



## Your Guide

# Directors' remuneration in FTSE 100 companies

October 2023

# Introduction



## 01 Introduction and foreword

*Welcome to Your Guide – Directors' remuneration in FTSE 100 companies.*

*With an interactive format, this report provides detailed analysis of executive and non-executive remuneration in FTSE 100 companies, including base salary, annual bonus and long-term incentives, pensions, shareholding requirements, pay ratios, non-executive director fees and other aspects of remuneration policy. This analysis is based on 95 companies with financial years ending up to and including 2 March 2023.*



*If you have any questions or queries about our **Your Guide** reports, please get in touch at [UKExecutiveCompensationConsulting@deloitte.co.uk](mailto:UKExecutiveCompensationConsulting@deloitte.co.uk)*

# Foreword



The median FTSE 100 CEO single figure increased by 10% to £3.94m for 2022 (compared to 2021: £3.59m), generally mirroring strong incentive out-turns and continued recovery in corporate performance post-COVID.

Annual bonus out-turns remained above pre-COVID levels in the majority of sectors, following higher payouts last year, with a median FTSE 100 CEO bonus out-turn of 80% of maximum (2021: 86%). Median long-term incentive vesting levels – the extent to which performance conditions are achieved under long-term incentive plans – were 59% of maximum (2021: 58%), with share award values generally reflecting strong share price performance at the end of 2022 across most sectors. In line with the provisions of the UK Corporate Governance Code, shares will not generally be released to executives for a further two years.

Nearly all companies demonstrated restraint on executive salary increases for 2023, in light of workforce cost-of-living pressures and investor guidance at the end of last year. Nearly 90% of 2023 salary increases for CEOs were set below the average rate awarded to the workforce, with a median CEO salary increase of 4%, versus a median average salary increase of 6% for the workforce.

## 2023 AGM season

The 2023 AGM season saw similar levels of investor support for directors' remuneration reports compared to last year. 9% of FTSE 100 companies received 'low votes' (less than 80% in favour) on their annual remuneration report (2022: 10%), with median support of 95% of votes in favour of the annual remuneration report (2022: 94%).

So far, around 50% of FTSE 100 companies have put a new remuneration policy to a shareholder vote in 2023. Of those companies, over one-third were seeking approval to increase maximum incentive levels under performance-based incentives (e.g. annual bonus or long-term incentive plans). In the majority of cases, the rationale for increases was to reflect a change in the size and complexity of the organisation, or to enable companies to compete globally for talent. Two companies received a 'low vote' on the remuneration policy. In both cases, this related to more significant increases to incentive quantum (100% of salary or more).

# Foreword



## Climate and ESG

Over 90% of FTSE 100 companies now incorporate ESG measures into their incentive plans, with c.60% now incorporating metrics in their long-term incentive plans. Environmental metrics – typically focussed on Scope 1 and 2 emissions reductions – are increasingly prevalent in long-term incentive plans. A minority of companies have moved to link incentives to Scope 3 emissions reduction, as companies look to tackle their most material carbon impacts.

Investors are increasingly looking to ensure that metrics are aligned to a company's strategy, quantifiable and avoid unnecessary complexity. In this context remuneration committees are increasingly reviewing their approach to ESG incentive metrics to ensure the approach suitably reflects the overall corporate strategy and materiality of such measures to the business.

## The year ahead

While inflation in the UK, US and Euro area appears to have peaked, geopolitical and macroeconomic risks remain a significant challenge for businesses globally and this will remain at the top of the board agenda in the year to come.

In recent months, we have seen an intensifying of the ongoing debate around the long-term competitiveness and success of London's capital markets, including the role of pay and governance in creating an agile and prosperous ecosystem. For UK-listed multinational companies, competing for both talent and business in the US, the disparity in pay levels between UK and US listed markets, combined with more stringent remuneration governance standards in the UK, is increasingly raised as a challenge.

In our view, structural constraints are often more of a barrier than quantum, and a sole focus on the US oversimplifies the debate. To support an environment of greater innovation and growth, remuneration committees need greater flexibility to develop remuneration policies and incentive structures that suit a diverse range of companies with different global footprints, talent markets and business lifecycles. We have set out our thoughts on potential interventions for change in our [thought-piece](#).

## 01 Introduction and foreword

# Executive summary



## Total 'single figure' remuneration

**£3.94m**

median CEO total 'single figure' remuneration  
(2021: £3.59m, 2020: £2.80m)

**£2.15m**

median CFO total 'single figure' remuneration  
(2021: £2.18m, 2020: £1.66m)

**85:1** median CEO pay ratio (2021: 81:1, 2020: 59:1)



## Fixed pay

**4%**

median CEO salary increase so far in 2023  
(2022: 3%, 2021: 1%, 2020: 0%)

**12%**

CEOs had salary freeze so far in 2023  
(2022: 11%, 2021: 47%, 2020: 55%)

**6%** median wider workforce increase so far in 2023 (2022: 3%)



## Incentive out-turns

**0 plans**

did not pay out annual bonus to CEO for 2022  
(2021: 5%, 2020: 32%)

**80%**

of maximum median CEO annual bonus out-turn for 2022  
(2021: 86%, 2020: 39%)

**59%**

of maximum median PSP vesting for 2022  
(2021: 58%, 2020: 35%)



## Executive shareholding requirements

**350% of salary**

median CEO shareholding requirement  
(2022: 300%, 2021: 300%)

**c.665% of salary**

median actual CEO shareholding

**1 company**

does not have a post-employment shareholding requirement



## ESG and incentive plans

**80%**

annual bonus plans incorporate ESG metrics

**c.60%**

long-term incentive plans incorporate ESG metrics



## Alternative incentives

**27%**

of companies operate non-standard incentive arrangements



## 2023 AGM season

**95%**

median vote in favour of directors' remuneration report  
(2022: 94%)

**9%**

of remuneration reports receiving a 'low vote' (<80% support)  
(2022: 10%)

**52%**

of companies put a new remuneration policy to vote

**4%**

of policies receiving a 'low vote'  
(2022: 22%)

### Key issues – remuneration report

- Level of incentive payout relative to business performance and/or wider stakeholder experience
- Windfall gains on vesting of 2020 LTIP awards
- Lack of response to shareholder dissent

### Key issues – remuneration policy

- Increases to incentive opportunities