

FTSE SmallCap Board remuneration

Pay trends report for the 2025 financial year

Introduction

Welcome to the Ellason 2025 pay trends report for the FTSE SmallCap

This report captures remuneration trends across the FTSE SmallCap for the 2025 AGM season, during which 12% of companies renewed their remuneration policies. This survey captures pay data for the constituents of the FTSE SmallCap 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:

- The gap between workforce and executive salary increases has continued to narrow, with median CEO and FD increases in line with those granted to the workforce for 2025.
- Bonus payouts increased year-on-year in 2024, but the overall impact on total pay was limited due to subdued LTIP vesting across the FTSE SmallCap.
- The most common change presented to shareholders during the 2025 AGM season was an increase in variable incentive opportunities, with two companies raising both annual bonus and LTIP limits.
- Bonus deferral practices have also shifted, with four FTSE SmallCap companies proposing reduced, or no, deferral requirements where in-post shareholding targets are met.

Please email us if you would like a tailored report, detailing how your company compares with the FTSE SmallCap 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).

Email our senior consultants:

peter.smith@ellasonllp.com

ed.mottley@ellasonllp.com

lorna.dodson@ellasonllp.com

jude.levy@ellasonllp.com

stuart.harrison@ellasonllp.com

stuart.hyland@ellasonllp.com

jenni.blyton@ellasonllp.com

andrew.brown@ellasonllp.com

Introduction

2025 AGM season overview

At the 2025 AGMs, 12% of FTSE SmallCap companies sought shareholder approval for a new Remuneration Policy. Half of these brought the vote forward, ahead of the typical three-year renewal cycle.

Shareholder support for remuneration-related resolutions has remained broadly stable year-on-year. The median level of support for the Remuneration Policy stood at 97%, unchanged from 2024. Similarly, the advisory vote on the Directors' Remuneration Report (DRR) maintained a median support level of 98% in both years, with only a slight dip in average support from 95% in 2024 to 94% in 2025.

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

The main drivers of low shareholder support this year have been:

- Significant increases in pay quantum, including base salary and/or incentive arrangements
- Insufficient disclosure, for example in relation to bonus targets and outturns

Shareholder support, 2025 AGMs

	Remuneration Policy	Directors' Remuneration Report
75 th percentile	98%	100%
Median	97%	98%
25 th percentile	95%	95%
Average	93%	94%
<i>Lowest</i>	64%	48%

All data as at July 2025

Ellason FTSE SmallCap Board Director remuneration

Introduction

Salary and pension

Variable pay opportunity

Annual bonus structure

Long-term incentive structure

Total remuneration and CEO pay ratio

Executive share ownership

Non-executive director fees

Salary

Overall salary findings

Median FY25 salaries across the FTSE SmallCap are £510k for a CEO and £356k for a Finance Director. The highest salaries are observed in the utilities sector; the lowest are within technology.

We observe a broad consistency in the ratio between executive director salaries for the more common roles, e.g. the FD's salary is typically set at around 70% of that of the CEO.

Three FTSE SmallCap companies include executive director salary caps in their Remuneration Policies, ranging from c.£150k to £745k (where disclosed). One company includes a salary *increase* cap in their Policy, at 25% p.a..

The gap between workforce and executive salary increases continues to narrow, with the median salary increase for FTSE SmallCap employees at 3.0%, down from 5.0% in FY24, matching the median increase awarded to executive directors.

Five CEOs received salary increases exceeding 10%. While individual circumstances varied, justifications for these higher increases typically included alignment with market benchmarks, recognition of strong personal performance and experience, or instances where directors had initially been appointed on below-market salaries, with planned phased increases to bring pay in line with long-term market positioning.

FY25 Salary, all FTSE SmallCap		
	CEO	FD
75 th percentile	£593k	£413k
Median	£510k	£356k
25 th percentile	£438k	£308k

Reported FY25 salary increases, including zeroes			
	CEO	FD	Workforce
75 th percentile	4.0%	3.0%	4.5%
Median	3.0%	3.0%	3.0%
25 th percentile	0.0%	2.5%	2.5%
<i>No increase (excluding new hires)</i>	28%	23%	n/a
<i>Less than employee increase</i>	39%	39%	n/a

Pension

Overview

For FY25, the median pension opportunity for FTSE Smal Cap CEOs and Finance Directors is 7.0% of salary, in line with the wider workforce. 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
75 th percentile	9.8%	8.8%	9.1%
Median	7.0%	7.0%	7.0%
25 th percentile	4.5%	5.0%	5.0%

Ellason FTSE SmallCap Board Director remuneration

Introduction

Salary and pension

Variable pay opportunity

Annual bonus structure

Long-term incentive structure

Total remuneration and CEO pay ratio

Executive share ownership

Non-executive director fees

Variable pay opportunity

Maximum award opportunities, bonus and LTIs

Bonus

Annual bonus opportunities for executive directors typically range from 100% of salary at the lower quartile to 150% at the upper quartile, with target bonus levels generally set at 50% of the maximum opportunity.

In 65% of companies, the CEO and FD are offered the same bonus opportunity. Where a lower opportunity is set for the FD, it is usually around 20% below that of the CEO.

15% of companies include a higher maximum bonus opportunity within their Remuneration Policy. Where this additional headroom is provided, it typically ranges from 25% to 50% of salary, with a median uplift of c.30%.

Only four companies report no standalone annual bonus for executive directors, usually where variable pay is delivered entirely through a long-term incentive plan or a single integrated incentive plan.

FY25 Annual Bonus opportunity, % salary		
	CEO	FD
75 th percentile	150%	150%
Median	125%	125%
25 th percentile	100%	100%

LTIP

LTIP opportunities (on the basis of PSP equivalence) are now typically 125% to 200% of salary for executive directors, with median opportunities increasing for the CEO from last year (150% of salary).

Around 50% of companies offer the same opportunity to the CEO and FD; where there is a gap, the FD typically receives 80% of the CEO's opportunity.

Just over 40% 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 LTIP maximum opportunity, % salary		
	CEO	FD
75 th percentile	200%	175%
Median	160%	150%
25 th percentile	150%	125%

Variable pay opportunity

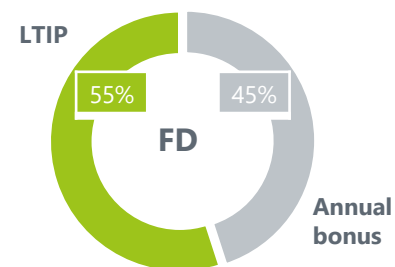
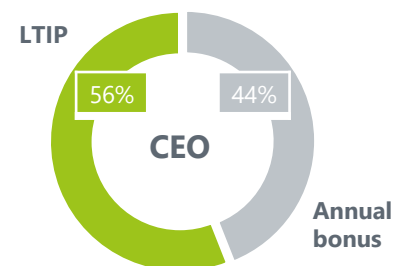
Maximum aggregate award opportunities

The median total variable pay opportunity for a FTSE SmallCap CEO is 275% of salary, in line with what was seen in FY24. The upper quartile has increased from 325% to 340% of salary. The median opportunity for FDs has increased, from 250% in FY24 to 260% in FY25.

The highest variable pay opportunities are observed in the energy and non-cyclical consumer sectors.

FY25 Total variable pay maximum opportunity, % salary		
	CEO	FD
75 th percentile	340%	305%
Median	275%	260%
25 th percentile	250%	225%

Average variable pay mix, % of total



Ellason FTSE SmallCap Board Director remuneration

Introduction

Salary and pension

Variable pay opportunity

Annual bonus structure

Long-term incentive structure

Total remuneration and CEO pay ratio

Executive share ownership

Non-executive director fees

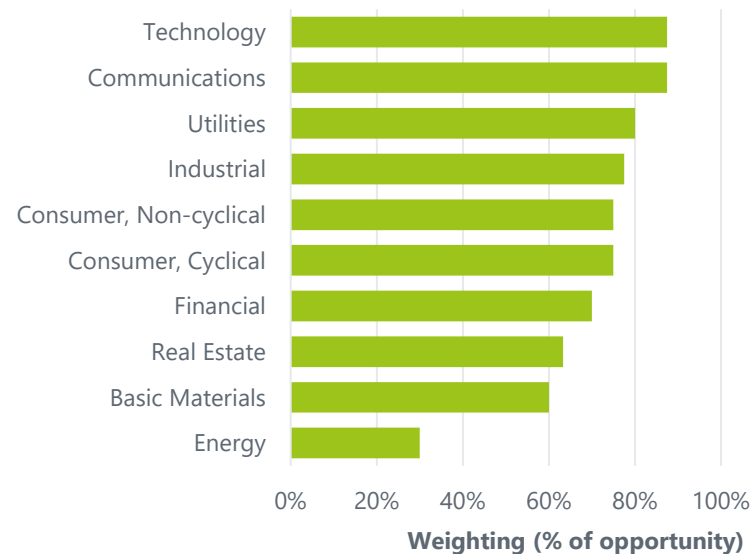
Annual bonus structure

Measures and ranges

Financial measures typically comprise 70%-80% of the bonus (with a median around 75%). The balance of the opportunity is typically based on non-financial measures set around either strategic or personal objectives.

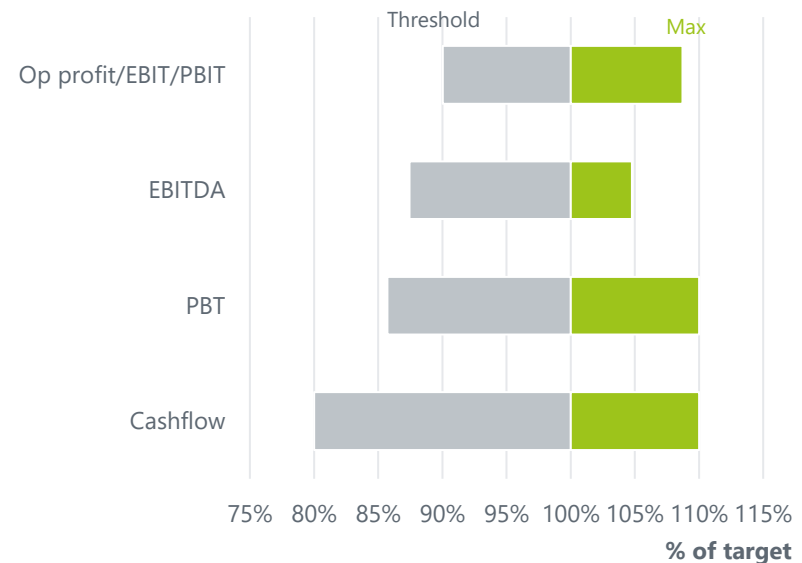
The highest weighting on financial measures is observed in the technology and communications sectors; with the lowest in the energy and basic materials sectors. 77% of companies report using ESG in the incentive scorecard, either as a standalone measure, or as part of personal/strategic metrics.

Weighting on financial measures



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 FTSE SmallCap companies for the bonuses which paid out for the 2024 financial year, as a % of target. For example, operating profit, had a typical threshold-target-max range of 90%-100%-109% in 2024.

Typical performance range, by bonus measure



Annual bonus structure

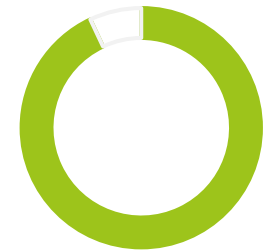
Deferral

Mandatory bonus deferral is used by 93% of FTSE SmallCap companies which operate a bonus. The most common approach is to defer a fixed % of *any* bonus earned (83% of deferral arrangements), most commonly 33%. The remaining 17% of companies with bonus deferral require executives to defer any bonus earned above a certain threshold, from 10-100% of salary (median 63% of salary).

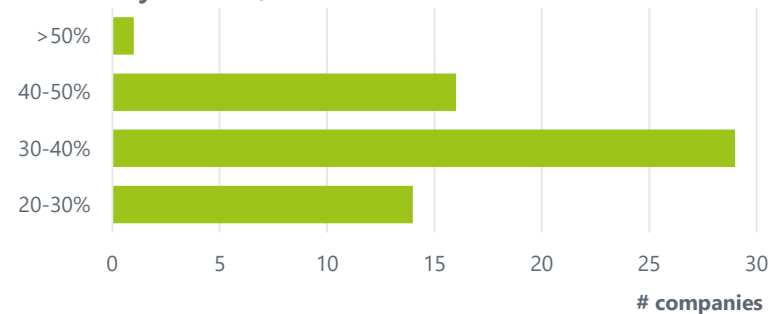
Nearly 15% of FTSE SmallCap companies link the deferral requirement to an executive's in-post shareholding level. During this year's AGM season, four companies sought shareholder approval to apply a reduced deferral percentage once the guideline has been achieved. Approaches vary once the shareholding threshold is met. In almost 60% of cases, the deferral requirement is removed entirely. In one example one-third of any bonus is deferred into shares where the guideline has not been met. Once the guideline is achieved, the structure shifts, with only the portion of the bonus exceeding 100% of salary delivered in shares, up to a maximum bonus opportunity of 150% of salary.

The most prevalent deferral period is a cliff vest after 3 years (42% of plans employ this approach). Other approaches include cliff vesting after 2 years (41%) and phased vesting over several years (11%).

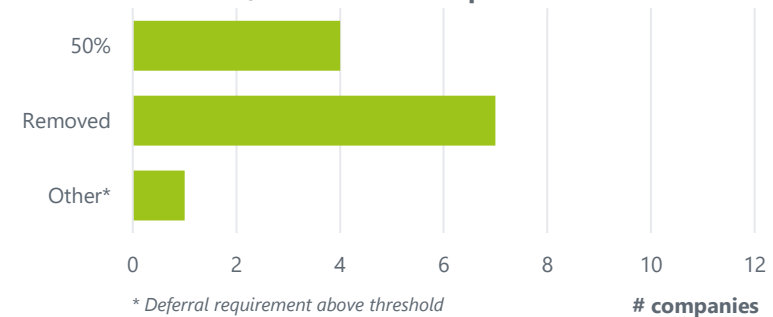
Mandatory bonus deferral, prevalence



Mandatory deferral, % of earned bonus



Deferral reduction, % of deferral requirement



Annual bonus structure

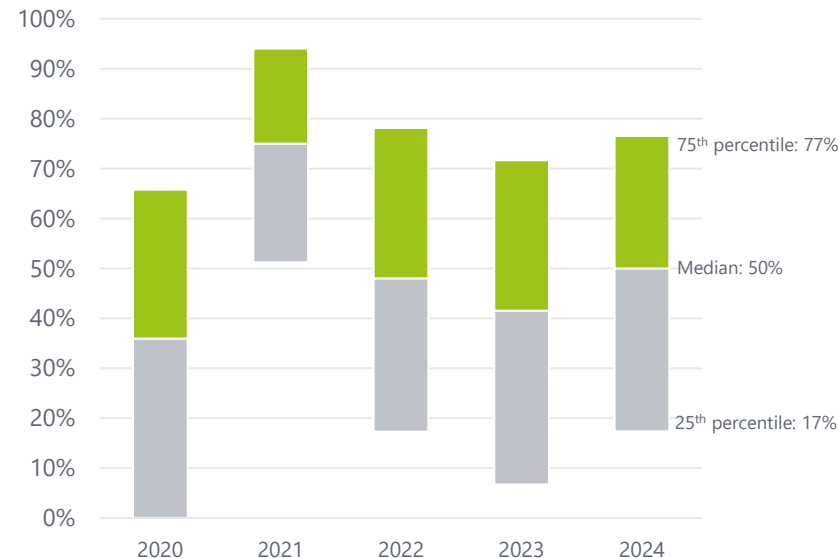
Outcomes

In the most recently reported financial year, the median CEO bonus payout was 50% of the maximum opportunity, an increase from 42% in the previous year.

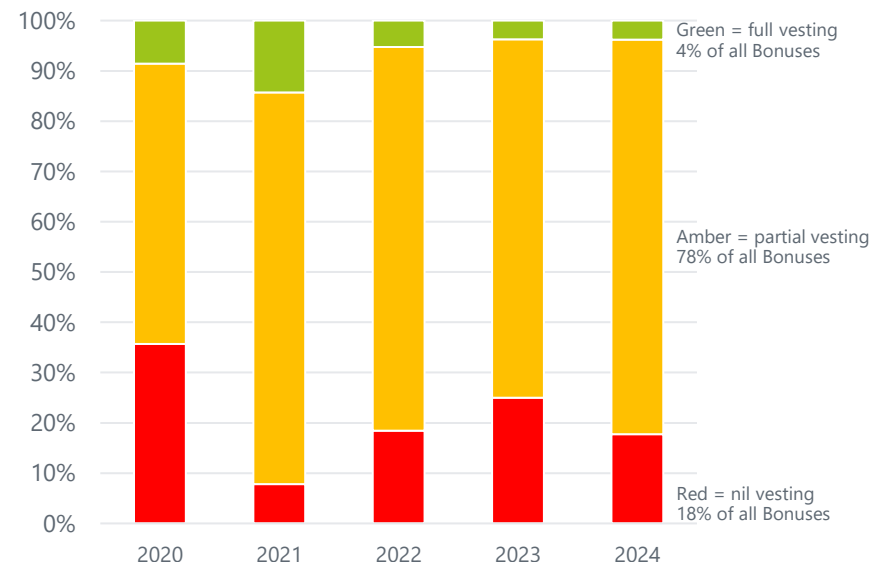
As shown in the chart on the right, 18% of companies paid no bonus, while 4% awarded the full bonus. 42% of FTSE SmallCap companies reported a lower bonus outcome in 2024 compared to 2023.

13% of companies report using downward discretion in the year, compared to 11% in 2023. Common reasons for this included to reflect broader business performance and wider shareholder experience.

CEO actual bonus outcomes, % max



Bonus payout



Ellason FTSE SmallCap Board Director remuneration

Introduction

Salary and pension

Variable pay opportunity

Annual bonus structure

Long-term incentive structure

Total remuneration and CEO pay ratio

Executive share ownership

Non-executive director fees

Long-term incentive structure

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

Performance share plans

Performance share plans remain the predominant long-term incentive vehicle across the SmallCap, with 72% of companies using them for executive directors

Co-investment matching

One company offers co-investment matching plan

1%

72%

22%

Restricted stock plan

22% of companies (up from 19% in FY24) employ restricted stock plans with four companies also operating in conjunction with a PSP

2%

Single integrated incentive

2% of companies employ a single integrated incentive

1%

Options

One company uses options as the long-term incentive

3%

Value Creation Plan

Three companies operate a VCP as their sole LTI

2%

No LTI plan in operation

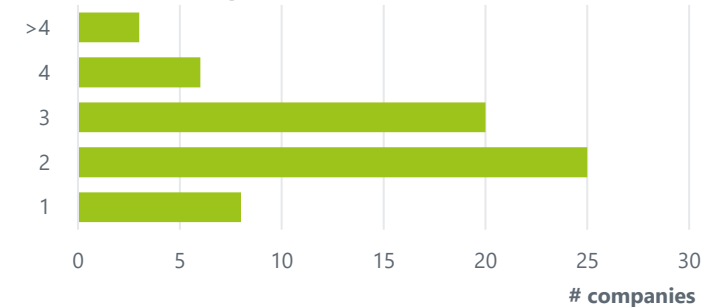
Long-term incentive structure

Performance measures

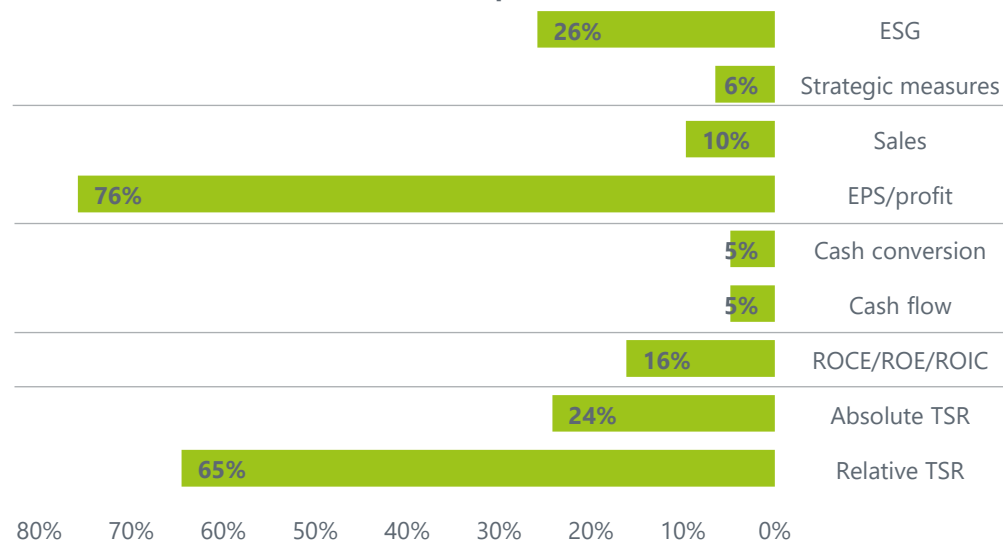
The most prevalent LTIP performance period is three years, with only two companies for a different timeframe, for example a four-year period paired with a shorter-than-usual one-year post-vesting holding requirement. Typically, companies set post-vesting holding periods to at least two years.

The most common LTIP performance measures are Total Shareholder Return (usually a relative rather than absolute calibration), fully-loaded P&L measures (e.g. EPS) and ESG measures. The majority of companies use two or more measures.

Number of LTIP performance measures

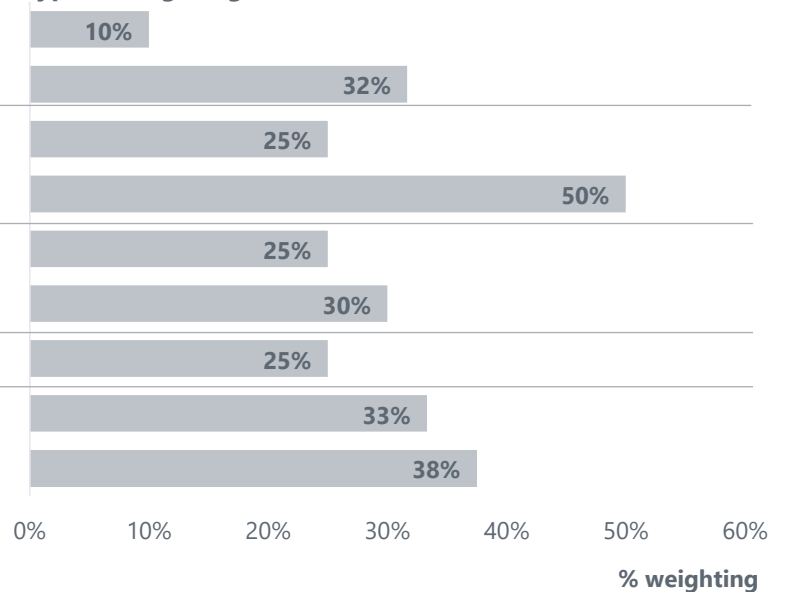


Prevalence of performance measure



% of FTSE SmallCap LTIPs

Typical weighting in LTIP, when used



% weighting

Long-term incentive structure

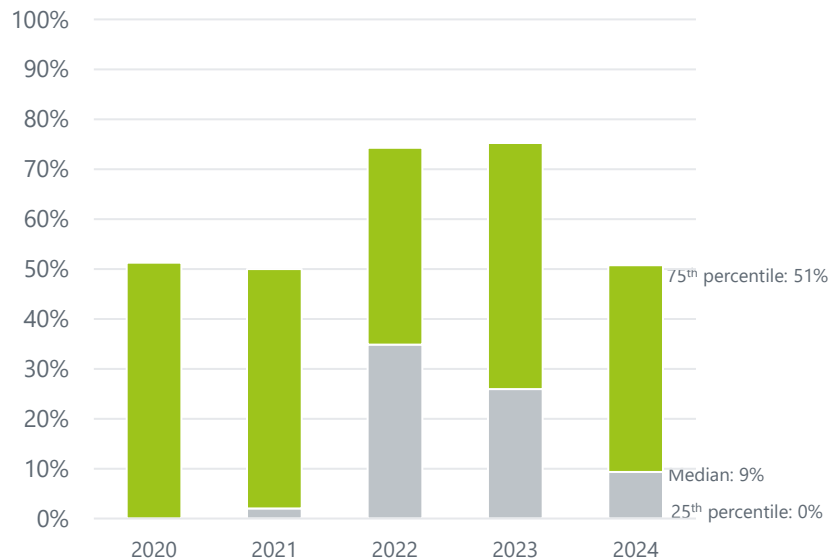
Outcomes

The median LTIP vesting outcome for performance periods ending FY24 was 9% of maximum, which is significantly lower than last year at 26% of maximum.

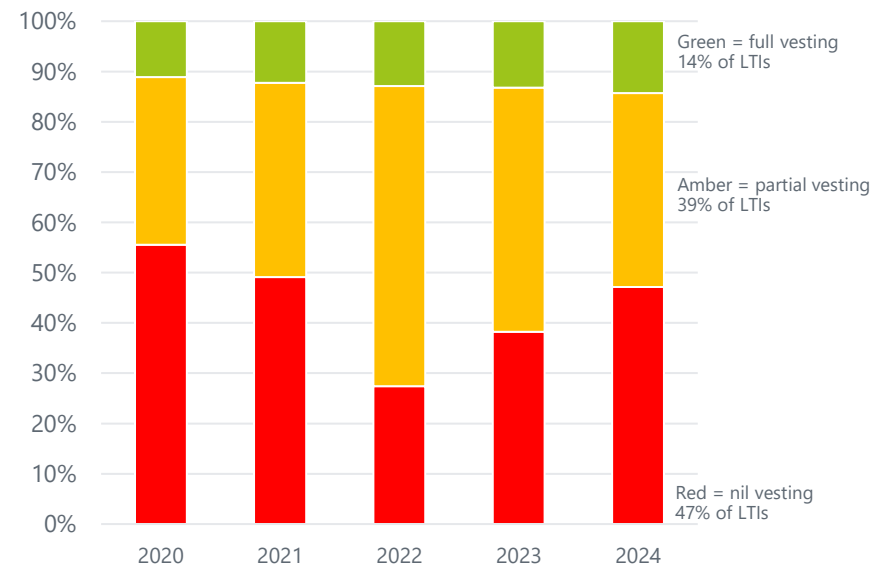
As illustrated in the chart to the right below, 47% of companies reported nil vesting under the LTIP and 14% reported full vesting. Around 18% of SmallCap companies recorded a higher LTIP outcome in 2024 as compared to 2023, while double the number of companies (36%) have reported a lower vesting outcome.

Only one company applied discretion to vesting outcomes to account for windfall gains.

LTI vesting, % max



LTI vesting



Ellason FTSE SmallCap Board Director remuneration

Introduction

Salary and pension

Variable pay opportunity

Annual bonus structure

Long-term incentive structure

Total remuneration and CEO pay ratio

Executive share ownership

Non-executive director fees

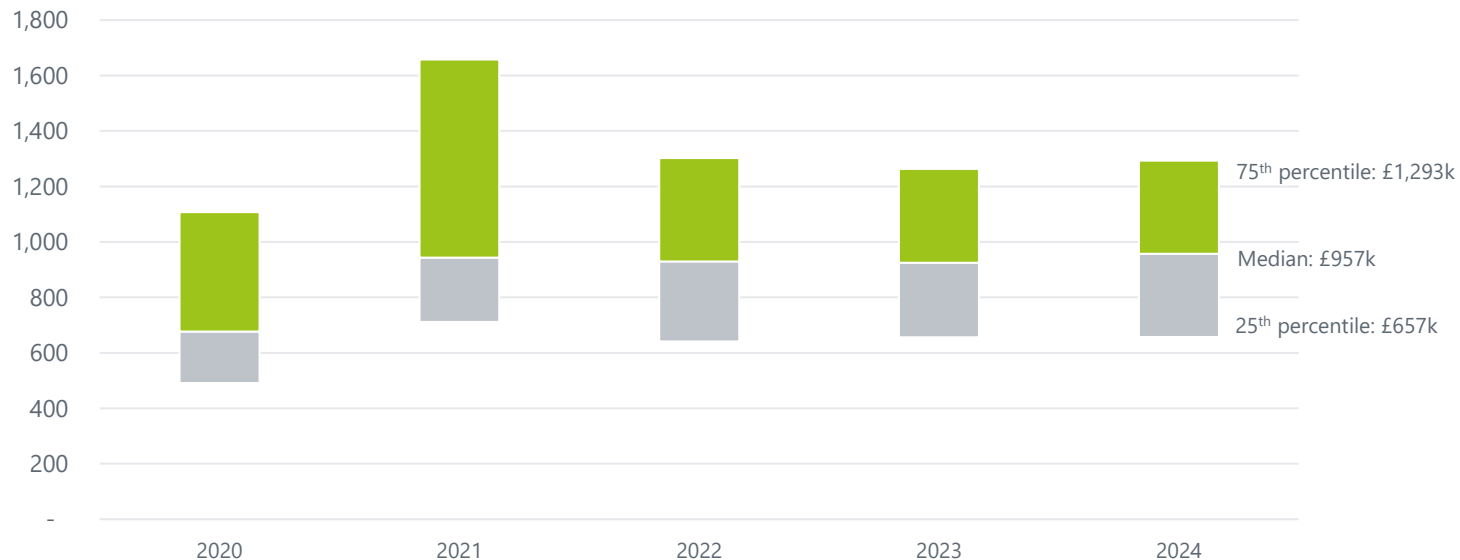
Total actual remuneration

An overview of 2024

The median actual total remuneration paid to a FTSE SmallCap CEO was £957k in 2024 and has increased marginally from last year (£925k). The highest paid FTSE SmallCap CEO earned £3.5m

Just over 50% of companies reported a higher CEO single figure in 2024 compared to 2023.

Actual total remuneration, CEO, £k



CEO pay ratio

All FTSE SmallCap

2024 marked the sixth year that Main Market companies with more than 250 UK-based employees were required to report their CEO pay ratios. This ratio compares the CEO's total pay to that of the median employee. Across the FTSE SmallCap, the median ratio for this was 22:1 (2023: 21:1). The lowest ratio was 6:1, the highest was 66:1.

The majority of companies (55%) 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 FTSE SmallCap employee was £40,000, and the median reported salary £35,500.

Only 5% of the FTSE SmallCap voluntarily disclose a CEO 'salary ratio'.

Calculation methodology

	Description	Prevalence
A	Single figure pay calculated for ALL UK employees	55%
B	Single figure pay calculated for those relevant UK employees identified through the Gender Pay Gap analysis	39%
C	Single figure pay calculated for those relevant UK employees identified through any other means	6%

All FTSE SmallCap

	Total pay comparison		Salary comparison	
	CEO total pay ratio	Workforce total pay	(Calculated) CEO salary ratio	Workforce salary
75 th percentile	32:1	£53,520	17:1	£44,720
Median	22:1	£40,000	14:1	£35,500
25 th percentile	16:1	£31,430	11:1	£28,975

Ellason FTSE SmallCap Board Director remuneration

Introduction

Salary and pension

Variable pay opportunity

Annual bonus structure

Long-term incentive structure

Total remuneration and CEO pay ratio

Executive share ownership

Non-executive director fees

Executive share ownership

In-post and post-termination requirements

In-post requirements

98% of companies have established shareholding requirements for their executive directors while in-post. These range from 100% to 500% of salary, but the most prevalent requirement is a holding level of 200% of salary.

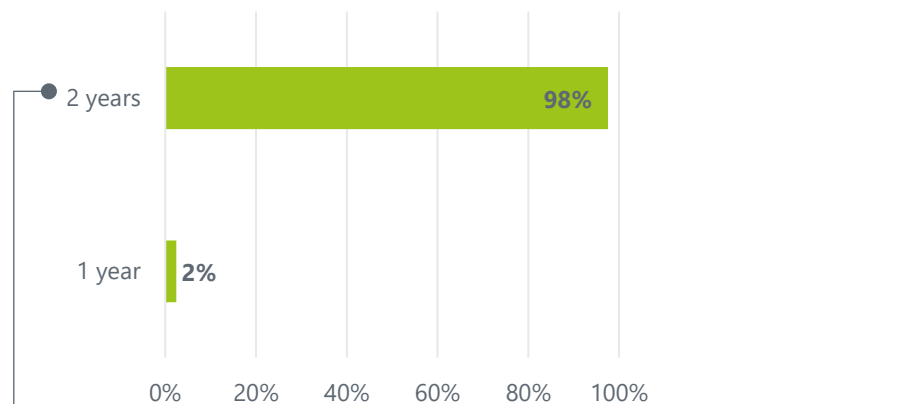
Around 60% of these companies require executives to hold some or all of their vested LTIP/deferred bonus awards until this shareholding requirement is met. Nearly 40% specify a time limit (typically 5 years) over which the shareholding requirement is expected to be met.

Post-termination requirements

The proportion of SmallCap companies that apply post-termination shareholding guidelines has increase from last year to 98% (FY24: 95%) and is broadly in line with the number of SmallCap companies with an in-post guideline.

Most companies (98% of those with requirements) expect executive directors to hold their shares for two years post-termination; the other 2% set a one-year horizon. Of those using two years, the significant majority set the guideline at the same level as the in-post requirement over the full period; others either reduce to another level (usually 50%) after 1 year or start at a lower level.

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



Level of post-term requirement relative to in-post requirement (% of companies with 2-year periods)

Same as in-post requirement, for entire period	68%
Same as in-post requirement for Year 1, then reduces by 50%	26%
Lower than in-post requirement from the start	6%

Ellason FTSE SmallCap Board Director remuneration

Introduction

Salary and pension

Variable pay opportunity

Annual bonus structure

Long-term incentive structure

Total remuneration and CEO pay ratio

Executive share ownership

Non-executive director fees

Non-executive director fees

Board Chair fee and NED base fee

Median FTSE SmallCap fees are £180k for the Board Chair and £55k for the NEDs (base fee). No companies have a Deputy Chair. Additional fees are typically paid for additional responsibilities; most commonly, these fees are paid to the chairs of the Audit and Remuneration Committees and to the SID.

Around 55% of companies increased the Board Chair's fee in 2025, with a median increase of 2.0% (including zeros). Around 55% of FTSE SmallCap companies also increased the NED base fee, the median increase was also 2.0% (including zeros). No companies disclose a fee-increase cap in their remuneration policy.

Non-executive director fees		
	Board chair	NED base
75 th percentile	£214k	£63k
Median	£180k	£55k
25 th percentile	£154k	£52k

Shareholding requirements

Only 3% of companies have established a shareholding requirement for their 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
75 th percentile	£11k	£12k	£11k	£12k	n/a	£7k	£7k	n/a	n/a	£6k
Median	£10k	£10k	£10k	£10k	£11k	£5k	£5k	£5k	£5k	£5k
25 th percentile	£8k	£10k	£9k	£6k	n/a	£5k	£5k	n/a	n/a	£4k
<i>Prevalence</i>	86%	91%	90%	30%	3%	20%	20%	7%	9%	24%

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.

www.ellasonllp.com