

Executive Director Remuneration in the FTSE 350 Market Data and the 2024 AGM season

September 2024

ALVAREZ & MARSAL



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Executive Director Remuneration in the FTSE 350

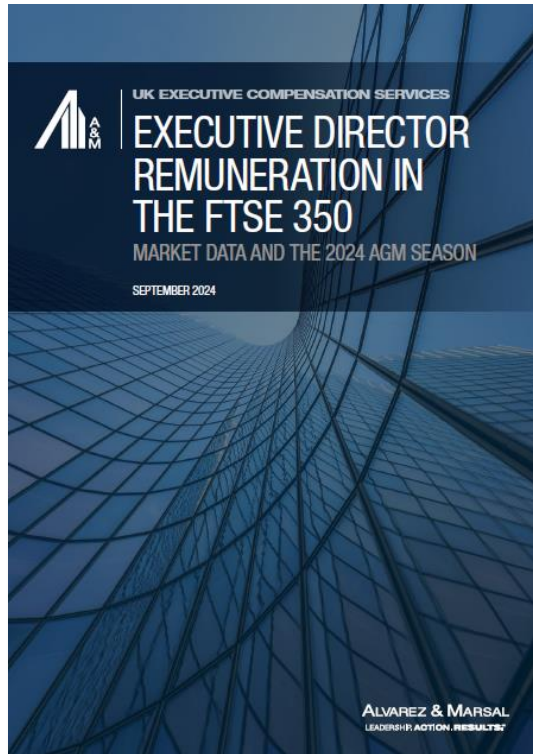


James Harris
Managing Director



Alex Gardner
Senior Director

Keeping you updated



- ▶ *Comprehensive analysis of all aspects of executive remuneration*
- ▶ *Based on the very latest disclosure, including March 2024 year-ends*
- ▶ *Covers FTSE 350, split by 100 and 250*
- ▶ *Impact of the on-going 'Big Tent'*

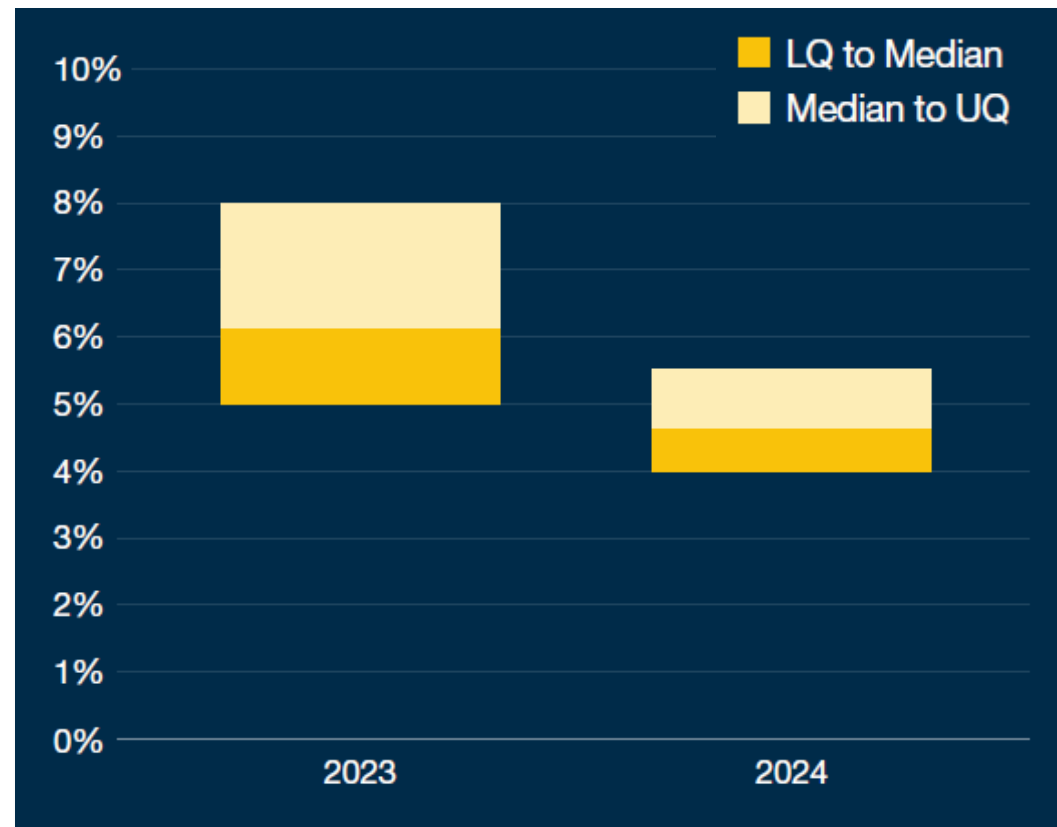


Base salary

Average employee increase down year-on-year

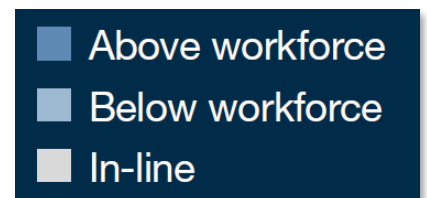
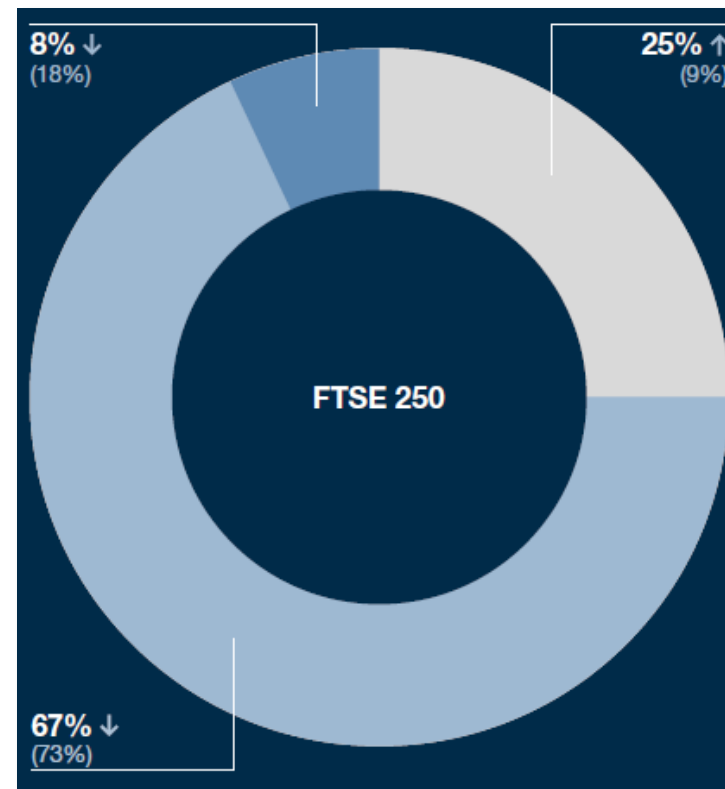
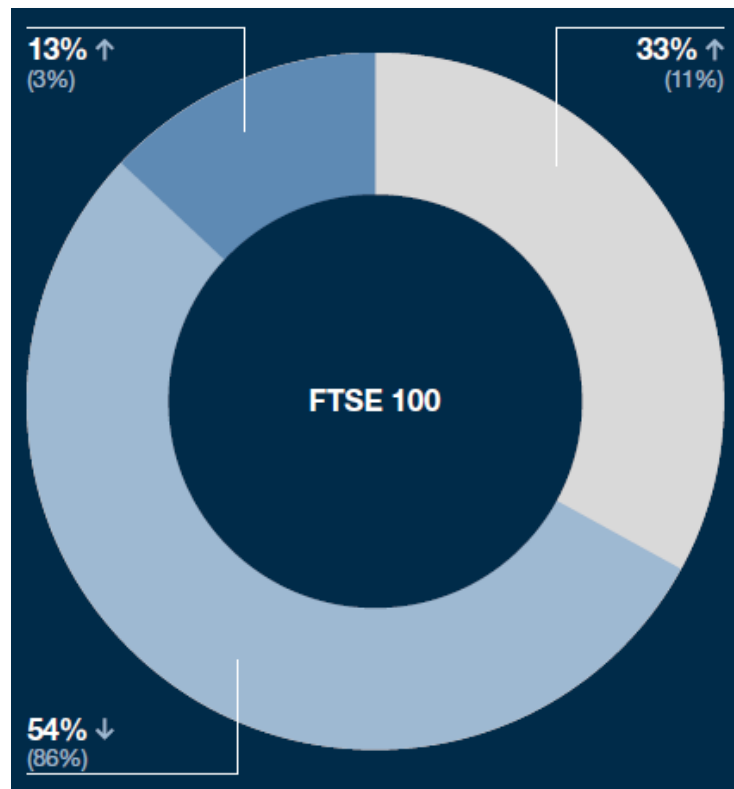
67%

of companies had a lower average all-employee salary increase this year compared to last year



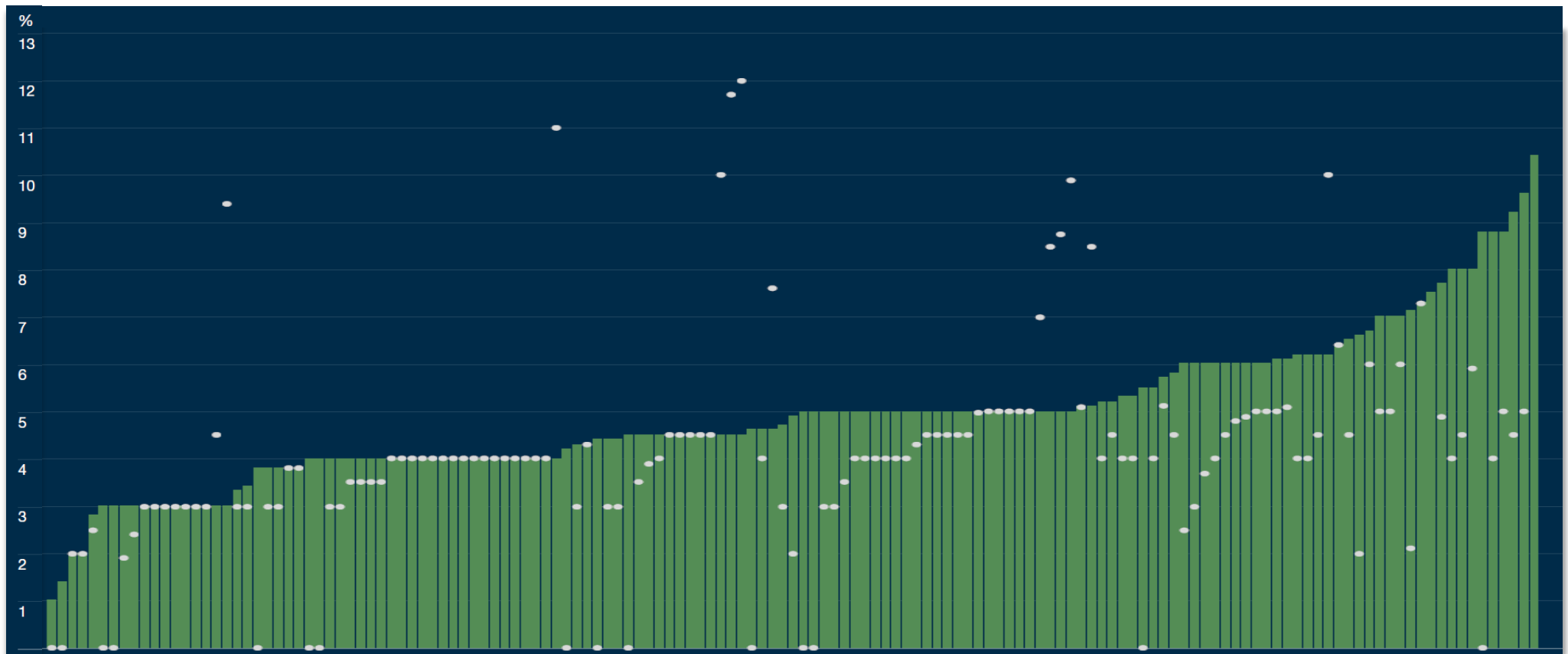
Base salary

Most executive director increases still ‘discounted’



Base salary

Discounting more common where employee increases are higher



Base salary

Overall...Executive director market range broadly unchanged

FTSE 100

CEO	2024	2023
Upper quartile	4.7%	4.6%
Median	3.9%	4.0%
Lower quartile	3.0%	3.0%

CFO	2024	2023
Upper quartile	5.0%	4.5%
Median	4.0%	4.0%
Lower quartile	3.0%	3.0%

FTSE 250

CEO	2024	2023
Upper quartile	5.0%	4.8%
Median	4.0%	4.0%
Lower quartile	2.5%	2.5%

CFO	2024	2023
Upper quartile	5.1%	5.0%
Median	4.0%	4.0%
Lower quartile	3.0%	3.0%

Pension and benefits

Latest data

Pension

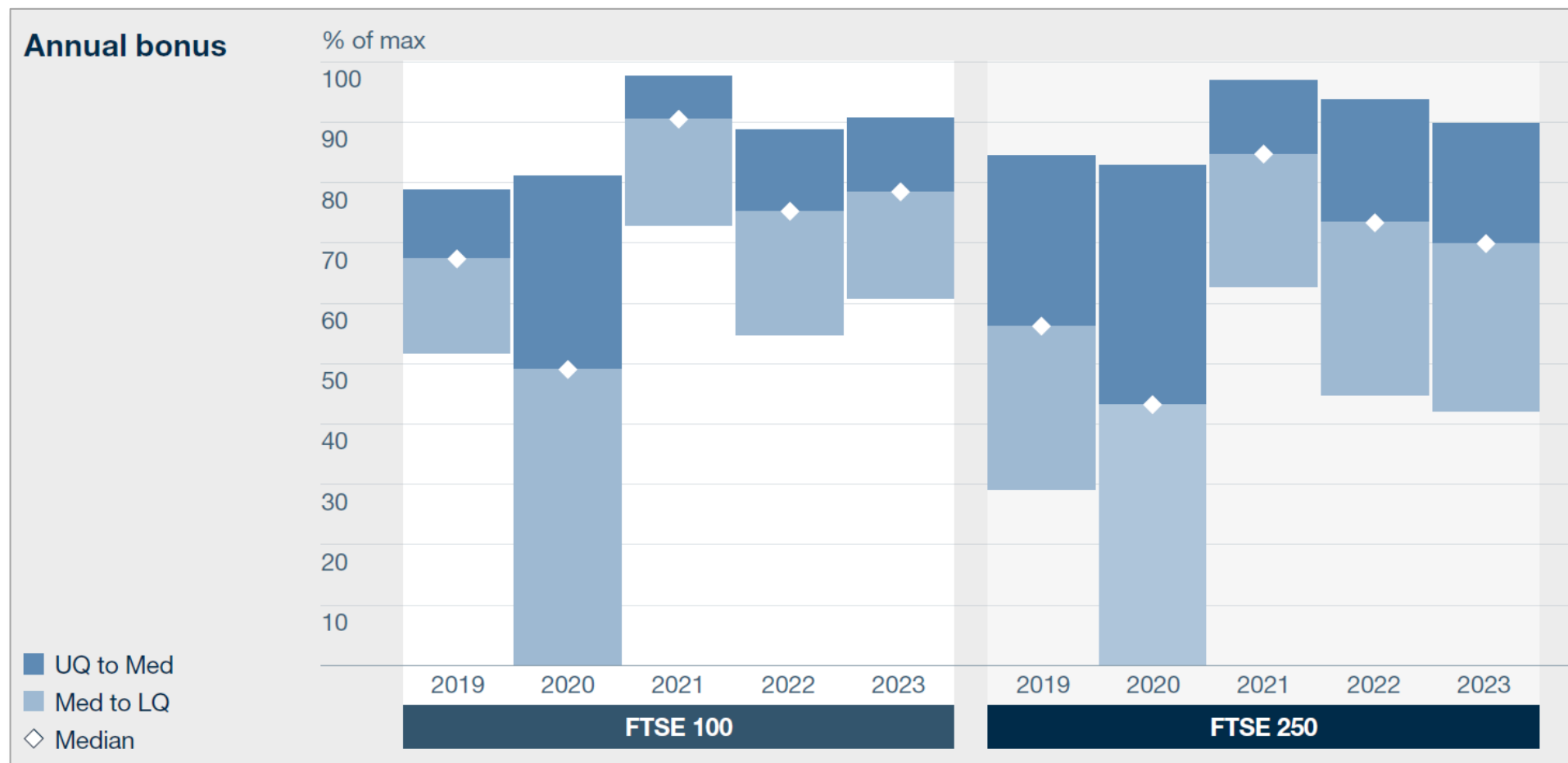
Executive Director Policy, % of salary			
	Lower quartile	Median	Upper quartile
FTSE 100	8%	10%	12.5%
FTSE 250	6%	8%	10%

Benefits (disclosed 'single figure' values)

	Lower quartile	Median	Upper quartile
FTSE 100	£17k	£30k	£107k
FTSE 30	£27k	£58k	£213k
FTSE 31-100	£15k	£26k	£59k
	Lower quartile	Median	Upper quartile
FTSE 250	£10k	£20k	£37k
FTSE 250 (Top Half)	£10k	£20k	£41k
FTSE 250 (Bottom Half)	£11k	£19k	£31k

Incentive outcomes

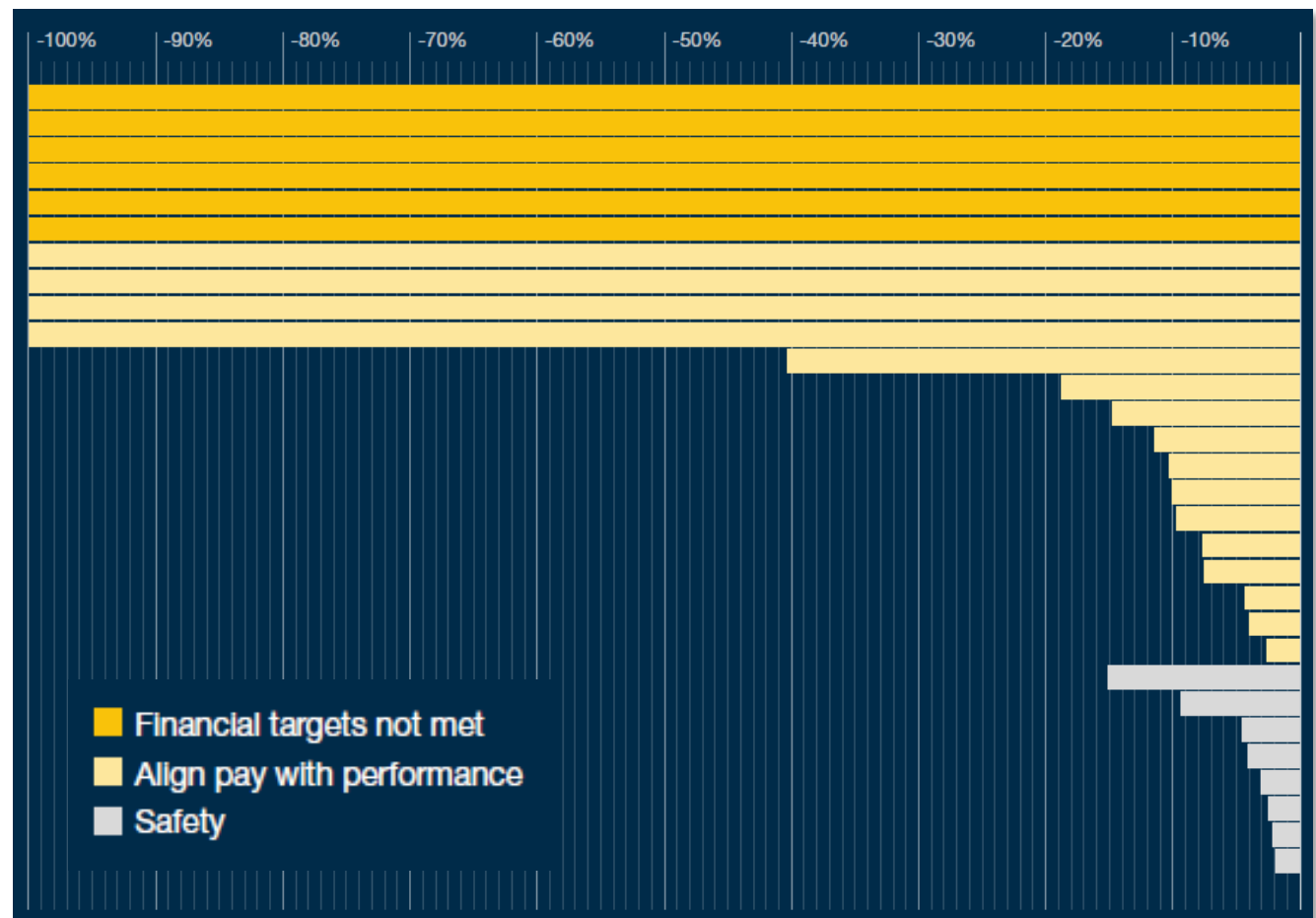
Annual bonus – similar to last year



Incentive outcomes

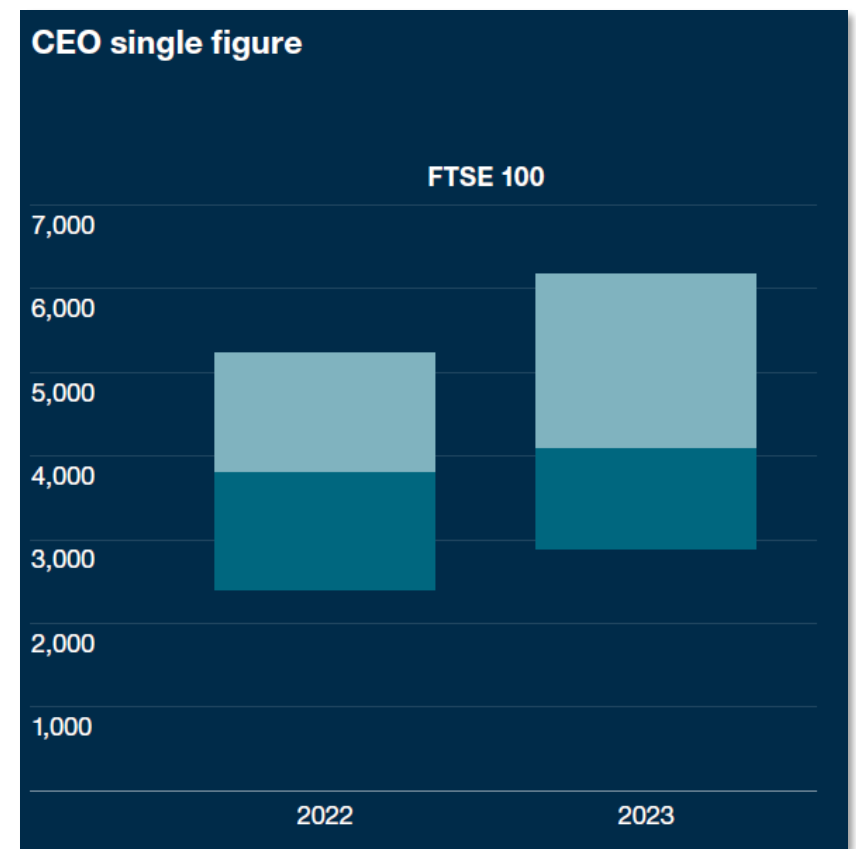
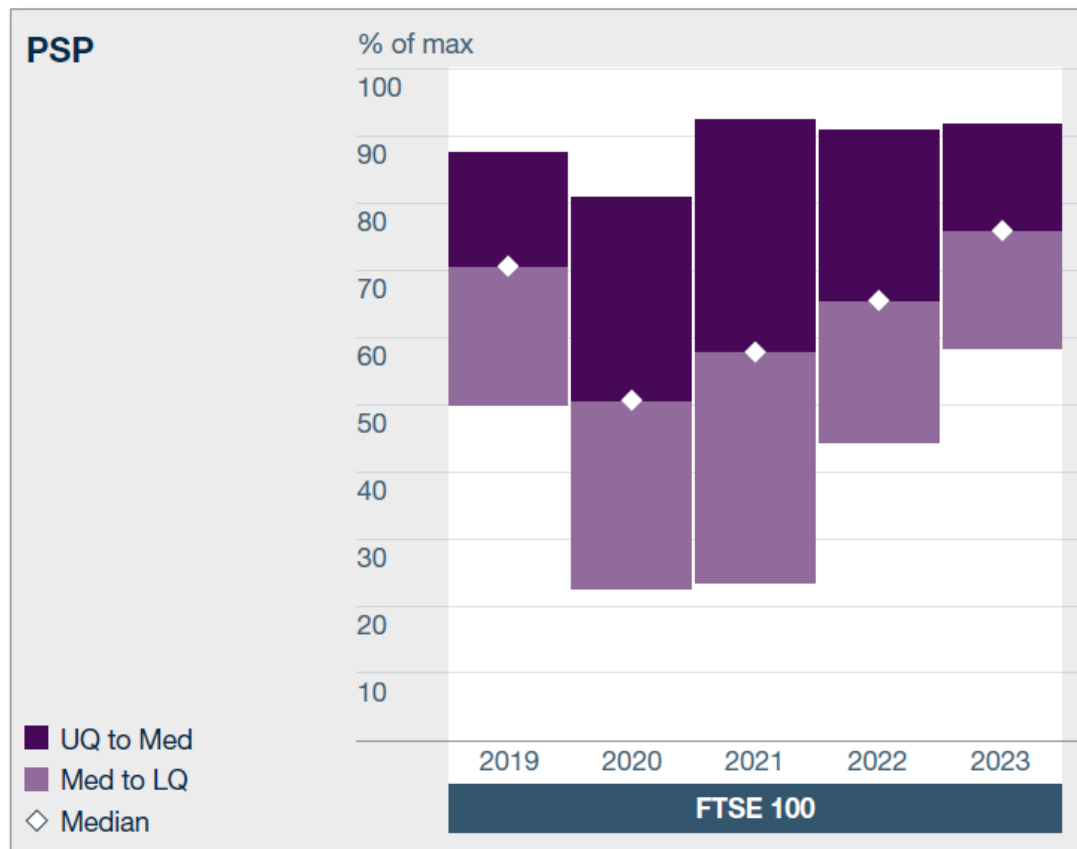
Annual bonus – range of discretionary adjustments

- ▶ *Around 13% of FTSE 350 made a discretionary adjustment*
- ▶ *Range of reasons and impacts:*



Incentive outcomes

LTIP and 'single figure' up slightly (FTSE 100)



Incentive opportunities

Increases to 2024 incentive opportunities

21% increased incentive award levels for the year ahead.

42% of new Policies increased incentive opportunities.

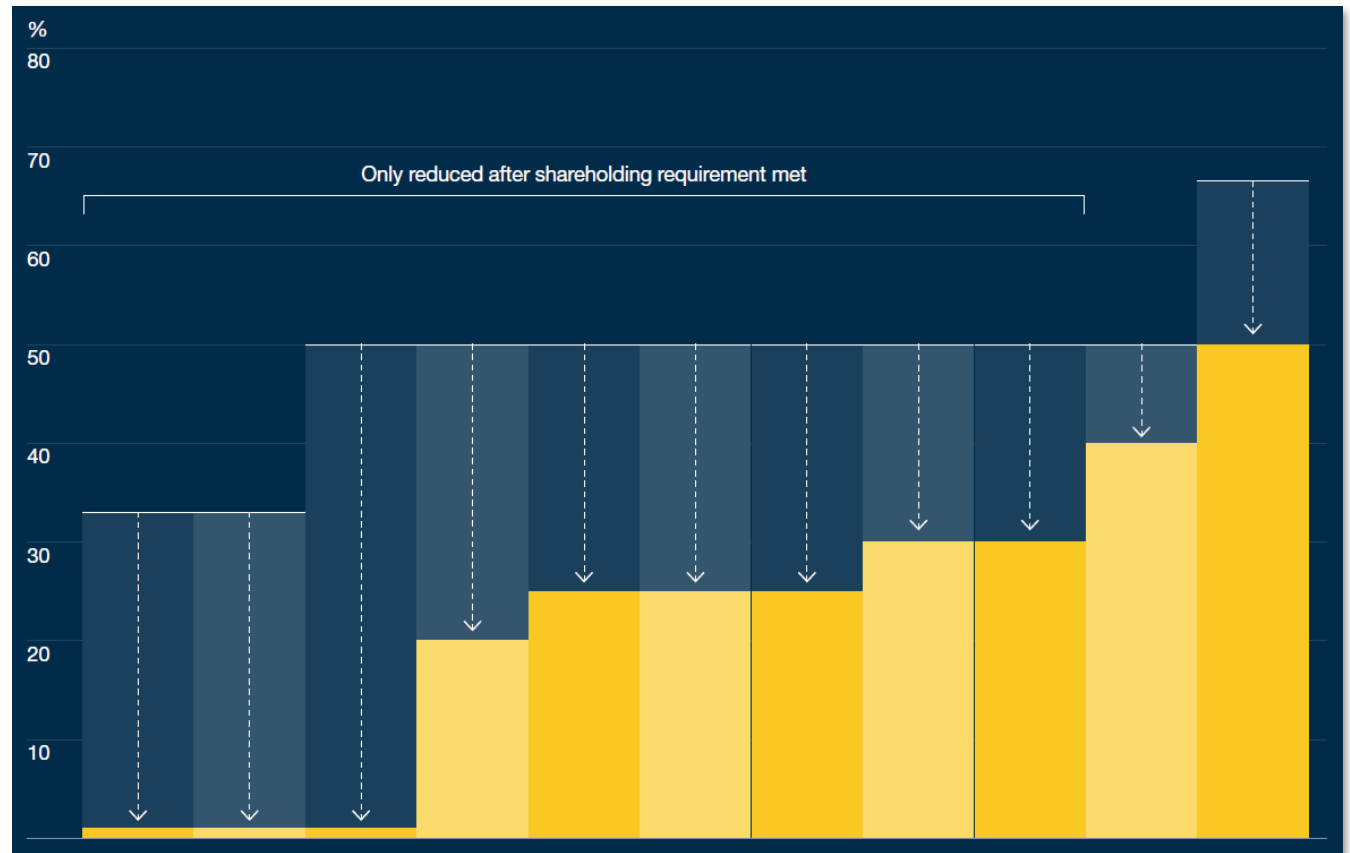
Median award levels	FTSE 100	FTSE 250
Bonus	200%	150%
PSP	300%	200%

- ▶ *Similar proportions across FTSE 100 and FTSE 250*
- ▶ *Most commonly via LTIP (60%) with 16% increasing annual bonus, and 24% increasing both elements*
- ▶ *Range of supporting rationale, often linked to 'Big Tent' themes*

Incentive structure

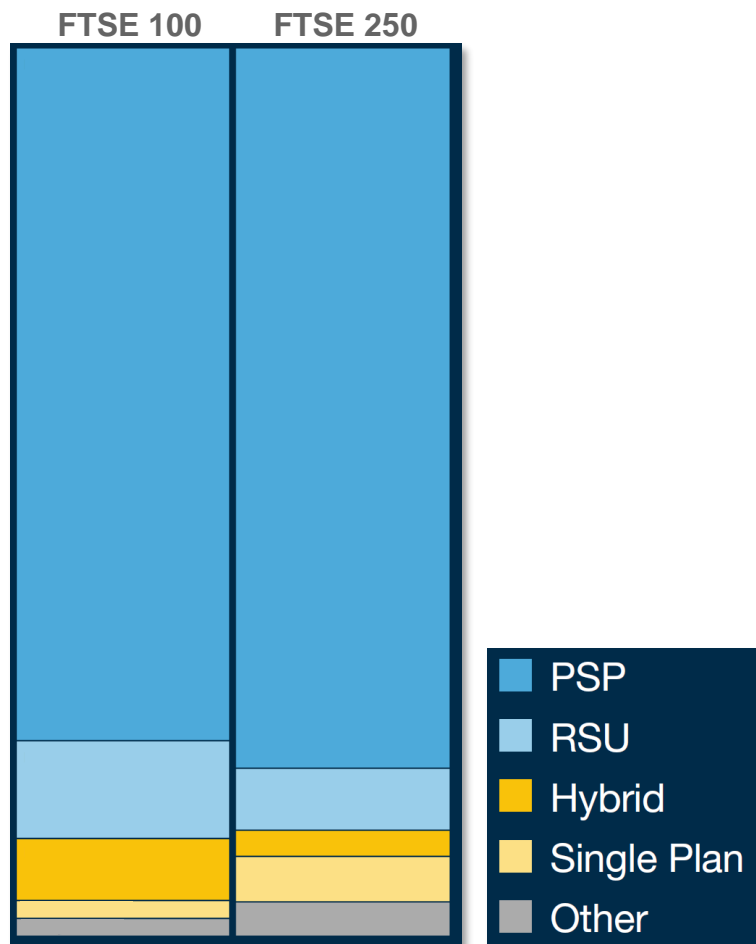
19% of new Policies relaxed the approach to bonus deferral

- ▶ *Most commonly by making deferral conditional on the level of current shareholding*
- ▶ *This approach now adopted in 11% of FTSE 350*



Incentive structure

19% of new Policies changed LTI structure – 6 new ‘hybrids’

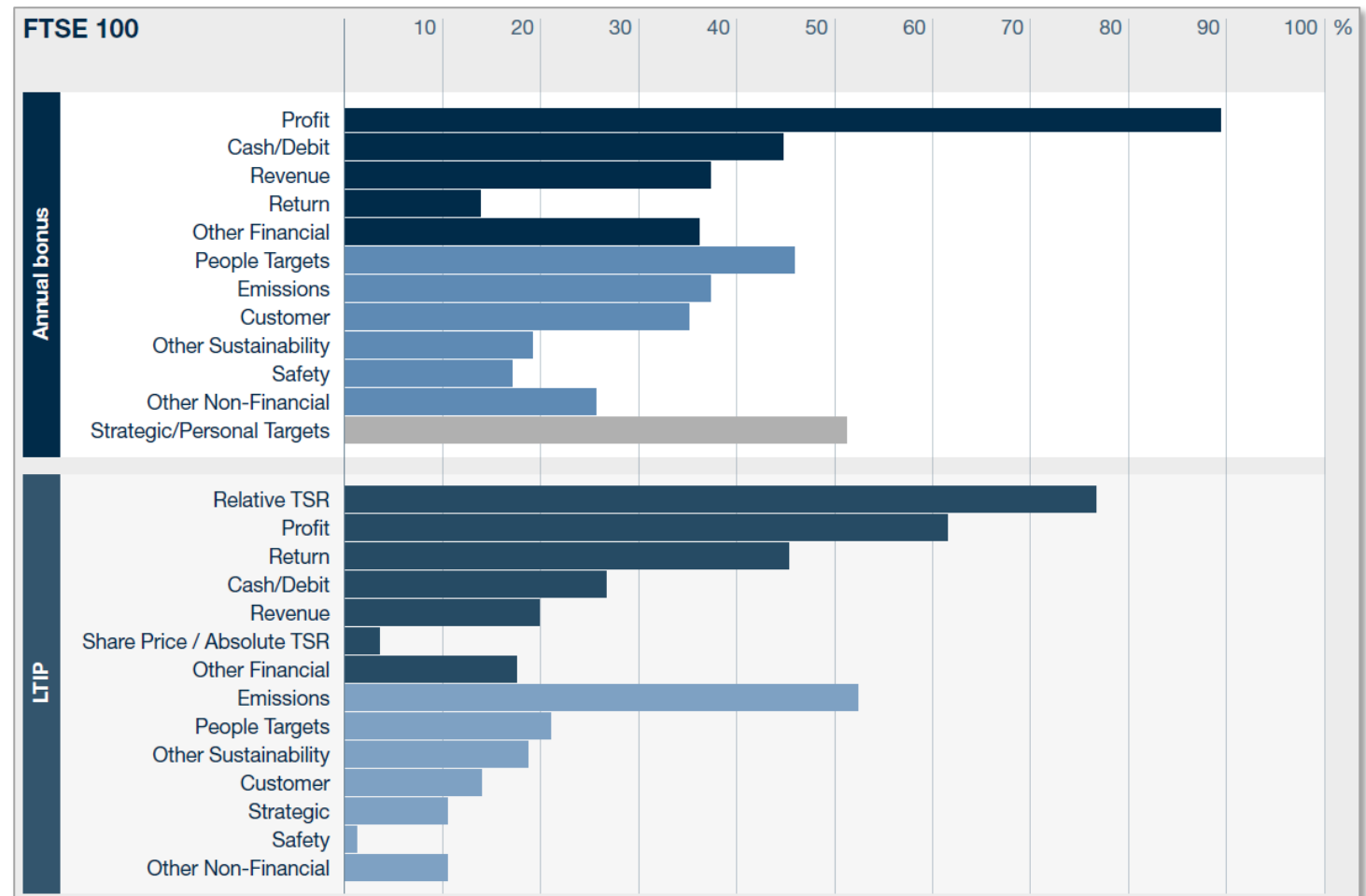


Previous structure	New structure
PSP	Hybrid (PSP + RSU)
PSP	Hybrid (PSP + RSU)
PSP	Hybrid (PSP + RSU)
PSP	Hybrid (PSP + RSU)
PSP	Hybrid (PSP + RSU)
RSU	Hybrid (PSP + RSU)
RSU	PSP
RSU	PSP
Value Creation Plan	PSP
Value Creation Plan	PSP
Matching Plan	PSP
Single Incentive Plan	Annual Bonus + PSP
PSP	Single Incentive Plan
RSU	Single Incentive Plan
PSP	RSU
PSP	One-off premium priced options

Performance measures

ESG now well embedded

- Breakdown of ESG metrics
- Increasing focus on target-setting



Shareholding requirements

69% now compliant with IA post-cessation guidance

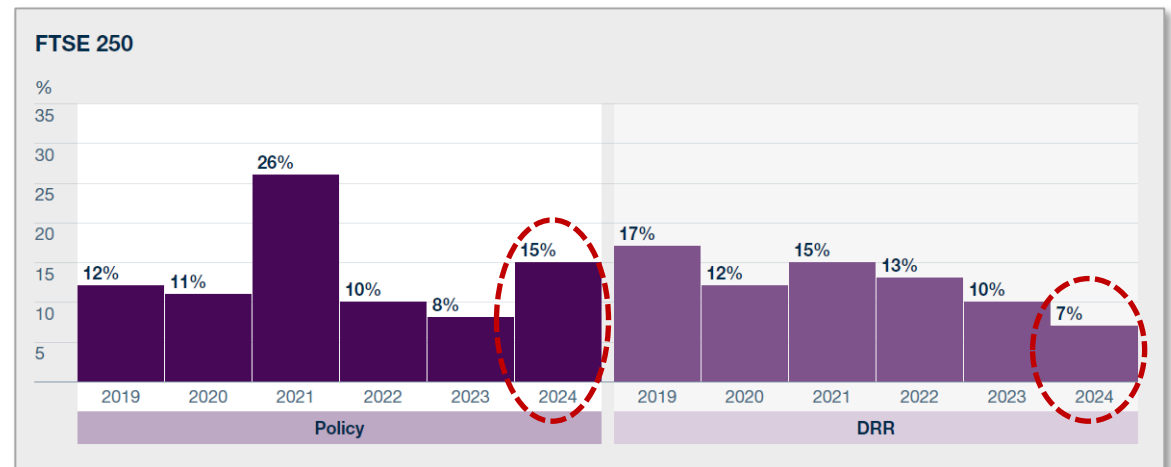
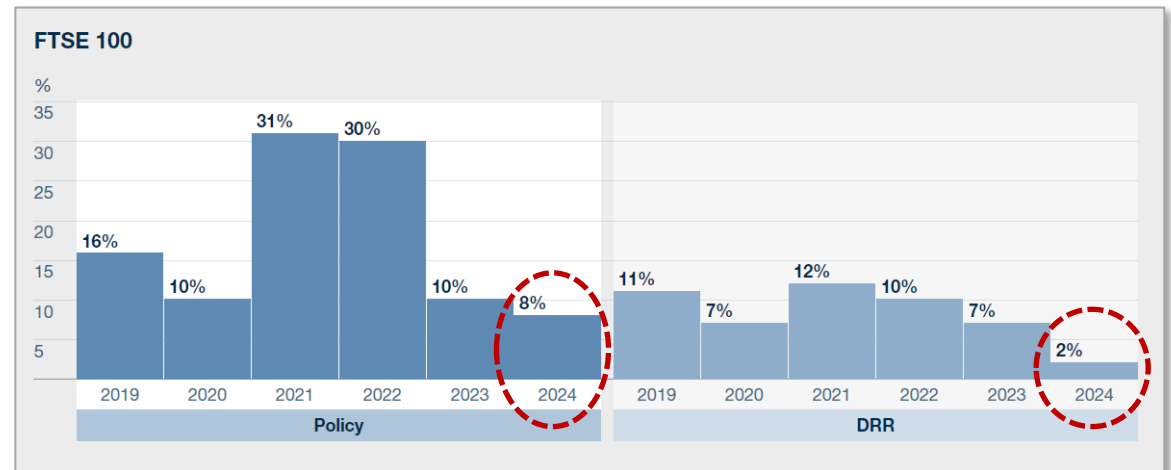
- ▶ *Typical reason for non-compliance is 'tapering' of requirement after one year*

	Lower quartile	Median	Upper quartile
FTSE 100	300%	325%	450%
FTSE 30	400%	500%	500%
FTSE 31-100	250%	300%	400%
	Lower quartile	Median	Upper quartile
FTSE 250	200%	200%	300%
FTSE 250 (Top Half)	200%	200%	300%
FTSE 250 (Bottom Half)	200%	200%	250%

AGM season

ISS opposition at historic lows

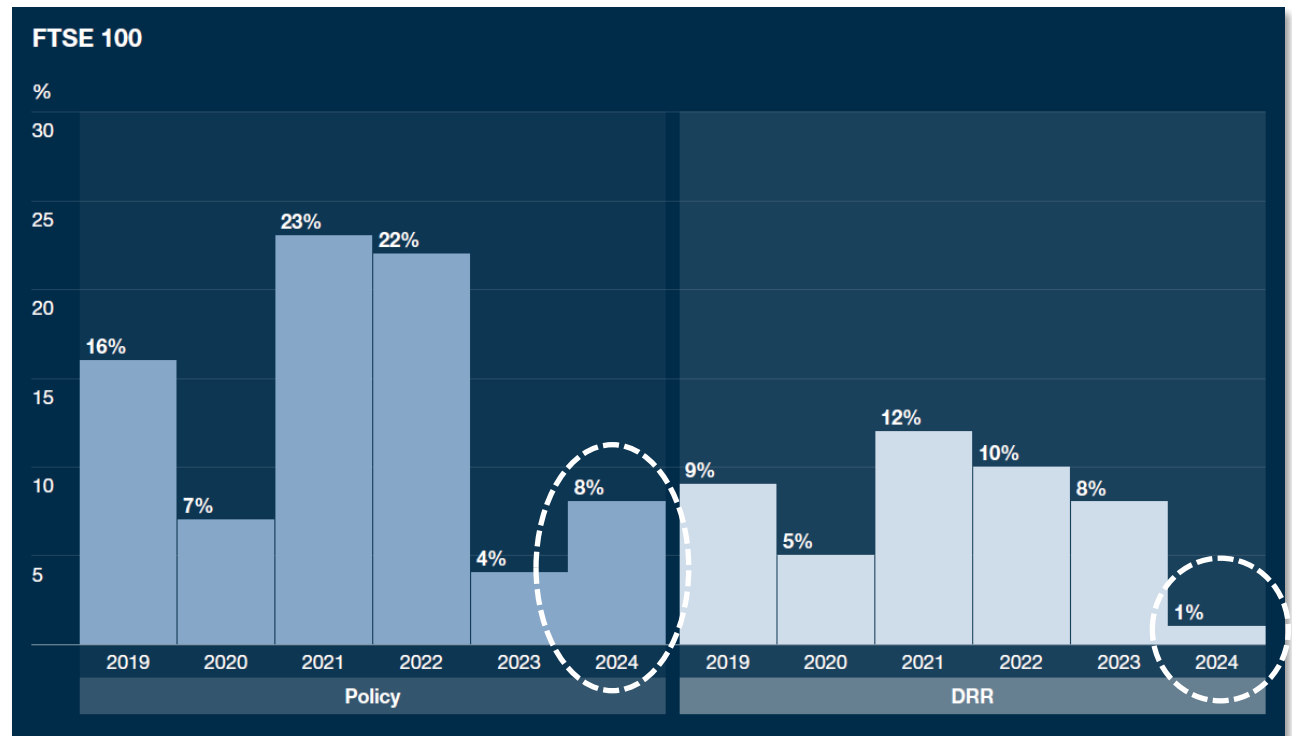
- ▶ On DRRs, very low level of ISS opposition (particularly FTSE 100)
- ▶ On Policies, opposition was closer to normal levels



AGM season

AGM voting outcomes – decline in % receiving a ‘low vote’

- ▶ *Voting outcomes reflects the ISS trends*
- ▶ *Will this trend continue?*



Q&A

Follow the link to sign up to receive our future executive compensation updates and thoughtpieces



About A&M

Distinctive thought leadership – a selection of our publications

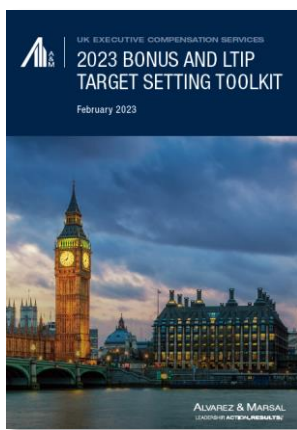
Windfall gains

In early 2023, we published our guide on 'windfall gains', looking at the perspective of all stakeholders and setting out an assessment framework.



2023 target setting toolkit

Comprehensive study of profit targets in bonus and LTIPs across the FTSE market, to support committees and reward teams in target setting



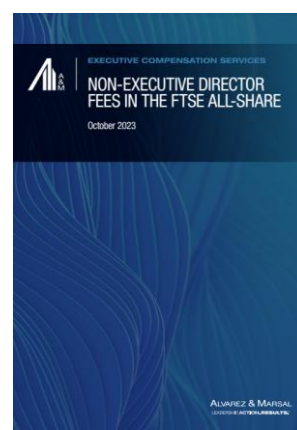
'Big Tent' discussion

Our contribution to the 'big tent' debate on executive pay in the UK – analysis of key trends over the last ten years, and ideas for potential change



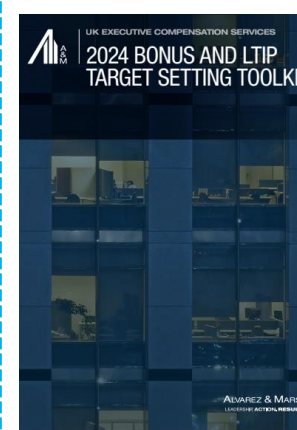
2023 NED fees report

We take a step back to look at key contextual factors supporting renewed interest in NED fees, and consider whether it is a time for a re-think on the UK's approach?



2024 target setting toolkit

The 2024 update to our comprehensive research into profit targets across the FTSE, with new analysis in respect of the relativity to Consensus projections



First 50 DRRs

Analysis of initial trends from the 2024 AGM season in respect of base salary, new Remuneration Policies, and incentive award levels and outcomes

