FTSE250 Board remuneration

Pay trends report for the 2025 financial year

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Introduction

Welcome to the Ellason 2025 pay trends report for the FTSE250

This report captures remuneration trends across the FTSE250, and captures pay data for the constituents of the FTSE250 at 1 January 2025 (based on 3-month average market capitalisation, captured on 31 December 2024). The data includes companies with year-ends between 1 April 2024 through to 31 March 2025.

Key observations include:

- The most common change presented to shareholders during the 2025 AGM season was an increase in variable incentive opportunities, with seven companies raising both annual bonus and LTIP limits. These changes were typically justified as necessary to align with relevant market benchmarks (whether UK-focussed or international), to retain talent in the context of growing global competition, or to reflect an increase in the scope of the executive's role.
- Seven companies introduced hybrid structures, allowing the use of both restricted and performance shares, continuing a trend seen last year.
- Nine companies raised CEO salaries by over 10% (thirteen companies did the same for the CFO). The main reasons included consistent performance, an evolution in the scope of the executive's role, or to align fixed pay with the desired market positioning.
- Bonus deferral practices have also shifted, with ten FTSE250 companies proposing reduced, or no, deferral requirements where in-post shareholding targets are met. With two increasing the level of deferral where requirements have not been satisfied.

Please email us if you would like a tailored report, detailing how your company compares with the FTSE250 on all relevant slides.

Do not hesitate to share this report with colleagues, and/or contact the Ellason team if you have any questions on this report or have any other remuneration matters you would like to discuss.

The Ellason library includes pay trends reports for the FTSE350, FTSE SmallCap, FTSE AIM, ISEQ and investment trusts, and for companies at IPO. Contact one of the team if you would like a copy of other FTSE cuts either by size or by sector (and which can be tailored to your specific request).

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Introduction
2025 AGM season overview

Just over 30% of the FTSE250 have sought shareholder support for a new Remuneration Policy at their 2025 AGMs. Around 30% of these companies held an early vote on the policy, ahead of the end of the standard three-year cycle.

Shareholder support for remuneration resolutions is broadly consistent year-on-year, with median votes of 95% for Policy renewals (2024: 95%). The median advisory vote on the Directors' Remuneration Report (DRR) is broadly similar this year at 97% compared to last year (96%), whilst the average support has fallen slightly year-on-year (from 94% in 2024 to 93% this year).

No FTSE250 company has failed its Policy vote so far in 2025; two companies failed the DRR vote, requiring them to submit a new policy for approval in 2026. Nine companies secured less than 80% support for their Policy (below the threshold used for the IA's Public Register), and a further ten gained less than 80% support for the DRR vote. These companies must disclose in their next Annual Report how they have consulted with shareholders on the issues that triggered the low vote.

The primary reasons for low votes were:

- Significant quantum increases, either to salary or incentive opportunity
- Long-term incentive structures (e.g. the introduction of a hybrid scheme or value creation plan)
- Concern in the degree of stretch in incentive targets

Shareholder support, 2025 AGMs

	Remuneration Policy	Implementation Report
75th percentile	98%	99%
Median	**95%**	**97%**
25th percentile	86%	93%
Average	91%	93%
Lowest	*66%*	*15%*

All data as at July 2025

ELLASON LLP

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Salary

Overall salary findings

For FY25, median salaries among FTSE250 companies stand at £666k for Chief Executive Officers (CEOs) and £455k for Finance Directors (FDs). The highest executive salaries are found in the consumer (cyclical) sector; the lowest are in the real estate and technology sectors. Salary ratios between executive roles remain broadly consistent, with Finance Directors typically earning around two-thirds of the CEO's salary.

A handful of companies (6%) include executive director salary caps in their remuneration policies, with the caps set between £150k and c.£2m (where disclosed). Four companies include a salary *increase* cap; ranging from 5% and 20%.

The gap between salary increases for the wider workforce and executive directors continues to narrow. The median salary increase across the FTSE250 workforce was 3.5% (down from 4.8% last year), only marginally above the 3.0% median increase for executive directors.

Where disclosed, 17% (2024: 13%) of companies awarded an increase to an executive director for FY25 that exceeded the average workforce increase. While circumstances differ from company to company, the reasons given for these above-average increases included a change to role/increased responsibilities, or a director having been recruited on a lower salary with a view to making higher increases over time to align this with the desired market positioning long-term.

FY25 Salary, all FTSE250

	CEO	FD
75^{th} percentile	£800k	£511k
Median	**£666k**	**£455k**
25^{th} percentile	£576k	£400k

Reported FY25 salary increases, including zeroes

	CEO	FD	Workforce
75^{th} percentile	3.8%	4.0%	4.1%
Median	**3.0%**	**3.0%**	**3.5%**
25^{th} percentile	2.0%	2.0%	3.0%
No increase (excluding new hires)	*21%*	*22%*	*n/a*
Less than employee increase	*44%*	*44%*	*n/a*

Pension

Overview

For FY25, the median pension opportunity for FTSE250 FDs is slightly higher that the wider workforce at 7.5%, while CEOs are in line at 7.0% of salary. Since the 2023 AGM season, IVIS (the Investment Association's voting arm) has adopted a policy of issuing a 'red top' warning on a company's proxy report if executive director pension contributions are not aligned with those offered to the wider workforce.

FY25 Pension opportunity, % salary

	CEO	FD	Workforce
75th percentile	10.0%	10.0%	10.0%
Median	**7.0%**	**7.5%**	**7.0%**
25th percentile	5.0%	5.0%	5.0%

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Variable pay opportunity

Maximum award opportunities, bonus and LTIs

Bonus

Executive director annual bonus opportunities typically range from 125% (lower quartile) to 200% (upper quartile) of salary, with target bonus award opportunities typically 50% of the maximum opportunity.

Over 55% of companies offer the same opportunity to the CEO and FD. Where the FD's opportunity is lower, it is usually around 20% below that of the CEO.

In 15% of companies, the Remuneration Policy allows for a higher maximum bonus opportunity. Where this is the case, the additional headroom above the standard maximum ranges from 20% to 100% of salary, with a median of 40%.

8% of companies disclose no standalone bonus opportunity for executive directors, generally because the variable pay opportunity is delivered entirely through a long-term plan (or a single integrated incentive).

LTIP

LTIP opportunities, based on PSP equivalence, now typically range from 200% to 450% of salary for executive directors. While median levels have remained broadly stable compared to last year, we have seen an increase at the upper quartile, from 260% to 300% of salary for CEOs and 235% to 250% for FDs.

Around 50% of companies offer equal LTIP opportunities to the CEO and FD. Where a differential exists, the FD's opportunity is typically around 80% of the CEO's.

Just over 35% of companies include a higher maximum LTIP opportunity in their Remuneration Policy than the level usually granted each year. In such cases, the Policy limit is typically around 50% of salary above the standard award.

FY25 Annual Bonus opportunity, % salary

	CEO	FD
75th percentile	200%	150%
Median	**150%**	**150%**
25th percentile	150%	125%

FY25 LTIP maximum opportunity, % salary

	CEO	FD
75th percentile	300%	250%
Median	**200%**	**200%**
25th percentile	200%	150%

Variable pay opportunity

Maximum aggregate award opportunities

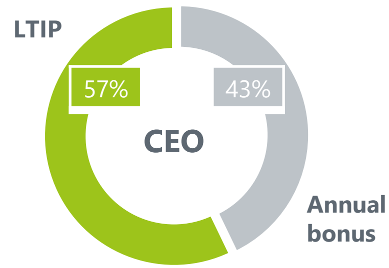
The median total variable pay opportunity for a FTSE250 CEO and FD has remained at 350% of salary, and 325% of salary respectively.

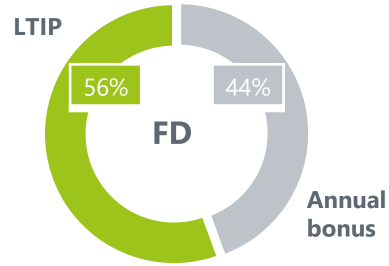
The highest variable pay opportunities are observed in the energy, financial and communication sectors.

FY25 Total variable pay maximum opportunity, % salary

	CEO	FD
75th percentile	455%	400%
Median	**350%**	**325%**
25th percentile	300%	285%

Average variable pay mix, % of total





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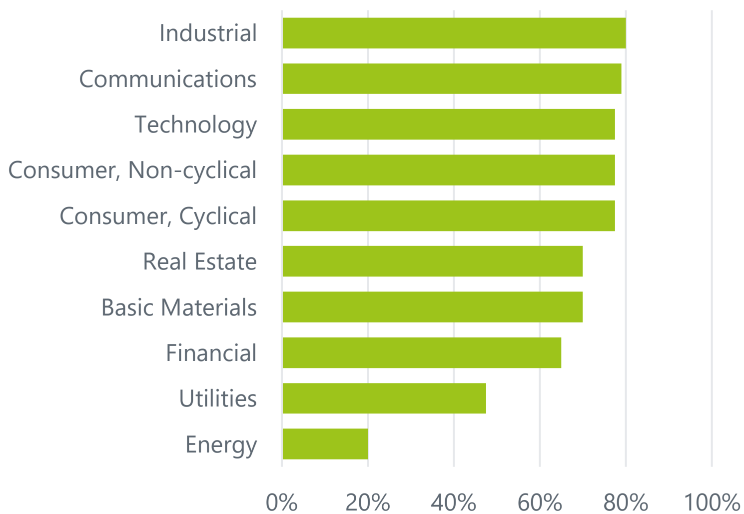
Annual bonus structure
Measures and ranges

Financial measures typically comprise 70-80% of the annual bonus (with a median of 75%). The remaining portion is generally linked to non-financial measures, often tied to strategic priorities or individual objectives.

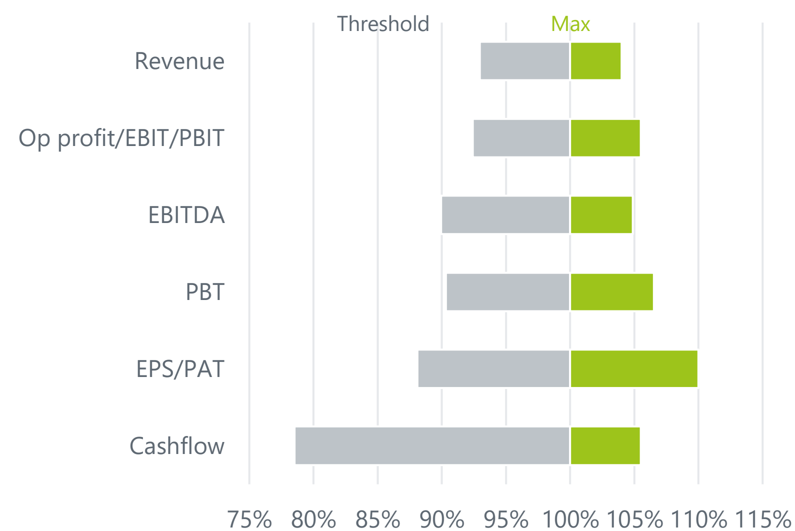
The industrial and communication sectors tend to place the highest emphasis on financial metrics, while the lowest weightings are seen in the utilities and energy sectors, where a large number of performance categories are often used. 80% of companies incorporate ESG considerations into their incentive frameworks, either as dedicated metrics or integrated within strategic or personal objectives.

Performance ranges for bonus measures vary by the type of measure, on the basis that the range should reflect the inherent volatility in the measure. The chart below shows the typical ranges used by FTSE250 companies for the bonuses which paid out for the 2024 financial year, as a % of target. For example, EPS/PAT had a typical threshold-target-max range of 88%-100%-110% in 2024.

Weighting on financial measures



Typical performance range, by bonus measure



Annual bonus structure

Deferral

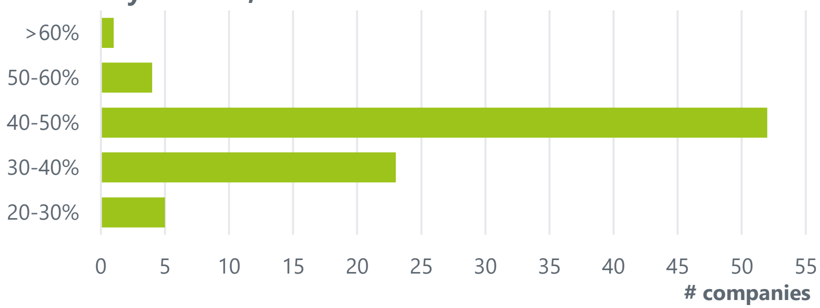
Mandatory bonus deferral is implemented by 96% of FTSE250 companies that operate a bonus scheme. The most common method involves deferring a fixed percentage of any bonus earned, accounting for 82% of deferral arrangements, with 33% or 50% being the typical deferral rate. The remaining 18% require deferral only on bonus amounts exceeding a certain threshold, from 5-150% of salary (median 100% of salary).

15% of FTSE100 companies tie the deferral requirement to an executive's in-post shareholding level. This year, nine companies sought and received shareholder approval at their AGMs to reduce the deferral percentage for executives who have met the in-post shareholding guideline. In contrast, two companies proposed increasing the level of deferral where shareholding requirements have not yet been satisfied. Approaches vary once the guideline is reached. For example, the deferral amount is halved or reduced by a third. In nearly 45% of instances, the deferral requirement is removed entirely once the guideline is achieved.

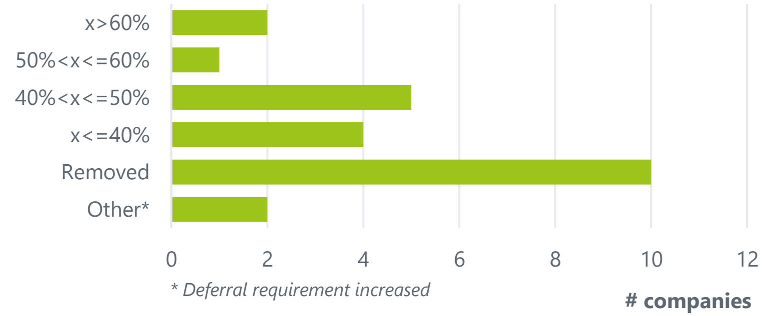
The predominant deferral schedule is cliff vesting after three years, used by 51% of plans. Other models include cliff vesting after two years (30%) and phased vesting over multiple years (14%).

Mandatory bonus deferral, prevalence

Mandatory deferral, % of earned bonus



Deferral reduction, % of deferral requirement



** Deferral requirement increased*

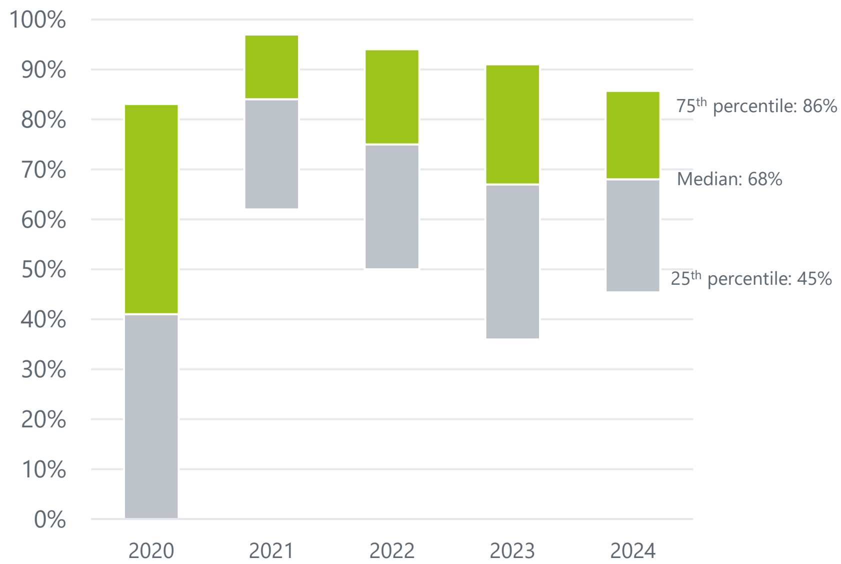
Annual bonus structure
Outcomes

The median CEO bonus payout in the last reported financial year was 68% of maximum, with an interquartile range of 45% to 86%. This is consistent with levels observed last year.

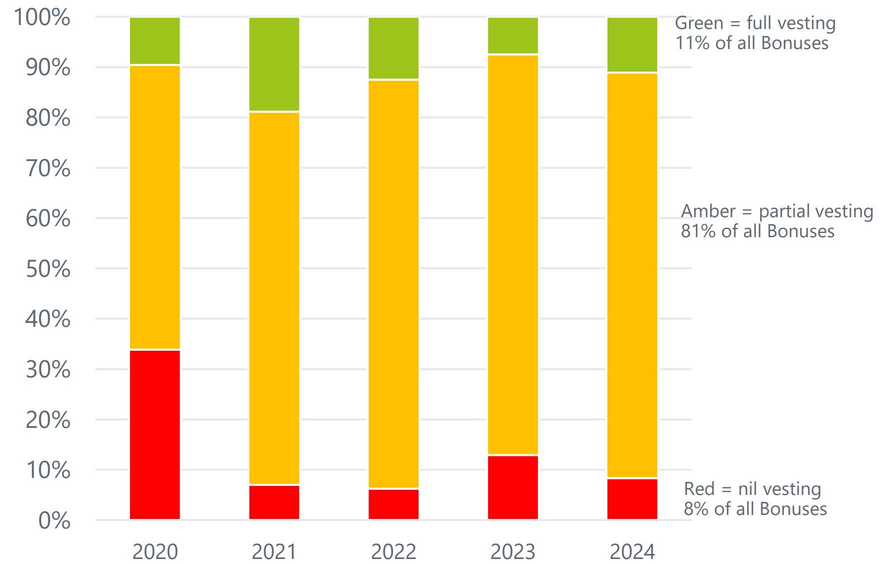
As illustrated in the chart to the right below, 8% of companies did not pay a bonus in the year, with 11% paying full bonus. 40% of FTSE250 companies recorded a lower bonus outcome in 2024 as compared to 2023, while 47% have reported paying a higher bonus.

4% of companies report using downward discretion in the year, compared to 7% in 2023. Common reasons for this included to reflect broader business performance and wider shareholder experience. 3% of companies report exercising upward discretion, typically citing reasons such as being involved in a takeover situation or wanting to acknowledge progress on ESG targets, even when those targets were not fully met.

CEO actual bonus outcomes, % max



Bonus payout



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Long-term incentive structure

Performance share plans remain the most prevalent LTI vehicle across the FTSE250

79%

Performance share plans

Performance share plans remain the predominant long-term incentive vehicle across the FTSE250, with 79% of companies using them for executive directors

17%

Restricted stock

17% of companies (up from 13% in FY24) employ restricted stock plans, with around a third alongside a PSP

6%

Single integrated incentive

6% of companies employ a single integrated incentive

1%

Co-investment matching

One company offers co-investment matching plans, alongside a PSP

1%

Options

One company uses options

1%

Value Creation Plan

Two companies operates a VCP as their sole LTI

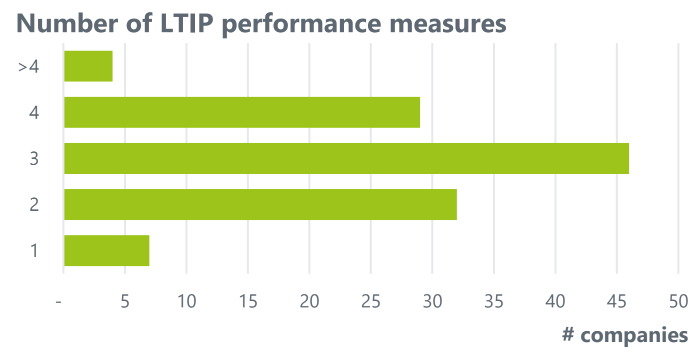
3%

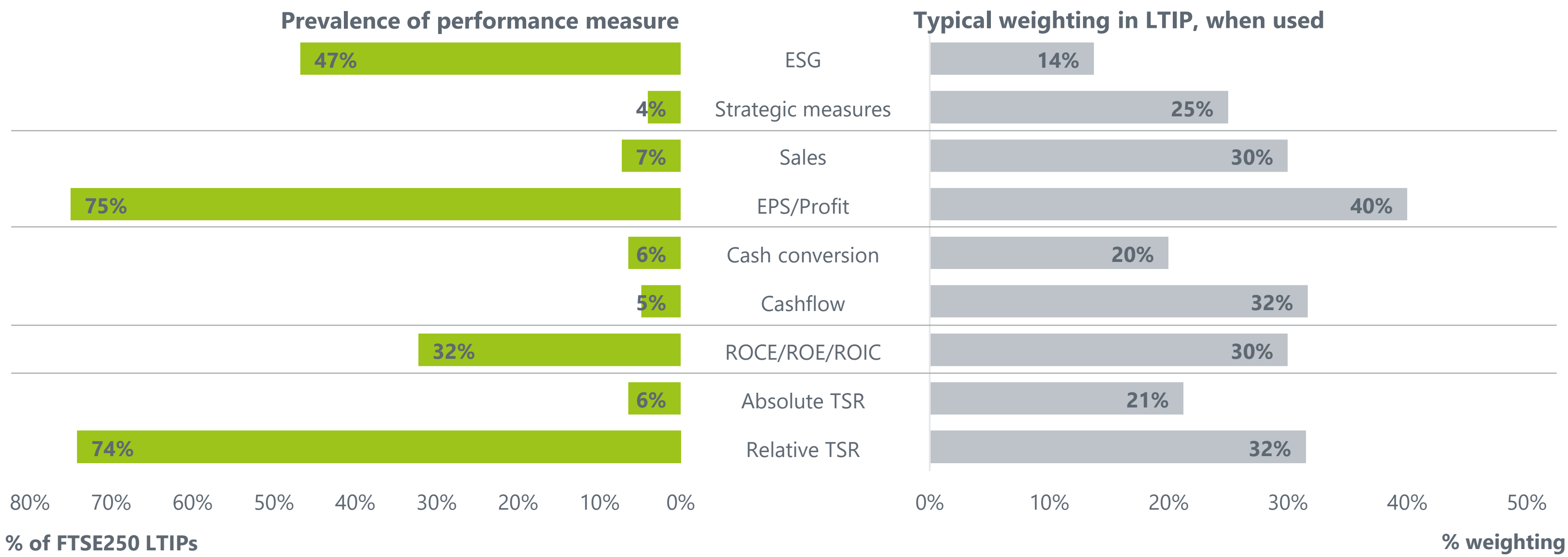
No LTI plan in operation

Long-term incentive structure
Performance measures

The most prevalent PSP performance period is three years, one company uses four years. All plans that impose a post-vesting holding period comply with the UK Corporate Governance Code (i.e. a total vesting and holding period of five years).

The most common LTIP performance measure is relative Total Shareholder Return, fully-loaded P&L measures (e.g. EPS) and ESG. The majority of companies use three or more performance measures (in part due to the increased use of ESG as an LTIP measure).





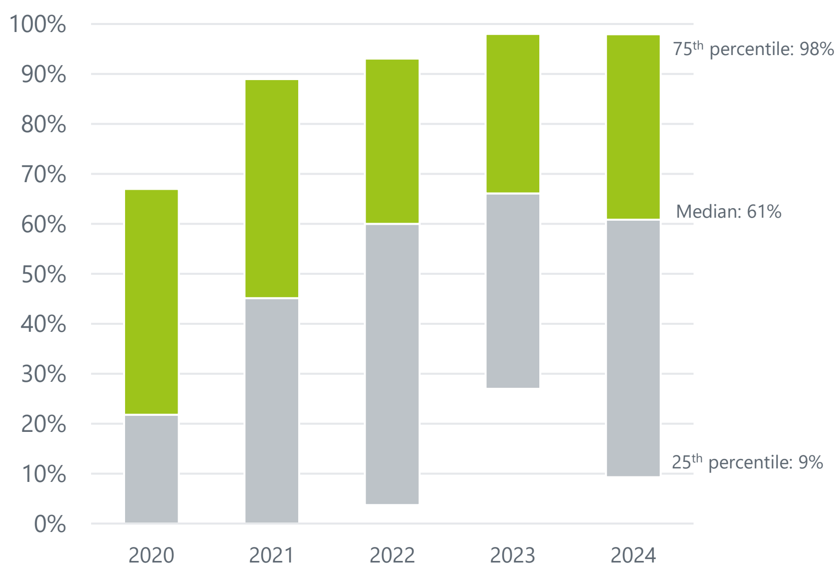
Long-term incentive structure
Outcomes

The median CEO LTI vesting in the last reported financial year was 61% of max, with a wide interquartile range of 9% to 98%.

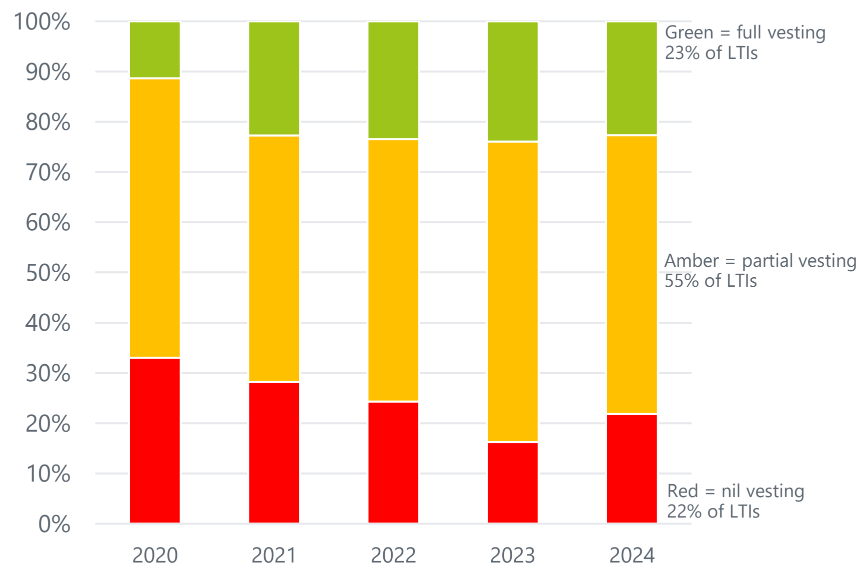
As illustrated in the chart to the right below, 22% of companies reported nil vesting under the LTIP, with 23% at full vesting. 33% of FTSE250 companies recorded a higher LTIP outcome in 2024 as compared to 2023, while 40% have reported a lower LTIP vesting level this year compared to last.

One company opted to apply a retrospective downward adjustment to its LTIP outcome, acknowledging the overall shareholder experience during the performance period. In contrast, two companies applied upward discretion, citing factors such as the impact of an acquisition and to reflect broader performance despite macroeconomic headwinds.

LTI vesting, % max



LTI vesting



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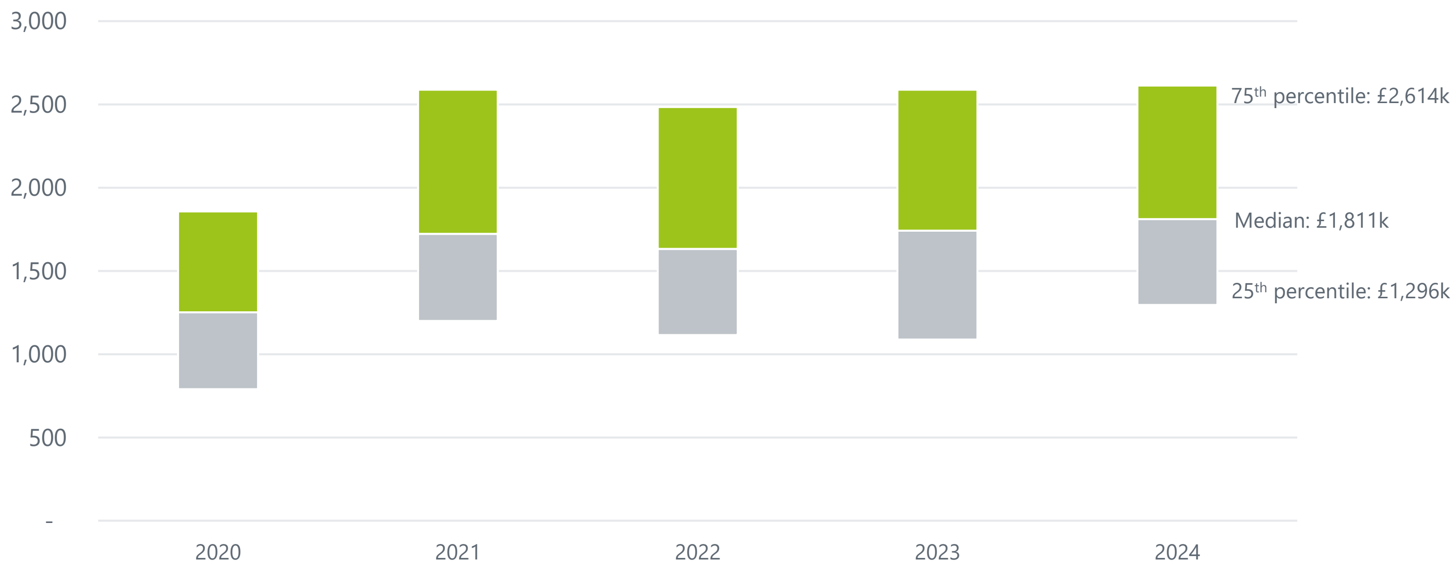
Total actual remuneration

An overview of 2024

The median actual total remuneration paid to a FTSE250 CEO was £1.8m in 2024, up from the 2023 median single figure of £1.7m. The highest paid FTSE250 CEO earned £12.7m.

67% of companies reported a higher CEO single figure in 2024 compared to 2023.

Actual total remuneration, CEO, £k



CEO pay ratio
All FTSE250

2024 marked the sixth year that FTSE Main Market companies with more than 250 UK-based employees were required to report a CEO pay ratio. The focus is on the CEO's total pay vs that of the median employee. Across the FTSE250, the median ratio was 37:1 with ratios ranging from as low as 0.3:1 to as high as 240:1.

The majority of companies (74%) adopted methodology 'A' to calculate the ratio, in line with the stated preference of HM Government and institutional investors. This methodology captures the 'single figure pay' for all full-time UK employees.

The CEO pay ratio reporting regulations also require the reporting of all-employee pay data: in 2024 the median total pay for a FTSE250 employee was £47,030, and the median reported salary was £41,735.

Only 5% of FTSE250 companies voluntarily disclose a CEO 'salary ratio.'

Calculation methodology

	Description	Prevalence
A	Single figure pay calculated for ALL UK employees	74%
B	Single figure pay calculated for those relevant UK employees identified through the Gender Pay Gap analysis	23%
C	Single figure pay calculated for those relevant UK employees identified through any other means	3%

All FTSE250

	Total pay comparison		Salary comparison	
	CEO total pay ratio	Workforce total pay	(Calculated) CEO salary ratio	Workforce salary
75th percentile	60:1	£68,990	22:1	£61,975
Median	**37:1**	**£47,030**	**16:1**	**£41,735**
25th percentile	21:1	£35,270	11:1	£30,075

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Executive share ownership

In-post requirements

97% of companies have established shareholding requirements for their executive directors whilst in post. These typically range from 200% to 300% of salary, with the median requirement set at 200% of salary for CEOs and FDs.

Nearly 65% of companies require executives to retain partial or full holdings of vested LTIP or deferred bonus awards until the shareholding target is achieved.

40% of companies specify a timeframe, typically five years, for meeting the shareholding requirement.

All companies set the ownership level based on a multiple of salary

When shareholding requirements became standard practice around 15 years ago, they were typically set at levels achievable through vested LTIP awards within five years. Consequently, there is a relatively consistent ratio between the shareholding requirement and the normal annual LTIP award of 1:1 for CEOs (1.14:1 for FDs).

Some major shareholders have suggested the holding requirement should be consistent with the total variable pay opportunity (i.e. annual bonus plus LTIP); in practice, the median ratio between the shareholding requirement and the CEO's total variable pay opportunity is 0.6:1 (FD: 0.7:1).

Shareholding requirement, % salary

	CEO	FD
75th percentile	300%	225%
Median	**200%**	**200%**
25th percentile	200%	200%

Executive share ownership

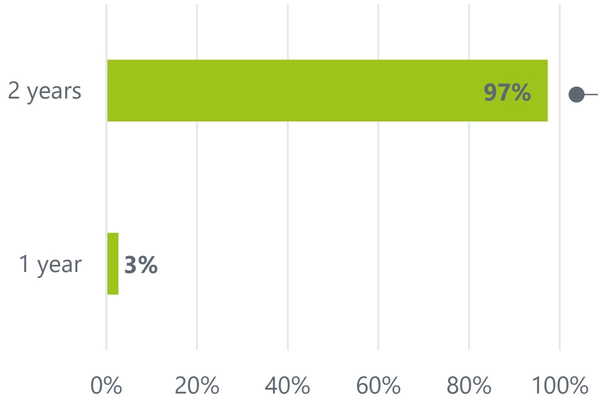
Post-termination requirements

The proportion of FTSE250 companies that apply post-termination shareholding guidelines has remained at 97%, which is in line with the number of FTSE250 companies with an in-post guideline.

Most companies (97% of those with these requirements) extend the requirement to two years after an executive director leaves; the remaining 3% use only one year. Among those with a two-year requirement, 74% keep the guideline at the same level as the in-post target throughout the period, while the remainder either reduce it to 50% after the first year or start at a lower level.

% of FTSE250 companies with post-termination executive shareholding requirements

Time period over which post-termination requirements extend (as % of companies with requirements)



Level of post-term requirement relative to in-post requirement (% of companies with two-year periods)	
Same as in-post requirement, for entire period	74%
Same as in-post requirement for Year 1, then reduces by 50%	20%
Lower than in-post requirement from the start	6%

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Non-executive director fees

Non-executive director fees
Board Chair fee and NED base fee

Median FTSE250 fees are £258k for the Board Chair and £65k for the NEDs (base fee). 3% of companies have a Deputy Chair, with a typical fee of £89k paid for the role. Additional fees are typically paid for additional responsibilities; most commonly, these fees are paid to the chairs of the Audit and Remuneration Committees and the SID.

63% of companies increased the Board Chair's fee in the year, with a median rise of 2.8% (including cases with no increase). Similarly, 66% of FTSE250 companies raised the NED base fee, with a median increase of 2.7% (including zeros).

Non-executive director fees

	Board chair	Deputy chair	NED base
75th percentile	£319k	n/a	£72k
Median	**£258k**	**£89k**	**£65k**
25th percentile	£224k	n/a	£60k

Shareholding requirements

Only 6% companies have established shareholding requirements for non-executive directors. The most common level of holding requirement is 100% of the base fee.

Additional fees on top of NED base fee

		Chair				Member				
	SID	Audit	Rem	ESG/ CSR	Nom	Audit	Rem	ESG/ CSR	Nom	Employee engagement
75th percentile	£16k	£20k	£18k	£17k	n/a	£11k	£10k	n/a	£9k	£12k
Median	**£12k**	**£14k**	**£14k**	**£13k**	**£12k**	**£8k**	**£8k**	**£6k**	**£5k**	**£10k**
25th percentile	£10k	£11k	£11k	£11k	n/a	£5k	£5k	n/a	£5k	£6k
Prevalence	*94%*	*94%*	*94%*	*34%*	*12%*	*25%*	*25%*	*11%*	*15%*	*36%*

About Ellason

Ellason provides independent advice and support to Boards on executive remuneration, board evaluation and all-employee reward.

Its senior consultants have significant experience in advising companies on executive pay strategy, and its client base includes a large number of listed and private companies. Ellason's aim is to be the leading and most trusted advisor to Remuneration Committees.

Our guiding principle is that advice on remuneration matters should be strategic as well as pragmatic and always supported by objective and independent analysis.

Our aim is to help companies develop executive pay structures which suit the economics of each company. Our starting point is to identify the ideal solution and then partner with our clients to refine this to ensure that it appropriately balances the perspectives of internal and external stakeholders.

Please do not hesitate contact us if you have any questions relating to this survey or other remuneration-related query.

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