Director remuneration in FTSE 250 companies

2023 market data report for executive and non-executive directors

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This report provides a final update for the 2023 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 as of 1st September 2023.

Key headlines from the 2023 AGM season

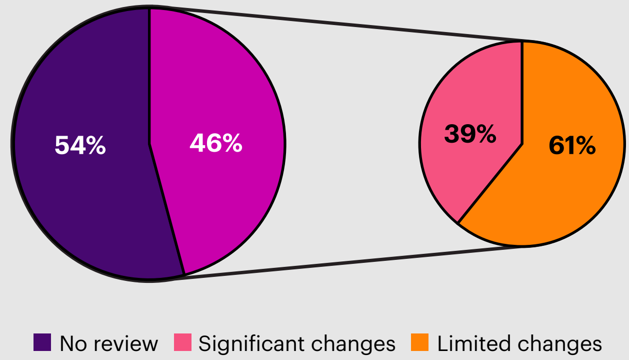
Who changed what?

2023 was expected to be a peak year for remuneration policy renewals. However, this triennial 'wave' appears to have flattened somewhat, due to companies occasionally putting policies to vote outside the three-year cycle as well as newly IPO'd companies joining the index over time.

Just under half of companies published a new policy for approval (2022: 27%), however the majority (61%) made only limited changes, such as:

- expanding/strengthening malus and clawback triggers; and
- reviewing the scope of Remuneration Committee discretion/flexibility in line with good governance, for example in relation to recruitment and leaver treatment.

Figure 1: **FTSE 250 remuneration policy reviews in 2023**



37 companies (23%) increased variable pay opportunities: 27 of these (73%) amended their annual bonus levels, 21 (57%) amended their long-term incentive (LTI) levels and 11 (30%) amended both. This has not had a significant impact on variable pay opportunities, with median CEO levels remaining steady around 150% and 200% of salary for annual bonus and long-term incentives respectively.

Few companies made structural changes to their variable pay: six companies introduced 'atypical' schemes (three introduced restricted share plans (RSP); one switched from a value creation plan (VCP) to a single variable plan (SVP); one introduced an additional one-off performance share plan (PSP); and one added a stretch/multiplier element to their PSP) and five are reverting to market-standard plans (four are reverting to PSPs, two from SVPs, one from a VCP, and one from a bonus banking/deferred share arrangement; and another is reverting to a market-standard annual bonus, again from a bonus banking arrangement). Over 75% of the FTSE 250 currently operate market-standard variable pay structures, i.e., annual bonus + PSP, with the remainder operating alternative structures.

How did proxy agencies react?

For the second year running, we observed a reduction in ISS 'Against' recommendations for both remuneration reports and policies. Similarly, IVIS red-topped only 8% of remuneration reports (13% in 2022) and blue-topped around half of all remuneration policies.

And what happened at AGMs?

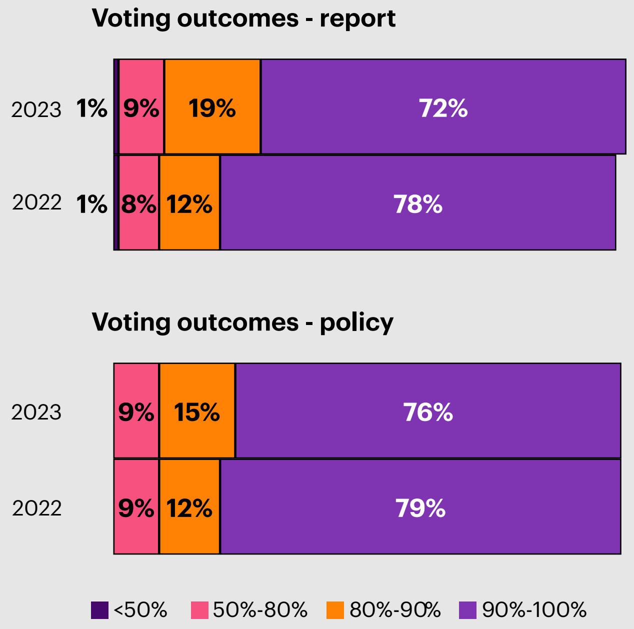
There was little change in the median AGM voting out-turn, which remained high at 95% for remuneration reports and 96% for remuneration policies.

One company lost the vote on its remuneration report and eighteen companies attracted low votes below 80%, fourteen for their remuneration reports and seven for their remuneration policies (three companies received low votes on both).

The lost vote was due to continued lack of disclosure of performance criteria under the personal and operational elements of bonus and LTI, despite prior shareholder dissent. The issues of contention for the low votes included:

- excessive levels of variable pay;
- either excessive or insufficient use of discretion; and
- pay for performance concerns, e.g., excessive bonus payouts given poor shareholder experience / financial metrics not being met in the year.

Figure 2: **AGM voting outcomes, 2022-2023**



Looking ahead to 2024

There has been much debate in recent months about the competitiveness of the UK as a place for businesses to list and thrive, with executive pay being a small but important part of this on-going debate. The layering of complex governance constraints, combined with an unrelenting focus on restraining quantum and a one-way approach to the application of discretion, has resulted in an environment which affords companies and Remuneration Committees little flexibility to respond to the dynamic market for executive talent.

Whilst the majority of UK companies are able to offer competitive packages versus the UK market, we see our country's largest global companies facing real challenges when seeking to attract the best talent globally at board level. This issue can extend through the top cadre of talent, as organisations face issues of pay compression; or have to accept a disparity in approach between how they pay executive directors versus significant international roles below the board. It is imperative that UK companies have the ability to compete for talent globally in order to succeed, drive growth and maximise the meaningful contribution that our largest companies make to the UK economy.

Such is the acuteness of this issue, the Capital Markets Industry Taskforce (CMIT) has been established, comprising CEOs, Chairs, and industry leaders, to maximise the impact of capital markets reform ensuring the UK is a place for businesses to "start, grow, scale and stay". CMIT recently published an open letter titled "Resetting the UK's approach to corporate governance", which set out a number of recommendations for how a recalibrated governance and stewardship regime could be applied in the UK to ensure that it actively contributes to economic growth and international competitiveness. A level playing field for UK companies globally is one of the underpinning principles.

CMIT suggests a reset and updated issuer and investor covenant with a new investor and issuer forum comprised of representatives from companies and investors to improve the engagement between Boards and their shareholders. Ultimately Boards are accountable to shareholders, and they should have the ability to exercise their judgement as appropriate acting in the best interests of the Company. This may include deviation from the "conventional" application of governance standards where in the long-term interests of the Company, with appropriate explanation provided. They should explain how their chosen strategy discharges their duties, including the role that remuneration plays in this. Boards should demonstrate accountability – for example, if a Board member is not performing this should not be deemed "routine retirement". The annual re-election of Directors is supported. CMIT suggests that the governance and fund management functions should be fully integrated with primacy given to the portfolio managers. While CMIT advocate global consistency in the application of principles, where this differs investors should make clear why this is the case. Equity owning investors should commit to best practice on engagement. Voting against without meaningful dialogue and/or outsourcing to proxy agencies without the ability to take back decisions is discouraged.

They also suggest a series of practical interventions:

- The 20% voting threshold on a resolution as set out in the Corporate Governance Code should be removed. In addition, the Investment Association's Public Register should be discontinued.
- Companies should genuinely have the ability to apply the Corporate Governance Code principles in their best interests. Moving from a "comply or explain" to "apply or explain" basis is suggested so that an alternative explanation would be categorised as compliance affording more flexibility.
- The 10% and 5% dilution limits in the Investment Association's Principles of Remuneration applying to share schemes and executive share schemes respectively should be raised or removed. CMIT states that these limits are outdated and restrict companies (particularly those that are growing quickly) using shares effectively as part of their remuneration strategy.
- Removal of "automatic" 50% discount from the Investment Association's Principles when moving from a Performance Share Plan to a Restricted Share Plan.

Ultimately, the Remuneration Committee has delegated authority to determine a Company's approach to remuneration for executives, taking into account wider workforce pay, while acting in the best interests of the Company and its shareholders.

However, in exercising their remit today, Remuneration Committees are required to balance the combined requirements of legislation, corporate governance guidelines, and the diverse views of investors (from governance and fund managers) and proxy agencies, whilst developing remuneration arrangements which are competitive and attractive in the context of the markets in which the company competes for talent. There is a lack of consensus, such that, for some Committees, it is no longer possible to satisfy all the varying perspectives provided to them on executive pay.

ESG

Emerging guidance around climate transition plans (e.g., Transition Plan Taskforce (TPT)) and enhanced ESG and climate-related financial reporting regulations (International Sustainability Standards Board (ISSB) and Corporate Sustainability Reporting Directive (CSRD)) reinforces the need for companies to have short-term KPIs measuring progress towards their long-term ESG commitments. Executive incentives are a recognised governance mechanism to drive accountability against these shorter-term metrics.

The prevalence of broader ESG metrics in variable pay has been growing rapidly in the last couple of years, now standing at over 80% and 50% in FTSE 250 bonus and LTI plans respectively; therefore, we expect the focus going forward to be on:

- refining climate and other ESG metrics;
- ensuring their strategic alignment and materiality; i.e., metrics that reflect a company's most material impact on global emissions and/or wider ESG issues; and
- robust disclosure, to demonstrate the strategic link and rationale behind metric selection.

In parallel, investor expectations are rising, requiring climate metrics to be measurable and quantifiable and calling for greater standardisation and comparability. This will likely mean:

- increased scrutiny around target calibration;
- higher expectations for external audit and independent verification; and
- the development of formal methodologies and benchmarks.

Pay Transparency

Finally, and thinking about the Remuneration Committee's broader remit, the increase in pay transparency regulations in the U.S., the EU and beyond means that millions of employees will have new rights to information about their pay to support pay equity. The Committee must ensure that their organisation has developed its approach to pay equity and pay transparency and is putting in place preparations to ensure its reward structures, polices and outcomes are ready for the increased level of scrutiny. Likewise, leaders, managers and employers will need to be prepared to handle the additional information. Investment in preparatory activities and pay adjustments should be anticipated so there are no unexpected financial management consequences.

Key trends from the 2023 AGM season

Pay out-turns for 2022/23

2021/22 median single figure
£1.76 million

2022/23 median single figure
£1.73 million

The median annual bonus payout as a percentage of maximum has fallen from 85% last year to 69% this year, back in line with long-term norms. Median LTIP vesting has increased, from 55% to 61% of maximum.

Interventions:

- 18% of companies altered formulaic outcomes for bonuses (16% in 2022) with 78% reducing and 22% increasing bonus outcomes; and
- 8% of companies altered formulaic LTI outcomes (7% in 2021) with half reducing and half increasing vesting outcomes.

Windfall gains

Only 3 companies adjusted the 2022/23 vesting of their LTI awards to account for windfall gains. Around 15 companies had already reduced 2020/21 awards at the time of grant, in anticipation of avoiding such gains.

Proxies and investors expressed concerns in respect of 3 companies that (amongst other contentious issues) did not adjust for windfall gains at vesting, despite significant share price falls around the time of grant, without a sufficiently compelling explanation.

Forward-looking salary

Median CEO/CFO salary increase:
4.0%/4.5%
below those of the wider workforce

Fewer than 10% of CEOs/CFOs received salary increases above 6.0% that were explicitly higher than those provided to the wider workforce; these typically ranged from 6% to 22%.

These salary decisions for EDs were made prior to the following macro-economic changes:

- annual private sector wages rose 7.7% in the 3 months from July to September, among the highest regular annual growth rates since comparable records began in 2021; and
- inflation fell to 4.7% in October 2023, down from a 40-year high of 11.1% a year earlier.

Forward-looking variable pay

Annual bonus

27 0

17% of companies have increased bonus opportunities for one or more ED.

ESG metrics: increased prevalence (now over 80%) with more cases of governance and environment/sustainability metrics.

Long-term incentive plans

21 5

13% of companies have increased LTI opportunities for one or more ED; 5 companies (3%) have decreased levels, three in the context of switching from performance to restricted shares.

ESG metrics: further growth in overall prevalence (now over 50%); although 'E' metrics remain most common, there have also been increases in I&D metrics.

Non-executive directors

Around half of companies have increased Chairman and/or basic NED fees. Median levels of increase are 5.0% for Chairman and 4.6% for NEDs, in line with ED and below wider workforce increases.

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).
- Salary increases were higher this year (up from around 3-3.5% to 4-4.5% across both roles and all peer groups), with a smaller proportion of companies applying no increase at all (down from around 20% last year to around 15% this year). Executive Director (ED) increases were typically around 2% below those awarded to the wider workforce as companies exercised restraint and focused budgets on the lower paid, who have been disproportionately affected by the recent high levels of inflation and cost of living increases.
- The median FTSE 250 CEO salary rose to £632,000, from £617,000 in 2022.
- We typically find a salary differential of 60% to 75% for the CFO to CEO role, with a median of 67%.

CEO

Figure 3: **CEO salary**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£662,000	£724,000	£786,000
FTSE 151-350	£529,000	£600,000	£701,000
FTSE 250	£555,000	£632,000	£749,000

Figure 4: **CEO median salary increases**

FTSE 101-150	4.5%
FTSE 151-350	4.0%
FTSE 250	4.0%

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

FTSE 101-150	11%
FTSE 151-350	17%
FTSE 250	15%

CFO

Figure 6: **CFO salary**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£450,000	£489,000	£550,000
FTSE 151-350	£355,000	£411,000	£467,000
FTSE 250	£373,000	£435,000	£485,000

Figure 7: **CFO median salary increases**

FTSE 101-150	4.0%
FTSE 151-350	4.5%
FTSE 250	4.5%

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

FTSE 101-150	8%
FTSE 151-350	14%
FTSE 250	13%

Benefits

- Retirement benefits for EDs are almost universally aligned with levels offered to the wider workforce.
- Median defined contribution/cash allowance benefits are largely unchanged since last year, around 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 9* and *10*, median defined contribution/cash allowance benefits are largely unchanged around 10% of salary.
- 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.
- 96% of companies will also have aligned their provision for existing EDs by the end of this year. Of the remaining companies:
  - 2 have begun phased reductions, but full alignment will not be achieved by the end of 2023;
  - 3 have not made any commitment to change or review existing ED pension provision; and
  - 1 makes no disclosures regarding the alignment of ED pensions with that of the wider workforce.

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	9%	12%	15%
FTSE 151-350	5%	9%	11%
FTSE 250	6%	10%	14%

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	8%	10%	15%
FTSE 151-350	6%	9%	13%
FTSE 250	6%	10%	14%

Car allowance

Two thirds of companies in the FTSE 250 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.

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

	CEO	CFO
Upper quartile	£20,000	£17,000
Median	£18,000	£15,000
Lower quartile	£15,000	£13,000

Annual bonus plans

- Following three turbulent years, the FTSE 250 median annual bonus payout has return to a typical longer-term level (69% of maximum).
- 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.
- Although the majority of ESG metrics in annual bonus plans continue to fall under the 'People & HR' category, we observe a significant increase in the prevalence of both governance and environmental metrics since last year.

Bonus pay-outs

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	44%	74%	83%
FTSE 151-350	40%	65%	87%
FTSE 250	40%	69%	85%

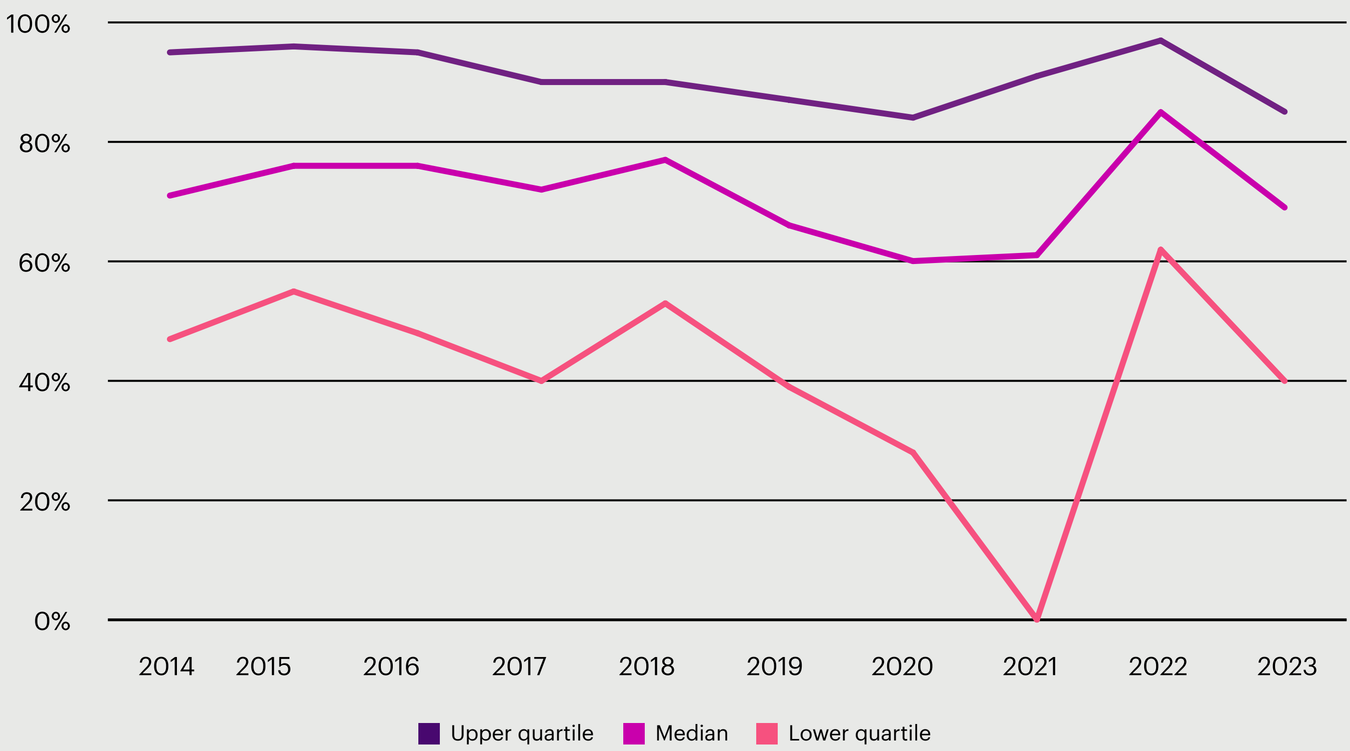
Figure 13: **Bonus pay-outs for CFO (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	40%	73%	84%
FTSE 151-350	36%	64%	86%
FTSE 250	36%	66%	86%

Bonus pay-outs over time

Following two years of pandemic-related lows and exceptionally high levels in 2022, bonus pay-outs as a percentage of maximum are more in line with longer-term norms.

Figure 14: **Bonus payouts from 2014 - 2023 (% of maximum opportunity)**



Maximum bonus opportunity

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	150%	175%	200%
FTSE 151-350	125%	150%	175%
FTSE 250	150%	150%	180%

Figure 16: **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 versus non-financial measures has remained stable over recent years.

Figure 18 shows that profit/income continues to be the most prevalent measure used in FTSE 250 annual bonus plans, and the prevalence of other financial metric categories remains similar to previous years. Over 80% of companies now incorporate one or more ESG measures in their annual bonus plan, a further increase on previous years. Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO remains unchanged at 15% of the annual bonus. *Figure 19* shows that these measures continue to be most often based on 'S' metrics, for example people/HR, customer service and I&D targets. However, we observe the most significant prevalence increases in governance (up 75%, from 20% to 35%) and environment/sustainability (up 63%, from 24% to 39%) metrics since last year.

Figure 17: **Median split of performance measures in bonus plans**

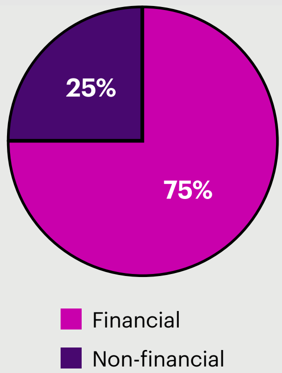


Figure 18: **Prevalence of performance measures in bonus plans**

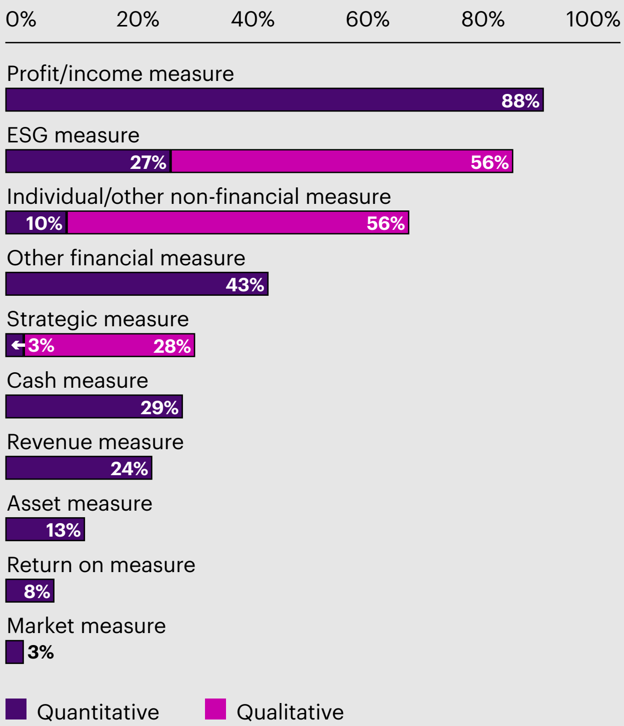
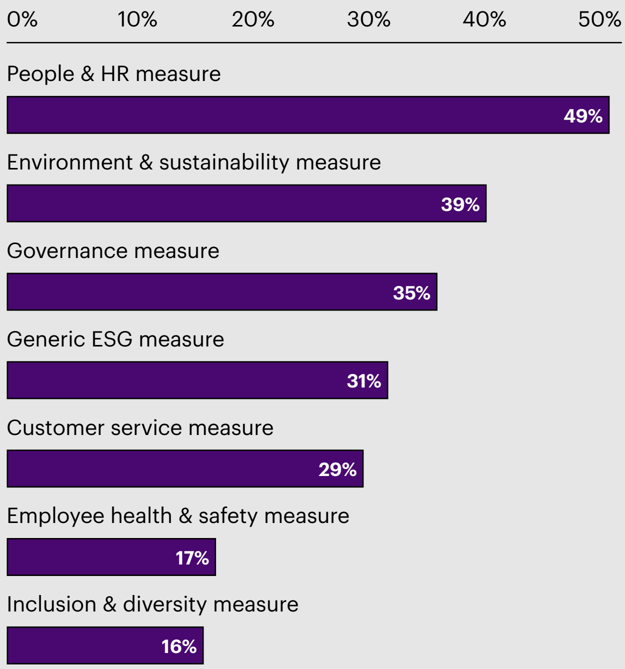


Figure 19: **Prevalence of ESG performance measures in bonus plans**



Bonus deferral

Compulsory deferral of some portion of the annual bonus continues to be majority practice (over 90% of the FTSE 250), and the requirement is usually expressed as a percentage of the bonus earned, with a median of 40% across all peer groups. Deferral periods with cliff vesting have harmonised around two and, most commonly, three years, while the median phased vesting period remains around three years.

Figure 20: **Proportion of bonus deferred**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Up to 25.0%	3%	6%	5%
25.1%—33.0%	24%	29%	28%
33.1%—50.0%	29%	34%	33%
50.1%+	13%	7%	9%
No deferral	8%	8%	8%
% in excess of salary/other	24%	16%	18%
Voluntary only	0%	1%	1%

Figure 21: **Deferral mechanism**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Deferral with no match	89%	92%	91%
Deferral with match	3%	0%	1%
No deferral	8%	8%	8%

Figure 22: **Deferral time period**

	% of FTSE 101-150	% of FTSE 151-350	% of FTSE 250
Less than two years	0%	2%	1%
Two years	21%	20%	21%
Three years	47%	46%	46%
More than three years	0%	2%	2%
No deferral	8%	8%	8%
Phased	24%	21%	22%

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.

Around 25% of companies putting new remuneration policies to vote this year included strengthened or expanded clawback and malus triggers. Common triggers include material misstatement of financial results, damage to reputation, serious misconduct and miscalculation of any performance condition.

Long-term incentive plans (LTIPs)

- LTIP vesting levels, 61% of maximum at median, are in line with long-term trends.
- While the performance share plan (PSP) continues to be most prevalent, a steady 15% of companies operate an LTIP other than a PSP; 88% of these are the EDs' only LTIP.
- Growth in the overall prevalence of ESG measures in PSPs continues (52%, up from 38% last year); although 'E' metrics remain most prevalent, we also observe increases in I&D metrics.

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.

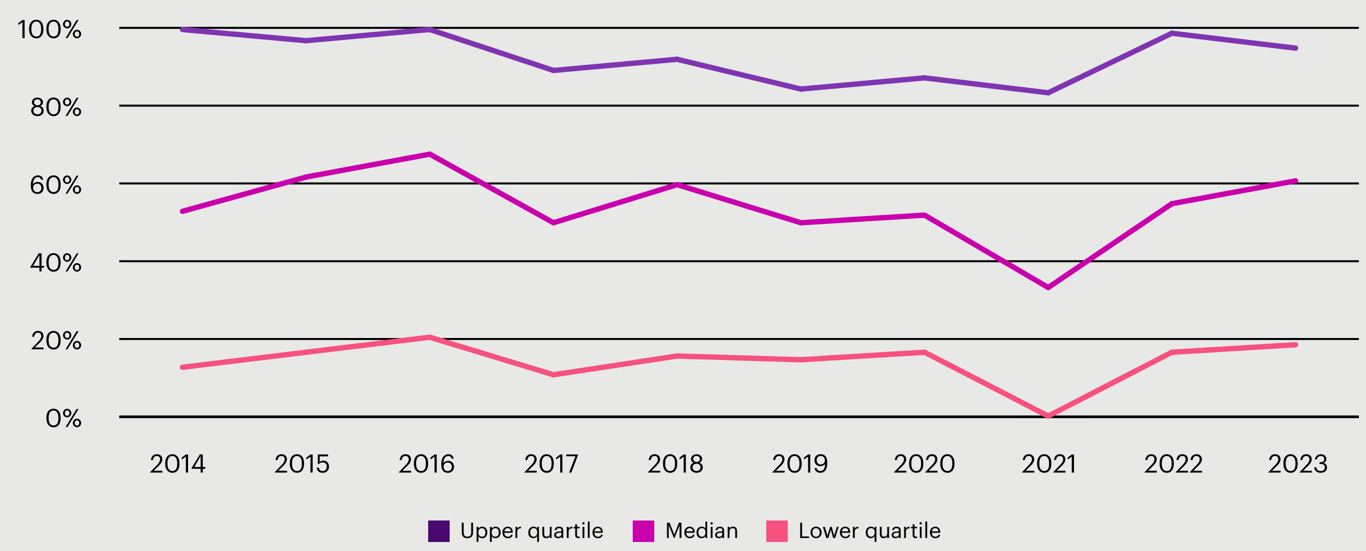
Figure 23: **PSP pay-outs (% of maximum opportunity)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	6%	59%	85%
FTSE 151-350	21%	63%	100%
FTSE 250	19%	61%	96%

PSP pay-outs over time

PSP pay-outs in the year were once again broadly in line with longer-term norms.

Figure 24: **PSP payouts from 2014 - 2023 (% of maximum opportunity)**



Types of LTIPs

The most prevalent LTIP continues to be the PSP; 84% of plans operated by FTSE 250 companies are PSPs. The next most prevalent vehicle is restricted shares (RSP) (11%) with the remainder made up predominantly of single variable (SVP) and value creation (VCP) plans.

Figure 25: **Number of LTIPs operated**

	FTSE 101-150	FTSE 151-350	FTSE 250
No plans	8%	6%	6%
One plan	87%	91%	90%
Two plans	5%	3%	4%

Maximum PSP opportunity

PSP opportunities in FTSE 250 companies are broadly unchanged since last year.

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	200%	200%	255%
FTSE 151-350	150%	200%	200%
FTSE 250	150%	200%	225%

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	175%	200%	225%
FTSE 151-350	150%	150%	200%
FTSE 250	150%	175%	200%

Exceptional PSP maximums

Thirty percent (2022: 30%) of companies that operate a PSP in the FTSE 250 disclose an exceptional award maximum in their policy. This is typically 25% to 33% above the usual maximum PSP opportunity.

Maximum RSP opportunity

Figure 28: **Maximum RSP opportunity for CEO (% of base salary)**

	Lower quartile	Median	Upper quartile
FTSE 250	90%	100%	125%

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

PSP time horizons

Ninety-seven percent of FTSE 250 companies that operate PSPs have a total time horizon (i.e., performance plus holding periods) of at least five years and ninety-eight percent operate a holding period, broadly unchanged over recent years.

Figure 29: **Length of performance period**

	FTSE 101-150	FTSE 151-350	FTSE 250
Three years	90%	95%	94%
Four years	3%	0%	1%
Five years	0%	3%	2%
More than five years	6%	2%	3%

Figure 30: **Length of holding period**

	FTSE 101-150	FTSE 151-350	FTSE 250
One year	6%	2%	3%
Two years	87%	95%	93%
Three years	0%	0%	0%
More than three years	3%	0%	1%
Until SOG is met	0%	1%	1%
No holding period	3%	2%	2%

PSP performance measures

The median split of financial vs. non-financial measures is 90%/10%.

Figure 31: **Median split of performance measures in PSPs**

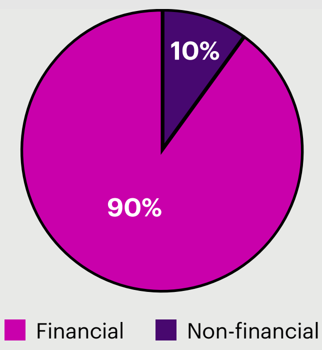


Figure 32 shows that TSR (or other market-based measures) continues to be the most prevalent measure used in FTSE 250 PSPs, closely followed by measures of profit/income. However, fifty-two percent of companies now incorporate one or more ESG measures in their PSP; this represents a 37% year-on-year increase. Excluding underpins and modifiers, the median overall weighting of all ESG measures for the CEO is 20% of the PSP, unchanged over several years. The most significant prevalence increases are in I&D (up by more than 60%, from 9% to 15%) and environment/sustainability measures (up 50%, from 31% to 47%).

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

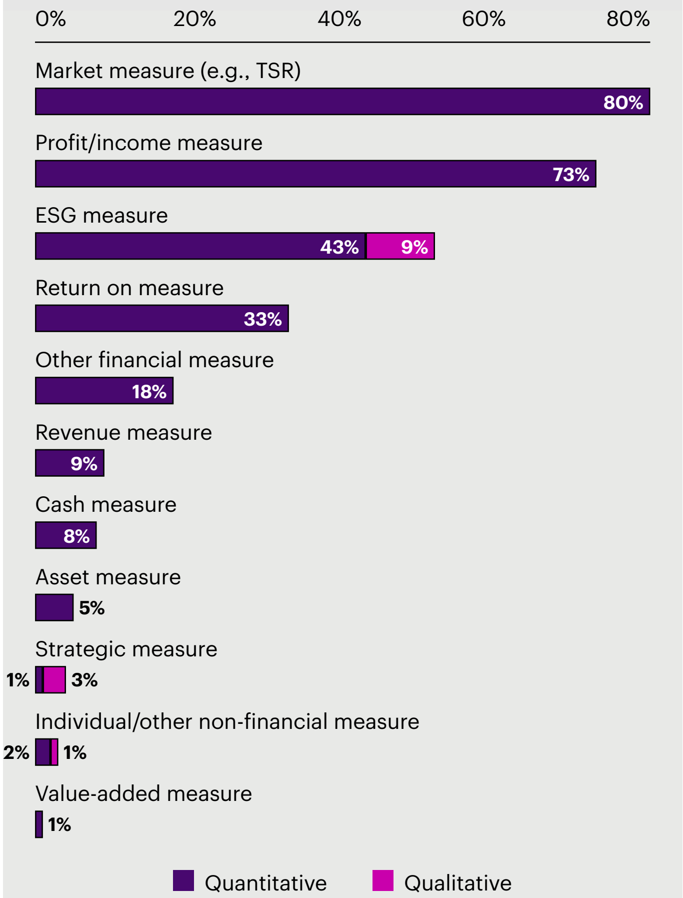


Figure 33: **Prevalence of ESG performance measures in PSPs**

Malus and clawback

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

- 99% 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 25% 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 decreased at all quartiles since last year, although the median and lower quartiles remain above longer-term levels.

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 STFR in 2022/23 (000s)**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£1,391	£2,121	£3,251
FTSE 151-350	£1,064	£1,585	£2,341
FTSE 250	£1,113	£1,726	£2,458

Figure 35: **CEO total remuneration from 2014 - 2023**

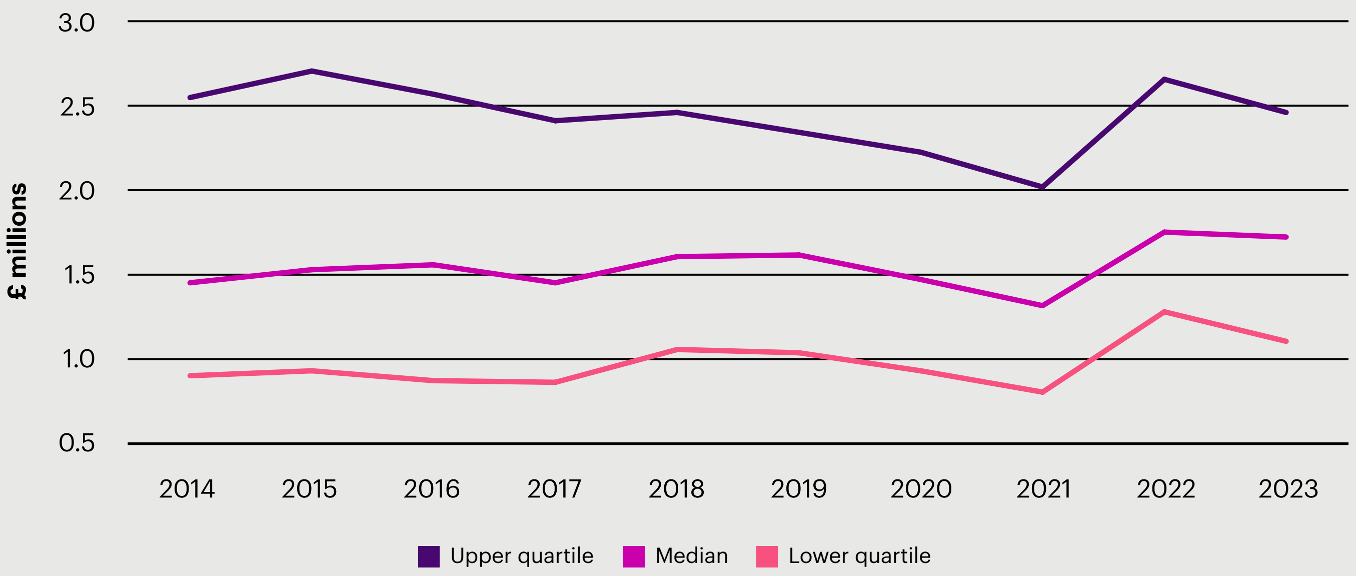
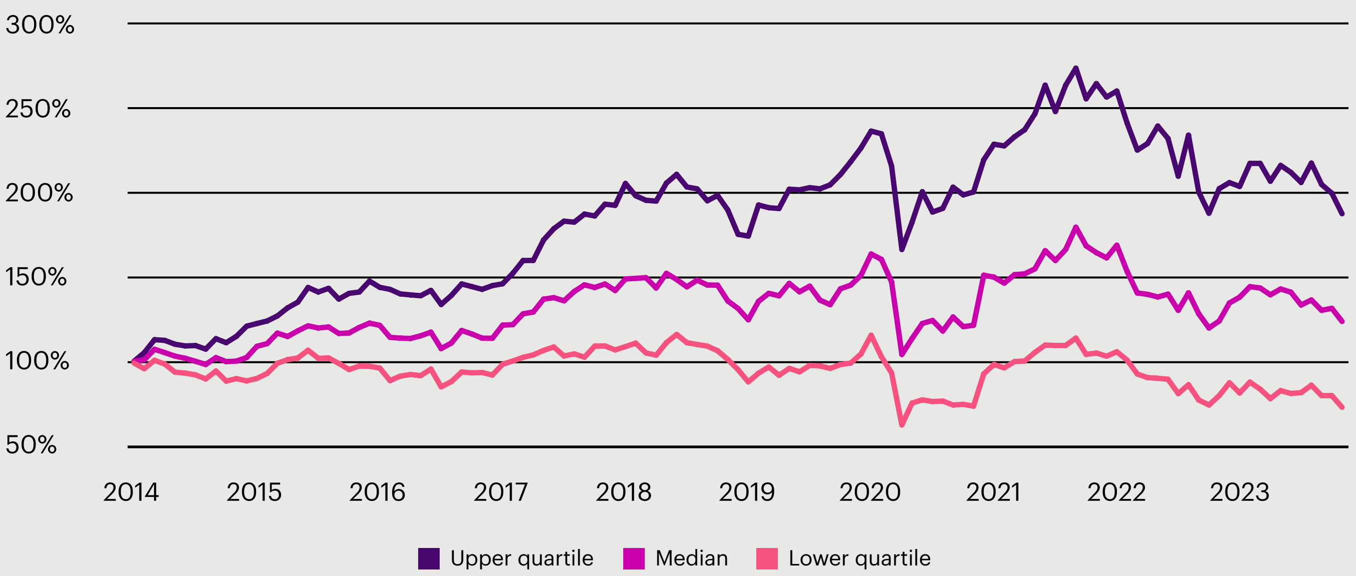


Figure 36: **FTSE 250 total shareholder return (TSR) performance from 2014 - 2023**



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 unchanged since last year for the CFO and most quartiles for the CEO; exceptions are a decrease in the median for FTSE 101-150 companies (from 250% to 225% of salary) and an increase in the FTSE 250 upper quartile (from 250% to 300% of salary). Around 30% of companies in the FTSE 250 have a higher guideline for the CEO than other EDs.

Around 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 (nearly 90% of companies).

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	200%	225%	300%
FTSE 151-350	200%	200%	250%
FTSE 250	200%	200%	300%

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

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

Actual median shareholdings

Levels of CEOs' beneficial interest in shares have continued to fall year-on-year, although the median figure for the FTSE 250 (265% of salary) remains above that of median policy requirements (200% of salary). 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. However, since these shares are not included in the count of beneficially owned shares, the statistics in *Figure 39* do not necessarily reflect whether or not EDs have met their company's shareholding requirements.

Figure 39: **Actual median shareholdings (% of base salary)**

	CEO	CFO
FTSE 101-150	190%	95%
FTSE 151-350	305%	100%
FTSE 250	265%	100%

Post-cessation shareholding guidelines

The prevalence of post-cessation shareholding guidelines is broadly unchanged (around 95% of companies), but a number of companies have updated them this year such that IA-compliance has increased from 60% to 70%. Where companies still do not comply with the IA guideline, the requirement typically applies on a phased basis.

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 chairman is typically paid an all-inclusive fee for all responsibilities, based on company size, time commitment and role responsibilities. Just under half of FTSE 250 companies increased Chairman fees this year, by 5% at median. However, taken together with those companies that made no increase, the overall median fee (*Figure 40*) remains unchanged since last year, at £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 40: **Chairman fee**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£242,000	£287,000	£353,000
FTSE 151-350	£185,000	£221,000	£275,000
FTSE 250	£191,000	£235,000	£295,000

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

	Lower quartile	Median	Upper quartile
FTSE 101-150	£58,000	£65,000	£74,000
FTSE 151-350	£54,000	£58,000	£64,000
FTSE 250	£55,000	£60,000	£66,000

Figure 42: **Senior independent director (SID) premium**

	Lower quartile	Median	Upper quartile
FTSE 101-150	£10,500	£13,000	£17,000
FTSE 151-350	£10,000	£10,000	£13,000
FTSE 250	£10,000	£10,500	£15,000

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

Audit committee	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£17,000	98%	£10,000	44%
FTSE 151-350	£11,000	94%	£5,000	23%
FTSE 250	£12,500	95%	£7,000	28%

Remuneration committee	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£16,000	97%	£10,000	45%
FTSE 151-350	£11,000	93%	£5,000	23%
FTSE 250	£12,500	94%	£7,000	28%

Nominations committee	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£17,000	29%	£7,500	34%
FTSE 151-350	£11,000	32%	£5,000	16%
FTSE 250	£12,000	31%	£5,500	20%

ESG committee	Chairman fee	Chairman fee prevalence	Member fee	Member fee prevalence
FTSE 101-150	£15,500	89%	£6,000	50%
FTSE 151-350	£11,000	79%	£5,000	23%
FTSE 250	£12,500	81%	£5,000	29%

Around half of FTSE 250 companies also increased basic NED fees fees this year, by a median of 4.6%. Overall, this has led to increases of around 2-3% at most quartiles (*Figure 41*). Median SID premia for the full FTSE 250 have increased by 5%, but this figure increases to 13% among the smaller FTSE 101-150 group. Although committee chairmanship and membership fees have also increased significantly among the FTSE 101-150 group (by over 25% in the case of the Remuneration and Nomination committees), they have remained more stable among the broader FTSE 250.

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