

Deloitte. Initial impressions from September 2016 disclosures

Companies are required to obtain shareholder approval for their Remuneration Policy at least once every three years, which means there will be many more policy votes during the 2017 AGM season. This, combined with ongoing political debate around executive pay and significant changes to investor guidelines, sets the scene for 2017.

Companies with September year ends are the first to disclose in the season and can therefore offer an indication of the trends we may see throughout 2017. Our analysis is based on the five FTSE 100 and 15 FTSE 250 companies which have disclosed to date.

1

Initial trends



Of the 20 companies, two FTSE 100 and nine FTSE 250 companies have put the policy forward for approval at the 2017 AGM.



None of the companies have introduced any of the alternative remuneration structures discussed in the Executive Remuneration Working Group's final report.



Of those companies putting forward a new policy, only four made material changes following a comprehensive review of remuneration arrangements.



Six companies increased shareholding requirements, including one which also introduced a two year post-cessation shareholding guideline.



Last year eight companies did not have a holding period on their LTIP. Four of these have introduced one. Of the remaining companies, three did not put a policy to vote.



Three companies increased the maximum opportunity under the policy. Another company increased maximum opportunity **within** the existing policy.

2

Targets and disclosures

Around two third of companies provided the full range of figures for financial measures on the annual bonus. This includes figures for threshold, on-target and maximum performance, as well as actual performance outcomes.

Financial targets



Four companies have significantly improved the level of disclosure for personal performance targets.

Individual targets



Three companies adjusted prospective financial targets due to Brexit and/or economic uncertainty.

Brexit



One company has disclosed their gender pay gap. Others disclose gender split by level.

Gender pay gaps



Two companies have disclosed the pay ratio between the CEO and other employees.

Pay ratios



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