**

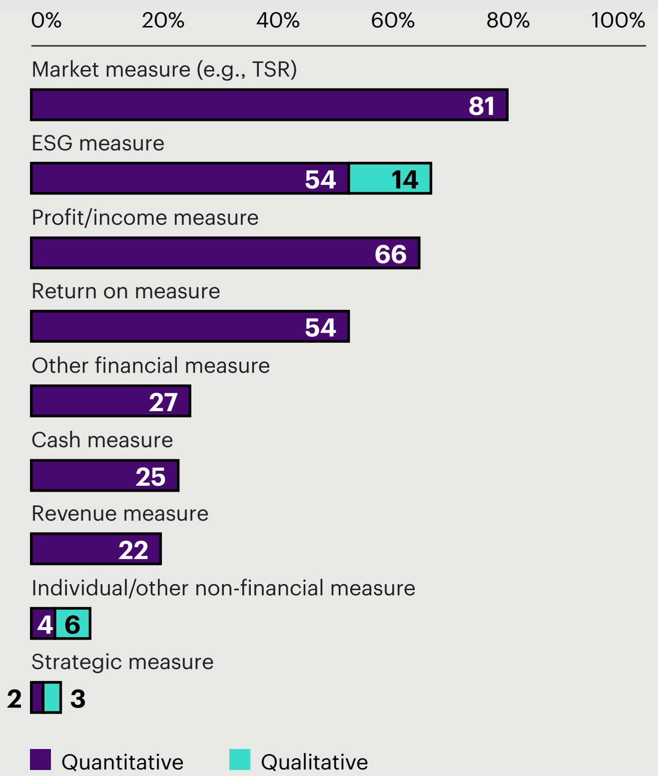


Figure 32: **Prevalence of ESG performance measures in PSPs**

Malus and clawback

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.

Over 50% of companies putting new remuneration policies to vote this year included strengthened or expanded clawback and malus triggers. As with annual bonus provisions, almost half of these reflect changes required following the US SEC's adoption of final rules under the Dodd-Frank Act.

Clawback provisions continue to apply most commonly for two years after the shares have vested. However, for those companies needing to align themselves with the US SEC requirements, provisions for clawback in circumstances of material misstatement will now apply for up to three financial years.

Single figure

CEO single figure

The FTSE 100 CEO single total figure of remuneration (STFR) has not changed significantly at median but increased by around 10% at the lower quartile and around 20% at the upper quartile since last year.

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 33: **CEO STFR (000s) in 2023/24**

	Lower quartile	Median	Upper quartile
FTSE 30	£4,550	£6,604	£9,936
FTSE 50	£4,000	£5,127	£8,265
FTSE 100	£2,894	£4,109	£6,319

Figure 34: **CEO STFR from 2015-2024**

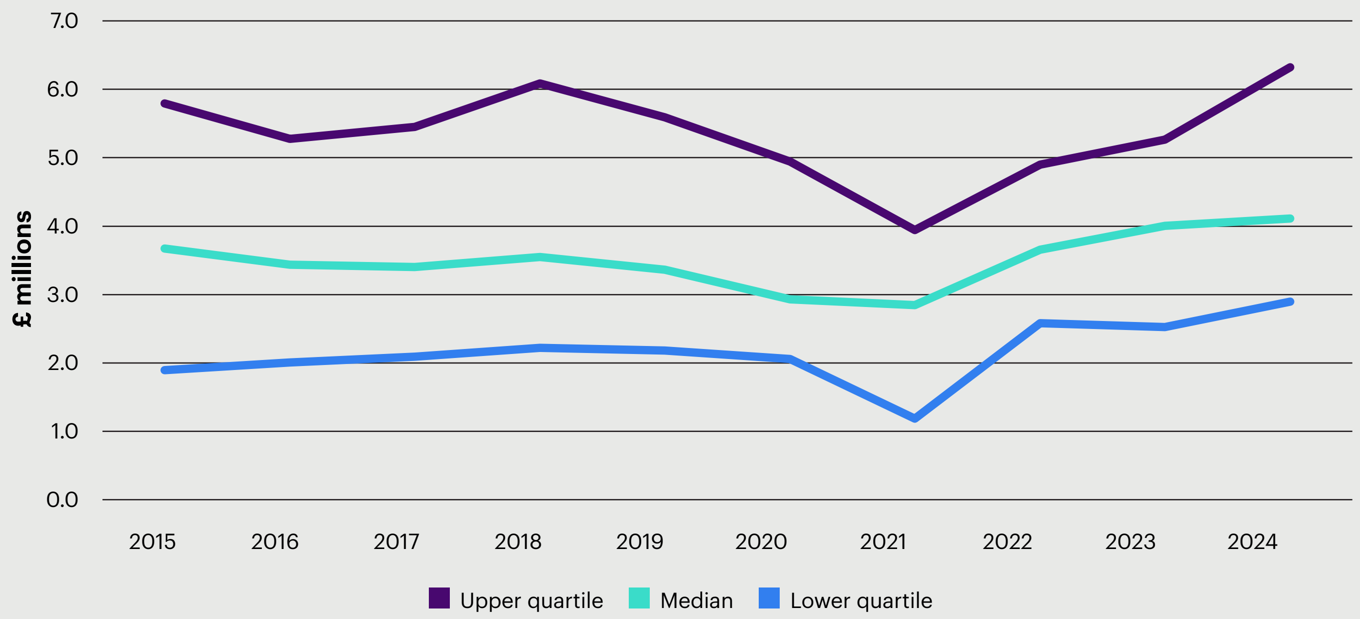
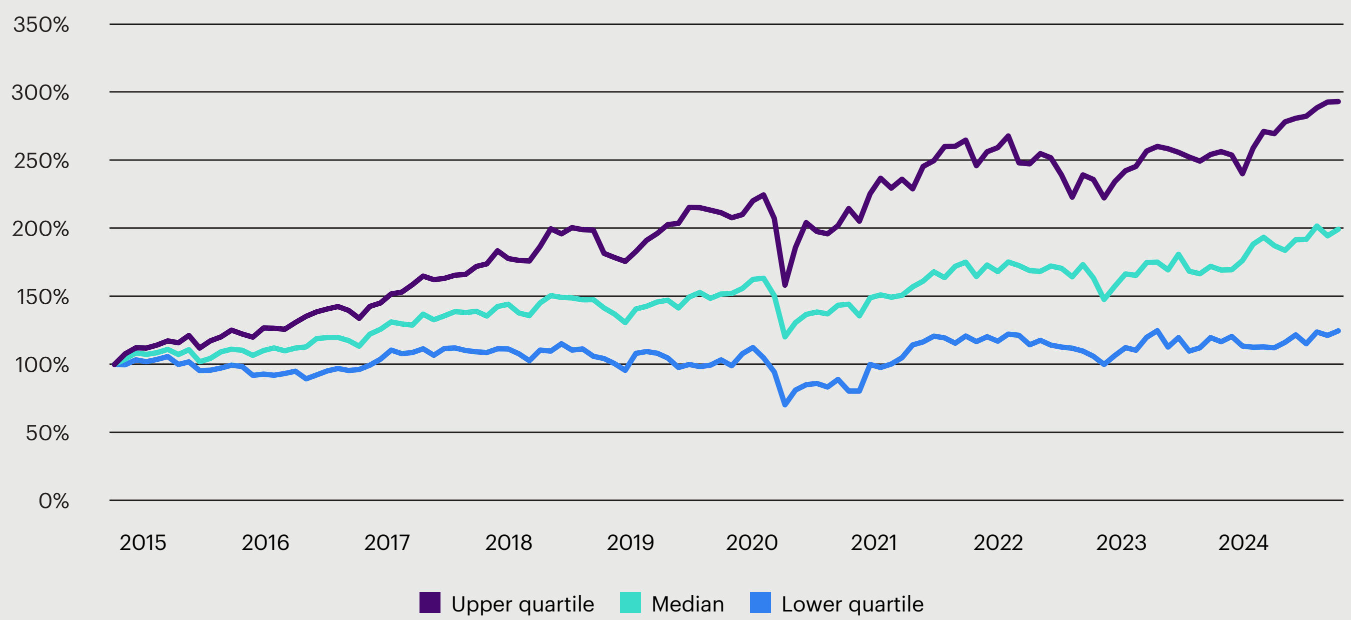


Figure 35: **FTSE 100 total shareholder return (TSR) performance from 2015-2024**



Shareholding guidelines

The tables below set out the level of shareholding guidelines in the FTSE 30, FTSE 50 and FTSE 100 for both the CEO and CFO. While median levels have remained broadly stable for several years, we are starting to see an increase amongst the FTSE 30 (up from 400% to 450% of salary) as shareholding requirements follow increased long-term incentive opportunities. The proportion of companies in the FTSE 100 with a higher guideline for the CEO than other EDs remains unchanged (around 75%).

Over 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 90% of companies).

Figure 36: **Shareholding guidelines for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 30	300%	450%	500%
FTSE 50	300%	400%	500%
FTSE 100	250%	300%	450%

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

	Lower quartile	Median	Upper quartile
FTSE 30	210%	300%	400%
FTSE 50	205%	290%	345%
FTSE 100	200%	250%	300%

Actual median shareholdings

Median levels of EDs' beneficial interest in shares have increased again after several years of falls, with actual shareholdings exceeding policy requirements for CEOs of all peer groups. Actual shareholdings for FTSE 30 and FTSE 50 CFOs also exceed policy requirements, while levels for the broader FTSE 100 (which are unchanged on prior year) remain below. Note that most companies' shareholding guidelines allow all shares that are no longer subject to performance conditions to count towards the policy guidelines, including vested deferred bonus and LTI shares in holding periods. This means that the number of beneficial shares held does not necessarily reflect whether or not EDs meet their company's shareholding requirements.

Figure 38: **Actual median shareholdings (% of base salary)**

	CEO	CFO
FTSE 30	480%	325%
FTSE 50	555%	255%
FTSE 100	490%	150%

Post-cessation shareholding guidelines

While the prevalence of post-cessation shareholding guidelines is almost universal (96% of companies), and IA-compliance remains the same as last year (at 80%), the reason for continued non-compliance is now most commonly that the required holding, post-cessation, is lower than that required whilst in employment.

Non-executive director market data

The tables 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 39)* have increased by 2-4% at most quartiles since last year.

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

Figure 39: **Chairman fee**

	Lower quartile	Median	Upper quartile
FTSE 30	£651,000	£722,000	£800,000
FTSE 50	£450,000	£652,000	£756,000
FTSE 100	£350,000	£450,000	£659,000

Figure 40: **Basic non-executive director fee**

	Lower quartile	Median	Upper quartile
FTSE 30	£91,000	£100,000	£115,000
FTSE 50	£79,000	£90,000	£107,000
FTSE 100	£71,000	£78,000	£91,000

Figure 41: **Senior independent director premium**

	Lower quartile	Median	Upper quartile
FTSE 30	£35,000	£39,500	£49,000
FTSE 50	£25,000	£35,000	£45,000
FTSE 100	£16,500	£21,000	£35,500

Figure 42: **Median committee fee levels and prevalence**

Audit committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£40,000	100%	£25,000	70%
FTSE 50	£36,000	100%	£20,000	58%
FTSE 100	£25,500	99%	£16,500	51%

Remuneration committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£40,000	100%	£20,000	67%
FTSE 50	£35,000	98%	£20,000	56%
FTSE 100	£25,000	95%	£16,500	47%

Nominations committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	-	10%	£15,000	57%
FTSE 50	£20,500	16%	£15,000	46%
FTSE 100	£15,000	22%	£12,000	35%

ESG committee				
	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 30	£35,000	70%	£20,000	57%
FTSE 50	£35,000	60%	£20,000	46%
FTSE 100	£27,000	52%	£16,500	32%

Basic NED fees have increased by 3-5% at median and upper quartile, while senior independent director premia have increased more substantially, up 10-15% at lower and upper quartiles. Committee chairmanship and membership fees are broadly unchanged, although we observe increases of around 15% for FTSE 100 and FTSE 30 Remuneration committee chairs, and 15% and 25% for FTSE 100 Nomination and FTSE 50 ESG committee members, respectively. The prevalence of membership fees across all committees and most peer groups has also grown, with increases ranging from 5% to around 15% (in the case of ESG committees).

About WTW

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