Director remuneration in FTSE 250 companies

2024 market data report for executive and non-executive directors

December 2024

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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 250.

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 of 1st December 2024.

Key headlines from the 2024 AGM season

Who changed what?

Although not a peak year, just under one third of FTSE 250 companies (51 companies) tabled a new remuneration policy for approval this season, and around two-thirds of those made major changes to one or more element of remuneration.

42 companies increased variable pay opportunities for executive directors (EDs) under annual bonus (21 companies) and/or long-term incentive (LTI) plans (35 companies); 14 companies increased levels under both their annual and long-term plans. Although the rationales vary widely, ten companies have made significant, atypical increases to the quantum of variable pay. This has not had a significant impact on median annual bonus or LTI opportunities among FTSE 250 companies.

A few companies also made structural changes to their variable pay: four companies have introduced hybrid (performance plus restricted shares) plans; two have introduced 'stretch' elements into their performance share plans (PSPs); one has replaced its bonus + PSP structure with a single variable plan (SVP), while another has replaced its restricted share plan (RSP) with market-standard performance shares. Just over 70% of the FTSE 250 continue to operate market-standard variable pay structures, i.e. annual bonus + PSP, with the remainder operating alternative structures.

Other notable policy changes include:

- changes (typically reductions) in the proportion of annual bonus requiring deferral (in 7 of the 9 companies, a lower proportion is required to be deferred once part/all of the shareholding guideline has been met); and
- increases to shareholding requirements (6 companies), typically alongside increases to LTI opportunity.

How did proxy agencies react?

Both ISS and IVIS recommendations have been more positive this year than last with respect to remuneration reports, IVIS blue-topping 52% (2023: 42%) and red-topping only 5% (2023: 9%). Conversely, this year's remuneration policies have raised proportionately more concerns, with only around 26% of policies being blue-topped (2023: 51%).

And what happened at AGMs?

Despite this, voting outcomes have remained high, with median out-turns of 96% for remuneration reports (2023: 95%) and 95% for policies (2023: 96%).

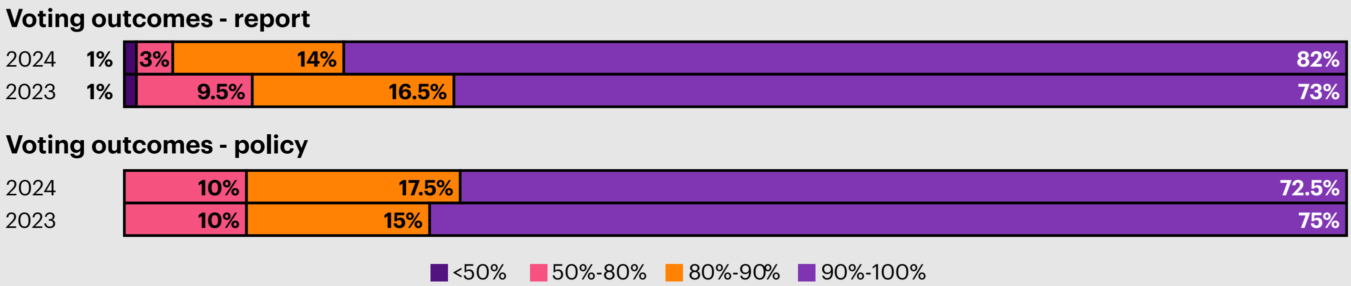
Two companies lost the vote on their remuneration reports (2023: one) and eight others (2023: 19) attracted low votes below 80%, five for their remuneration reports and five for their remuneration policies (two companies received low votes on both).

One of the lost votes was due to an insufficient response to prior shareholder dissent; the other to limited disclosure of termination arrangements, and potentially controversial payments thereof. The issues of contention for the low votes included:

- LTI awards being insufficiently performance based;
- the quantum of pay was considered excessive; and
- there being limited rationale for significant ED salary increases.

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 1: **AGM voting outcomes**



Key trends from the 2024 AGM season

Pay out-turns for 2023/24

2022/23 median single figure
£1.68 million

2023/24 median single figure
£1.71 million

The median annual bonus payout as a percentage of maximum has risen slightly to 72%, a little higher than long-term norms. Median PSP vesting has also increased a little, from 64% to 67% of maximum, well above long-term norms.

Interventions:

- Bonuses at 13% of companies were reduced by the RemCo or waived by recipients (2022/23: 14%).
- Formulaic LTI outcomes were reduced at 3% of companies (2022/23: 4%).
- Five companies increased outcomes, four for annual bonus (3% vs. 4% in 2022/23) and two for LTI vesting (1% vs. 4% in 2022/23).

Forward-looking salary increases

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

Over 10% of CEOs/CFOs received salary increases above 6.0% that were explicitly higher than those provided to the wider workforce; these ranged from 7.0% to 50.0%.

Non-executive directors

Around 55% of companies (2023: c. 50%) have increased Chair and/or basic NED fees. Median levels of increase are 4.4% for Chairs (2023: 5.0%), broadly in line with median salary increases for the wider workforce, and 4.0% for NEDs (2023: 4.6%), in line with those for EDs.

Forward-looking variable pay

Annual bonus

22
5

Twenty-two companies have increased bonus opportunities for one or more ED; five have decreased. One company has introduced a market-typical bonus plan, although the current EDs will not be eligible to participate in FY 2024/25.

Long-term incentive plans

36
5

Thirty-six companies have increased LTI opportunities for one or more ED; five have decreased.

Malus and clawback

Sixteen companies have strengthened malus and clawback policies in their annual bonus and/or LTIPs.

Executive director market data

Salary

- The tables below set out the quartile salary data for CEOs and CFOs in the full FTSE 250, as well as two sub-groups - those companies ranked in the top 50 (FTSE 101-150) and the rest (FTSE 151-350).
- Median salary increases were a little lower than last year (at 4% across both roles for most peer groups), but more aligned to those of the wider workforce (around 60% of CEOs received increases below those of the wider workforce, compared to 80% last year).
- A smaller proportion of companies applied no increase at all, down from 15% last year to around 13% this year.
- The median FTSE 250 CEO salary has increased by 2.85% from £632,000 to £650,000.
- We typically find a salary differential of 60% to 70% for the CFO to CEO role, with a median of 66%.

CEO

Figure 2: **CEO salary**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£719,000	£773,000	£853,000
FTSE 151-350	£537,000	£618,000	£717,000
FTSE 250	£555,000	£650,000	£771,000

Figure 3: **CEO median salary increases**

FTSE 101-150	3.0%
FTSE 151-350	4.0%
FTSE 250	4.0%

Figure 4: **Proportion of companies awarding 0% increase to CEO salaries**

FTSE 101-150	14%
FTSE 151-350	13%
FTSE 250	13%

CFO

Figure 5: **CFO salary**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£464,000	£497,000	£550,000
FTSE 151-350	£372,000	£416,000	£475,000
FTSE 250	£384,000	£439,000	£494,000

Figure 6: **CFO median salary increases**

FTSE 101-150	3.0%
FTSE 151-350	4.0%
FTSE 250	4.0%

Figure 7: **Proportion of companies awarding 0% increase to CFO salaries**

FTSE 101-150	14%
FTSE 151-350	10%
FTSE 250	11%

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 8% and 10% 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 8* and *9*, median defined contribution/cash allowance benefits have stabilised around 8% of salary for the FTSE 250 and FTSE 151-350, and 10% of salary for the FTSE 101-150.
- All FTSE 250 companies explicitly align pension provision for new EDs with that offered to the wider workforce, apart from one company where this is not disclosed.
- 98% of companies have also aligned their provision for existing EDs. None of the 3 remaining companies have made any commitment to change or review existing ED pension provision.

Figure 8: **Value of defined contribution/cash allowance for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	7%	10%	13%
FTSE 151-350	5%	7%	10%
FTSE 250	5%	8%	10%

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	7%	10%	14%
FTSE 151-350	5%	8%	10%
FTSE 250	6%	8%	10%

Car benefit

Around 70% of companies in the FTSE 250 disclose that EDs receive a car benefit or car allowance, although not all explicitly disclose its value. *Figure 10* provides data for those companies that do disclose the details of this benefit, including fuel allowances and company/personal drivers where applicable.

Figure 10: **Value of car benefit for Executive Directors**

	CEO	CFO
Upper quartile	£20,000	£18,000
Median	£17,000	£15,000
Lower quartile	£15,000	£12,000

Annual bonus plans

- Annual bonus payouts, just above 70% of maximum at median, are a little higher than last year and typical longer-term levels.
- 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 strategic measures (now around 40%).

Bonus pay-outs

Figure 11: **Bonus pay-outs for CEO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	49%	69%	85%
FTSE 151-350	44%	74%	93%
FTSE 250	44%	72%	91%

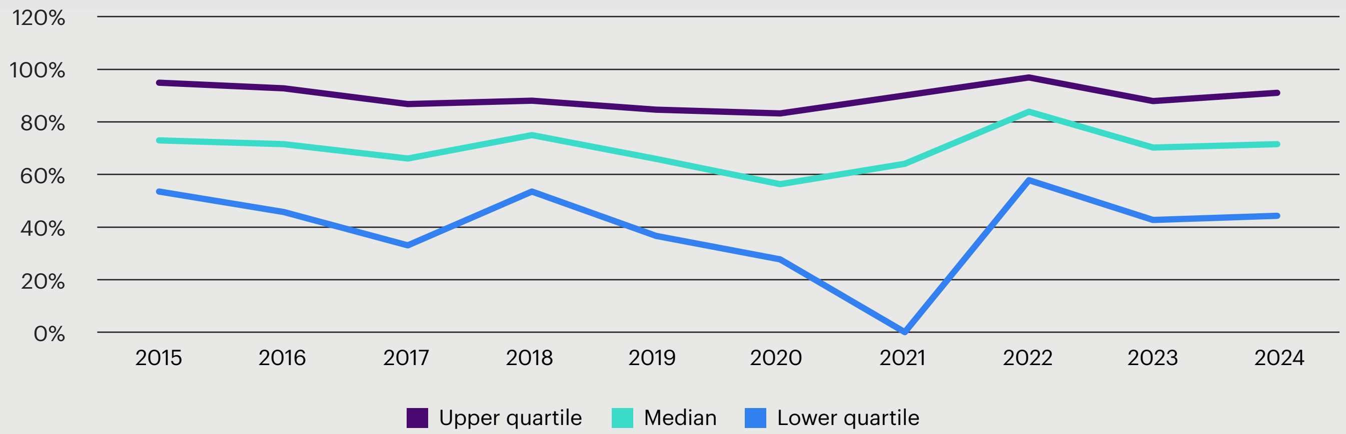
Figure 12: **Bonus pay-outs for CFO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	36%	68%	83%
FTSE 151-350	43%	71%	94%
FTSE 250	41%	70%	91%

Bonus pay-outs over time

Following two years of pandemic-related lows and exceptionally high levels in 2022, FTSE 250 bonus pay-outs as a percentage of maximum have stabilised and are a little higher than last year's and typical levels observed in the second half of the 2010s.

Figure 13: **CEO bonus payouts, 2015-2024 (% of maximum opportunity)**



Maximum bonus opportunity

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	150%	150%	200%
FTSE 151-350	145%	150%	175%
FTSE 250	150%	150%	195%

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

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

Performance measures in bonus plans

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

Figure 16 shows that profit/income continues to be the most prevalent measure used in FTSE 250 annual bonus plans, and the prevalence of most other financial metric categories remains similar to previous years. There has, however, been an increase in the prevalence of strategic measures (up 26%, from 31% to 39%).

Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO remains unchanged at 15% of the annual bonus and *Figure 17* 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 most ESG categories is broadly similar to last year, although there has been a c. 20% increase in both I&D and health & safety measures.

Figure 16: **Prevalence of performance measures in bonus plans**

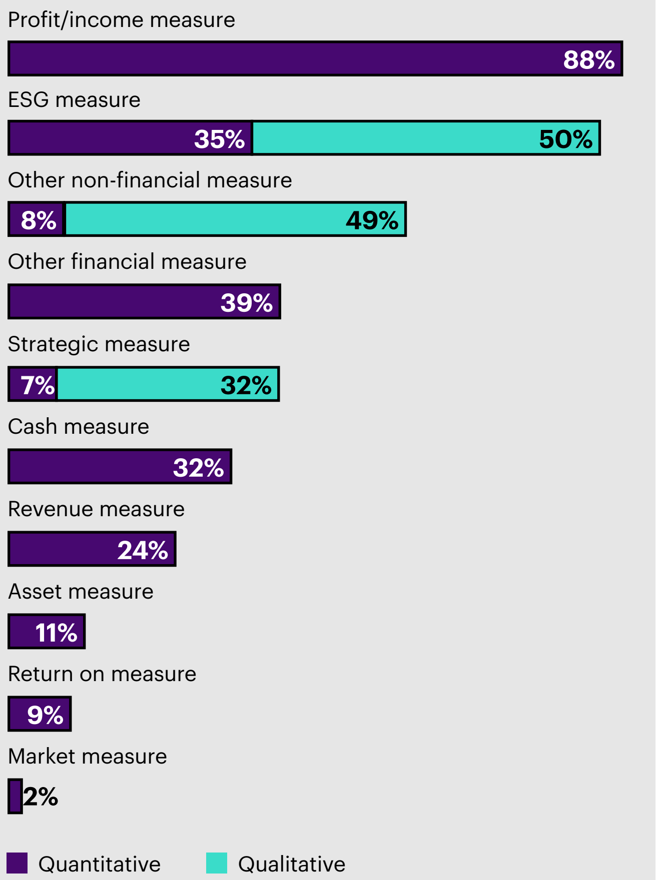
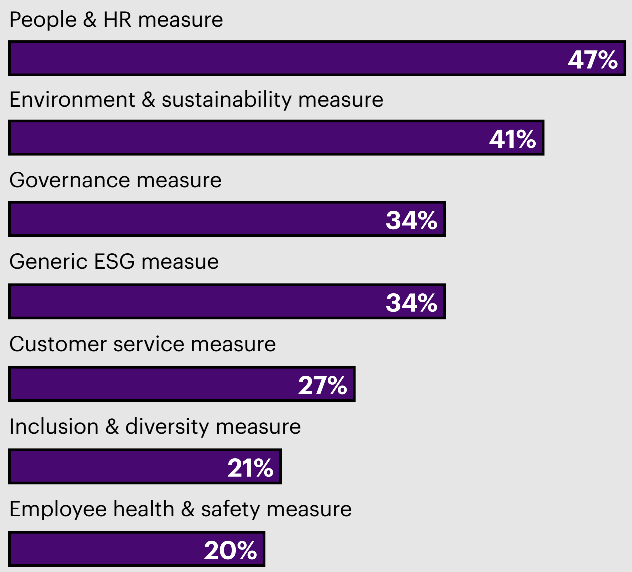


Figure 17: **Prevalence of ESG performance measures in bonus plans**



Bonus deferral

Compulsory deferral of some portion of the annual bonus continues to be majority practice (around 90% of the FTSE 250), and the requirement is usually expressed as a percentage of the bonus earned, with a median of 40%.

There has been much discussion in the UK about the reduced perceived value of bonus, compared to other markets where bonus deferral may be less common or nonexistent. An emerging trend this AGM season has been companies reducing deferral levels to increase the immediate liquidity of bonus, typically once the share ownership guideline (SOG) has been achieved or partially achieved. Nine FTSE 250 companies reduced levels of bonus deferral with seven linking the deferral reduction to achievement of SOGs.

Figure 18: **Proportion of bonus deferred**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Up to 25.0%	6%	8%	7%
25.1%—33.0%	19%	29%	27%
33.1%—50.0%	31%	27%	28%
50.1%+	17%	10%	12%
No deferral	6%	10%	9%
% in excess of salary/other	22%	14%	16%
Voluntary only	0%	1%	1%
Not disclosed	0%	2%	1%

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

Figure 19: **Deferral mechanism**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Deferral with no match	92%	89%	89%
Deferral with match	3%	0%	1%
No deferral	6%	10%	9%
Not disclosed	0%	2%	1%

Figure 20: **Deferral time period**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Two years	17%	24%	22%
Three years	58%	44%	47%
More than three years	3%	3%	3%
Phased	17%	18%	17%
No deferral	6%	10%	9%
Not disclosed	0%	2%	1%

Malus and clawback

Malus and clawback provisions remain ubiquitous in FTSE 250 annual bonus plans:

- 99% 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.

Almost one third of companies putting new remuneration policies to vote this year included strengthened or expanded clawback and malus triggers.

Long-term incentive plans (LTIPs)

- LTIP vesting levels, 67% of maximum at median, are higher than last year and are above long-term trends.
- While the PSP continues to be most prevalent, an increasing proportion of companies operate an alternative LTIP (21%, up from 16% last year). However, the proportion of these companies that operate plan types other than PSPs as the EDs' only LTIP has dropped from 88% to 76%. This is due to some companies switching (typically) from RSPs to PSPs and others introducing hybrid arrangements (typically RSPs alongside PSPs).

PSP pay-outs

We observe the same payouts, as a percentage of maximum, for CEOs and CFOs, as they generally receive awards subject to the same performance measures.

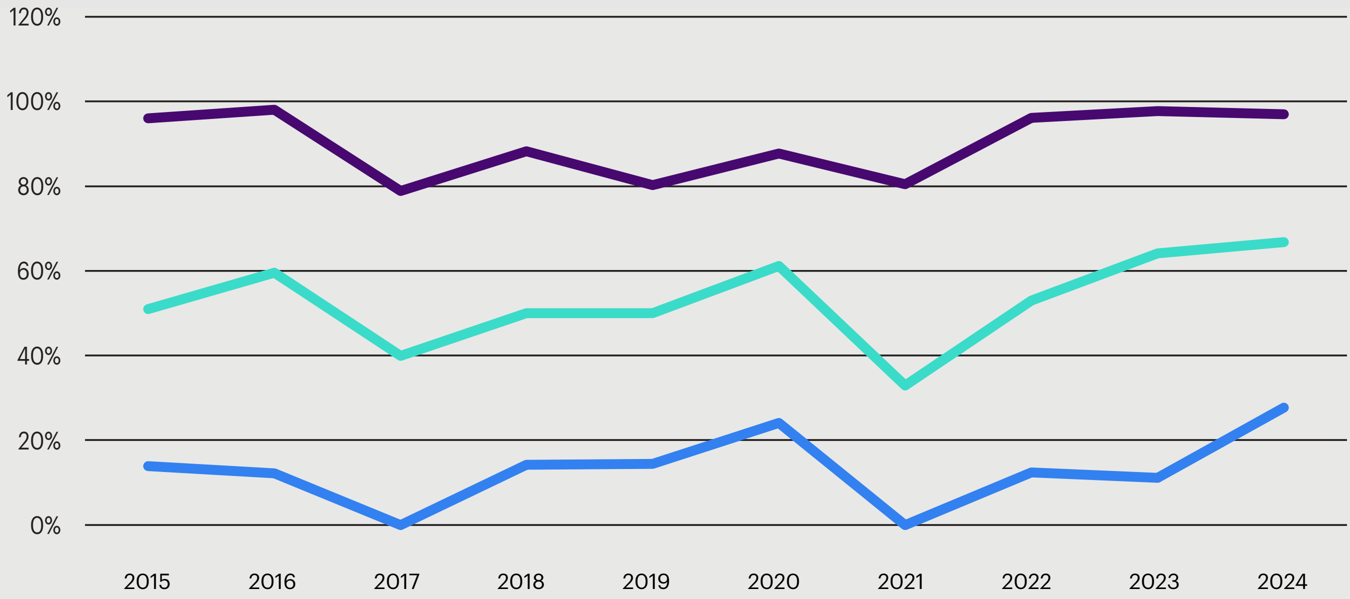
Figure 21: **PSP pay-outs (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	9%	71%	98%
FTSE 151-350	31%	65%	97%
FTSE 250	28%	67%	97%

PSP pay-outs over time

As FTSE 250 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 22: **PSP pay-outs, 2015-2024 (% of maximum opportunity)**



Types of LTIPs

The most prevalent LTIP continues to be the PSP; 79% of plans operated by FTSE 250 companies are PSPs. The next most prevalent vehicle is restricted shares (RSP) (13%) with the remainder made up predominantly of single variable (SVP) and value creation (VCP) plans.

Figure 23: **Number of LTIPs operated**

	FTSE 101-150	FTSE 151-350	FTSE 250
No plans	6%	6%	6%
One plan	86%	87%	87%
Two plans	8%	7%	7%

Maximum PSP opportunity

Median PSP opportunities for FTSE 250 EDs are unchanged since last year but we observe increases at the upper quartile (CEO only), and at both median (CEO only) and upper quartile levels among FTSE 101-150 companies.

Figure 24: **Maximum PSP opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	200%	235%	295%
FTSE 151-350	150%	200%	200%
FTSE 250	170%	200%	250%

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

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

Exceptional PSP maximums

Thirty percent (unchanged for several years) of companies that operate a PSP in the FTSE 250 disclose an exceptional award maximum in their policy. This is typically 25% to 50% above the usual maximum PSP opportunity.

Maximum RSP opportunity

Figure 26: **Maximum RSP opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 250	80%	100%	130%

Maximum RSP opportunities are generally in line with investor expectations of a 50% discount from PSP levels.

PSP time horizons

PSPs with a total time horizon (i.e., performance plus holding periods) of at least five years and holding periods are now ubiquitous (98%, unchanged over recent years).

Figure 27: **Length of performance period**

	FTSE 101-150	FTSE 151-350	FTSE 250
Three years	91%	96%	95%
Four years	0%	0%	0%
Five years	3%	2%	2%
More than five years	6%	2%	5%

Figure 28: **Length of holding period**

	FTSE 101-150	FTSE 151-350	FTSE 250
One year	6%	2%	3%
Two years	91%	95%	94%
Until retirement	3%	0%	1%
Until SOG is met	0%	1%	1%
No holding period	0%	2%	2%

PSP performance measures

The median split of financial and non-financial measures is unchanged (at 90% financial, 10% non-financial).

Figure 29 shows that TSR (or other market-based measures) continues to be the most prevalent measure used in FTSE 250 PSPs, closely followed by measures of profit/income (up from 73% last year). Prevalence of most other measures is similar to last year, although we observe an increase of almost 40% in cash measures (up from 8% last year).

Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO has dropped to 15% this year, from the relatively stable 20% of the last few years.

Figure 29: **Prevalence of performance measures in PSPs**

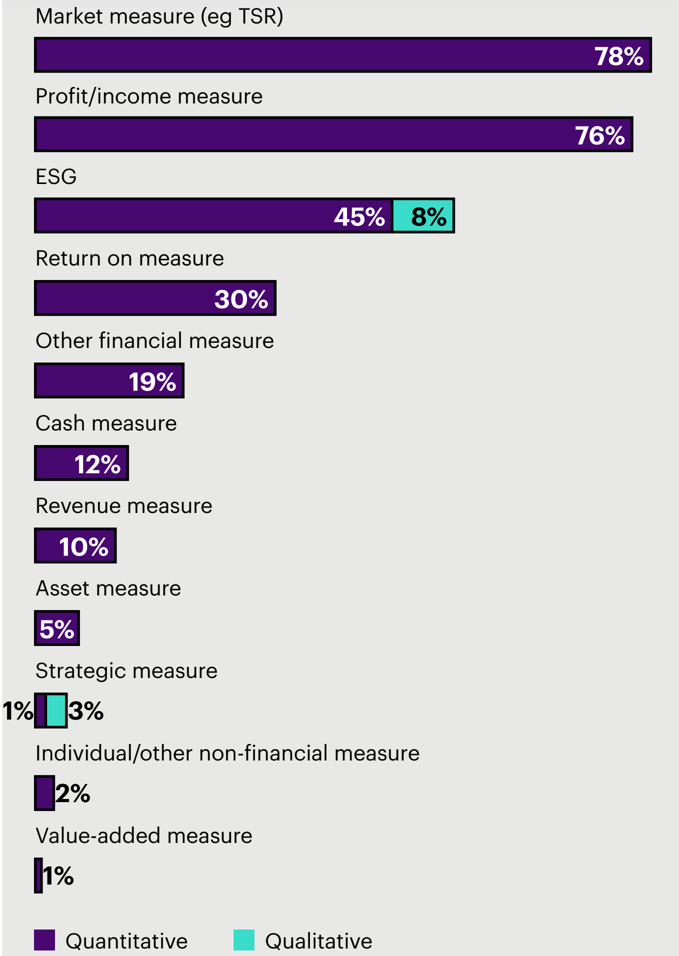
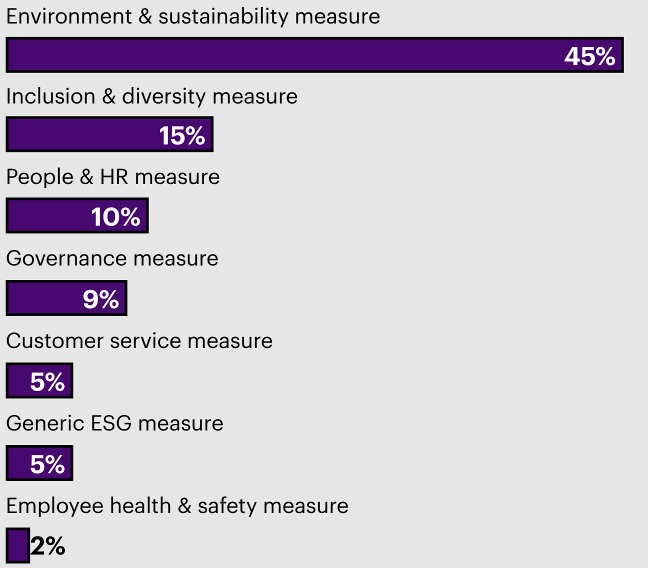


Figure 30: **Prevalence of ESG performance measures in PSPs**



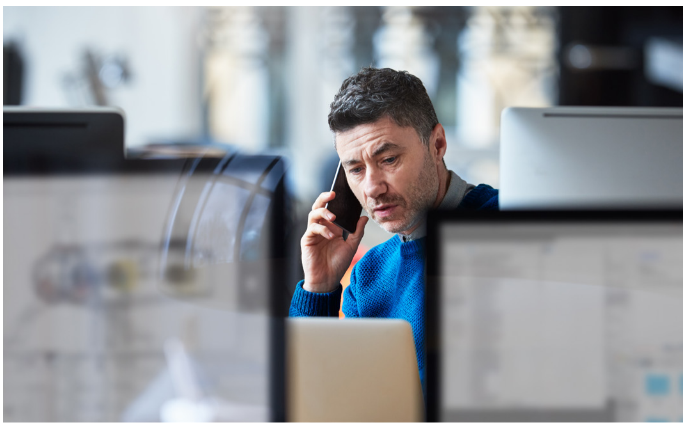
Malus and clawback

Malus and clawback provisions are also virtually universal in FTSE 250 LTI plans:

- 98% of companies have the ability to operate malus; and
- 97% 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.

Around one third of companies putting new remuneration policies to vote this year included strengthened or expanded clawback and malus triggers. 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 FTSE 250 CEO single total figure of remuneration (STFR) has not changed significantly at median (2023: £1,677k) but has increased by around 5% at the lower upper quartiles 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 31: **CEO STFR (000s) in 2023/24**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£1,602	£2,517	£2,893
FTSE 151-350	£1,081	£1,551	£2,367
FTSE 250	£1,157	£1,714	£2,557

Figure 32: **CEO STFR, 2015-2024**

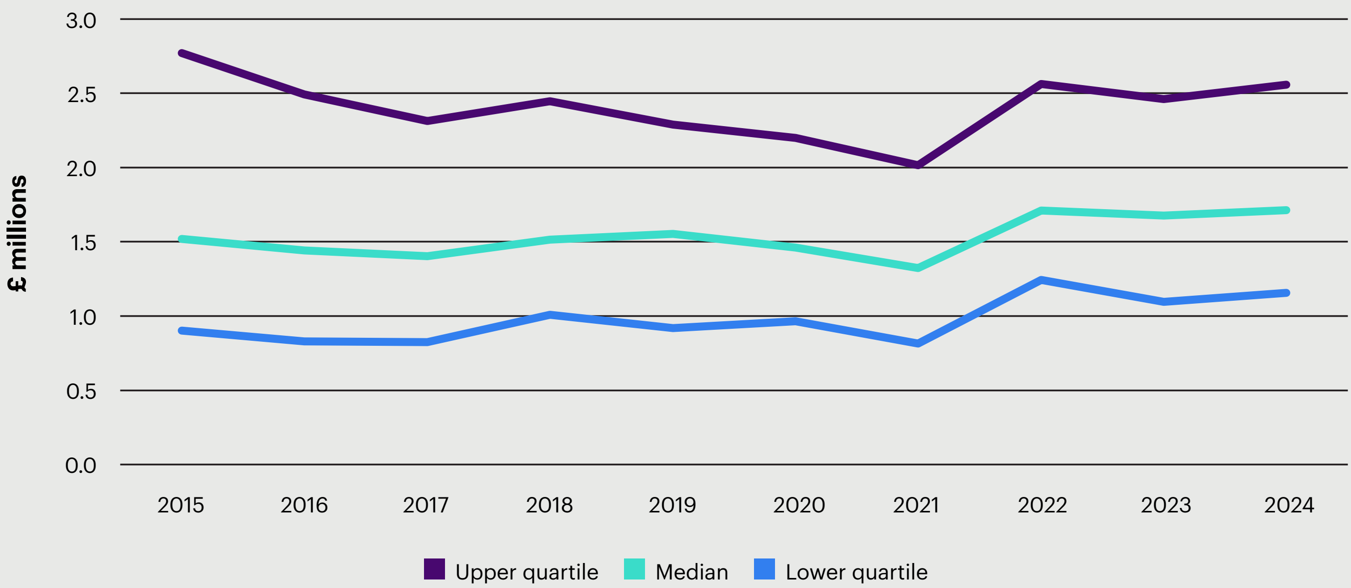
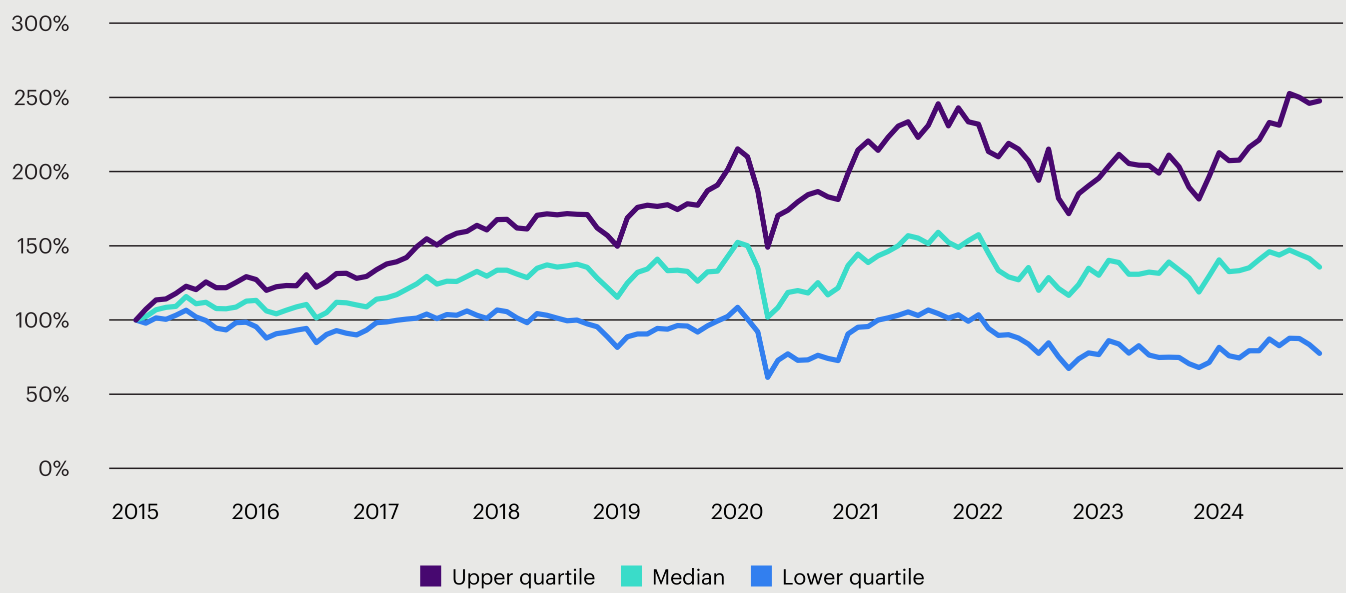


Figure 33: **FTSE 250 total shareholder return (TSR) performance, 2015-2024**



Shareholding guidelines

The tables below set out the level of shareholding guidelines in the FTSE 250, and two sub-sets thereof, for both the CEO and CFO. These are mostly unchanged since last year, apart from small increases in the median for FTSE 101-150 CEOs (from 225% to 250% of salary) and at the upper quartile for FTSE 101-150 CFOs (from 200% to 225% of salary). The proportion of companies in the FTSE 250 with a higher guideline for the CEO than other EDs remains unchanged (around 30%).

Just 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 (90% of companies).

Figure 34: **Shareholding guidelines for CEO (% of base salary)**

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

Figure 35: **Shareholding guidelines for CFO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	200%	200%	225%
FTSE 151-350	200%	200%	200%
FTSE 250	200%	200%	200%

Post-cessation shareholding guidelines

There has been little year-on-year change in market practice around post-cessation shareholding guidelines. Prevalence is almost universal, and unchanged at around 95% of companies, and IA-compliance remains around 70%. Where companies still do not comply with the IA guideline, it is typically because the requirement applies on a phased basis.

Actual median shareholdings

Levels of CEO and CFO beneficial interests in shares continue to fluctuate, although the median figure for FTSE 250 CEOs (275% of salary) remains above that of median policy requirements (200% of salary). 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 36: **Actual median shareholdings (% of base salary)**

	CEO	CFO
FTSE 101-150	215%	105%
FTSE 151-350	285%	90%
FTSE 250	275%	95%

Non-executive director market data

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

The Board chair is typically paid an all-inclusive fee for all responsibilities, based on company size, time commitment and role responsibilities. Just over half of FTSE 250 companies increased Chair fees this year, by 4.4% at median. However, taken together with changes to constituents and companies making no increase, the overall median fee *(Figure 37)* remains broadly unchanged since last year, at £236,000 (2023: £235,000).

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

Figure 37: **Chair fee**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£269,000	£324,000	£375,000
FTSE 151-350	£195,000	£230,000	£280,000
FTSE 250	£205,000	£236,000	£300,000

Figure 38: **Basic non-executive director fee**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£61,000	£65,000	£74,000
FTSE 151-350	£56,000	£60,000	£66,000
FTSE 250	£57,000	£61,000	£69,000

Figure 39: **Senior independent director premium**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£11,000	£13,000	£20,000
FTSE 151-350	£10,000	£10,500	£13,500
FTSE 250	£10,000	£11,000	£15,000

Figure 40: **Median committee fee levels and prevalence**

Audit committee				
	Chair fee	Chair fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£17,000	97%	£8,500	38%
FTSE 151-350	£11,500	92%	£5,500	22%
FTSE 250	£13,000	94%	£7,000	26%

Remuneration committee				
	Chair fee	Chair fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£15,000	97%	£8,500	41%
FTSE 151-350	£11,500	92%	£5,500	23%
FTSE 250	£12,500	93%	£7,000	27%

Nominations committee				
	Chair fee	Chair fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£15,000	31%	£7,000	28%
FTSE 151-350	£10,000	27%	£5,000	16%
FTSE 250	£11,000	28%	£5,000	19%

ESG committee				
	Chair fee	Chair fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£15,000	95%	£5,000	47%
FTSE 151-350	£11,500	83%	£5,500	21%
FTSE 250	£12,500	86%	£5,500	27%

Over half of FTSE 250 companies also increased basic NED fees this year, by a median of 4.0%. Overall, this has led to increases of 2-5% at most quartiles (*Figure 39*). Median SID premia for the full FTSE 250 and the FTSE 151-350 group have also increased by 5%.

Although FTSE 250 chair and membership fees for the ubiquitous audit and remuneration committees are broadly unchanged versus the prior year, changes in index constituents have led to a drop, of just under 10%, in both chair and membership fees for Nomination committees, and small reductions in the prevalence of fees paid for most committees.

Half of FTSE 250 companies now have an ESG committee, and we observe a 10% year-on-year increase in their median membership fees.

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at wtwco.com.

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