



## Global Reward Update

### Incentive awards during the pandemic

January 2022

#### Background

Structuring employee reward in a way that engages and motivates employees is a perennially hot topic and since the beginning of the pandemic, interest in the ways of providing all-employee reward has increased markedly.

We are seeing more companies choosing to provide one-off awards and thank you payments to their employees and are delighted to share with you the results of our research into the provision of one-off and all-employee rewards within FTSE All Share companies<sup>1</sup>.

#### In brief

In total, 33 companies have disclosed that they have made all-employee awards over the last 18 months. Based on these disclosures, awards were made by:

- 10% of FTSE 100 companies
- 9% of FTSE 250 companies
- 6% of FTSE SmallCap companies

The majority of the awards (59%) were in cash, with the remainder in the form of a share award. Almost half of the awards were made by companies in the Retail & Services sector.

Where the value of the awards was disclosed:

- award sizes ranged from £100 to £2,000 (with a median of £500)
- the average award size was:
  - £489 for FTSE 100 companies
  - £564 for FTSE 250 companies
  - £617 for FTSE SmallCap companies

#### In detail

Some examples of the individual awards made by companies are as follows.

##### *FTSE 100 Company*

As a special one-off recognition for helping the company thrive during the pandemic, all employees below Executive Management level were provided with a share award with a value of \$700. The award will be matched on a 2:1 basis if the initial share award is held for three years.

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<sup>1</sup> Excluding investment trusts and companies incorporated overseas.

### *FTSE 250 Company*

To create alignment with long term compensation and strategic goals and to share in the business growth, each employee below Executive Management level was provided with a one-off share award equal to 40% of salary (subject to a cap) which vests in three equal portions over a three-year period. All new joiners will receive a similar award subject to completing a probationary period satisfactorily.

### *FTSE SmallCap Company*

To recognise and reward employees for their hard work and services and to provide an incentive to continue the success of the company going forwards, all employees were granted a one-off share award with a face value of £1,000, which will vest subject to an operating profit performance target being met.

## **Deloitte's view**

A common theme amongst the examples we found was the intention to reward employees for their hard work and commitment during the pandemic. Although awards were provided in a range of industries, the high number of Retail & Services companies providing awards suggests that employers are keen to find ways to motivate employees where the pandemic has driven an increased demand for, or changes in, their existing services.

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