2025 AGM SEASON UPDATE

This *Ellason Lens* provides an update on the latest remuneration trends in the FTSE350. The analysis covers FTSE350 reports for 2024/25 financial year-ends published by June 2025. Notwithstanding some significant changes to forward-looking remuneration policies and many companies reporting strong pay outcomes under their annual bonus and long-term incentive plans for last year, most pay-related resolutions have so far received high levels of support from shareholders this AGM season.

FY25 salary increases:

The gap between workforce and executive salary increases continues to narrow; the median FTSE350 workforce salary increase was 3.5%, only slightly higher than the 3.3-3.4% median increase reported for executive directors.

In the FTSE100, twelve CEOs received salary increases of over 10% (compared to four in the previous year). These uplifts were typically justified in the context of bringing salaries (and total remuneration levels) more into line with competitive market levels, particularly against global peer groups. Double-digit salary increases have been awarded by six FTSE250 companies so far this year.

Reported FY25 salary increases *(Excluding zeros)*	**CEO**	**CFO**	**Empl.**
Upper quartile	5.0%	5.0%	4.1%
Median	3.3%	3.4%	3.5%
Lower quartile	3.0%	3.0%	3.0%
No increase (excl new hires)	*18%*	*21%*	*n/a*

Bonus and LTIP outcomes:

Median bonus outcomes have remained broadly stable across the FTSE350. Consistent with the prior year, outcomes were higher in the FTSE100 than the FTSE250 (with median outcomes of 80% and 67% of maximum, respectively). Fewer bonuses have been subject to downwards discretion this year (10% of companies vs 15% last year).

LTIP vesting outcomes for the 2022-2024 cycle were also broadly in line with prior year outcomes. As with bonus, LTIP outcomes have trended higher in the FTSE100 than in the FTSE250 (median outcomes of 73% and 62% of maximum, respectively). We also note two examples of companies applying *upward* discretion to the LTIP outcome. One company made an adjustment for M&A, while the other assessed the formulaic outcome not to fairly reflect performance in the context of the challenging macroeconomics navigated by the management team.

Bonus outcome (CEO, % max.)	**2015-2019**	**2020-2024**	**2023**	**2024**
Upper quartile	88%	93%	90%	89%
Median	70%	74%	72%	74%
Lower quartile	44%	45%	47%	54%

LTIP outcome (CEO, % max.)	**2015-2019**	**2020-2024**	**2023**	**2024**
Upper quartile	90%	90%	96%	95%
Median	58%	58%	71%	68%
Lower quartile	18%	18%	40%	25%

2025 AGM voting outcomes:

This year's median AGM voting outcomes reflect no significant change on the previous year's trend. However, the prevalence of FTSE350 remuneration reports receiving less than 80% support has increased compared to the 2024 AGM season (9% in 2025 compared to 3% in 2024). Common reasons for the lower levels of support include executive director salary increases exceeding those of the wider workforce, and performance targets being set at levels that investors perceive to be insufficiently stretching.

16% of FTSE350 companies, up 5% on last year, received less than 80% support for the binding remuneration policy vote. The majority of these lower votes related to proposals introducing hybrid arrangements at the same time as increasing award quantum. However, support in these instances typically fell within the 70–80% range, suggesting that investors are willing to support such proposals if there is compelling rationale for their introduction.

DRR voting outcome (% support)	**2024**	**2025**
Upper quartile	98%	99%
Median	96%	97%
Lower quartile	94%	93%

Policy voting outcome (% support)	**2024**	**2025**
Upper quartile	97%	98%
Median	95%	95%
Lower quartile	90%	89%

Overview of changes to directors' remuneration policies	Prevalence (% of companies submitting new policy)	
	FTSE100	**FTSE250**
Increased LTI opportunity	52%	64%
Increased bonus opportunity	45%	33%
Softening of bonus deferral requirement	39%	18%
Introduced a hybrid arrangement	12%	13%
Increased share ownership guidelines	52%	15%

Approximately one-third of the FTSE100 (and a quarter of the FTSE250 companies) submitted their remuneration policy to a binding shareholder vote at this year's AGM. 30% of these companies held an early vote on the policy, ahead of the end of the standard three-year cycle.

Increasing incentive opportunities

The most prevalent change proposed has been an increase in variable incentive opportunities. Notably, a number of companies have increased short- and long-term opportunities simultaneously. Most companies justified increases by the need to align pay levels with benchmarks for relevant talent markets (whether UK-focussed or international). While such proposals have historically attracted significant scrutiny from investors and proxy advisors, there appears to have been some shift in sentiment this AGM season, with shareholders appearing more receptive to proposals if these are supported by compelling rationale and framed in the context of company circumstances.

Bonus deferral

There has also been a shift in governance attitudes toward bonus deferral practices. In response to recent updates to the Investment Association's *Principles of Remuneration*, an increasing number of FTSE companies have proposed a relaxation in the deferral requirement. Thirteen FTSE100, and seven FTSE250 companies have proposed softening bonus deferral once an executive director meets the in-post shareholding requirement. In contrast, two FTSE250 companies proposed *increasing* the level of deferral where shareholding requirements have not yet been satisfied.

Long-term incentive plan structures

Nine companies (four in the FTSE100, five in the FTSE250) have introduced 'hybrid' structures, to be able to grant restricted shares alongside performance shares. This continues the trend observed last year. ISS remains sceptical of this model issuing 'vote against' recommendations for hybrid proposals put forward at the same time as quantum increases. However, investors appear to be gradually more accepting of such structures. This is evident from the shareholder support for these resolutions, with a median voting outcome of 78% for remuneration policies containing a hybrid approach for long-term incentives.

Elsewhere, two FTSE250 companies reverted to a performance share plan (PSP), having previously replaced this with a restricted share plan (RSP). Both applied the standard 2:1 conversion ratio to calibrate the award opportunity under the new PSP.

Shareholding requirements

Around 50% of the FTSE100 companies submitting new policies have increased the in-post shareholding requirements for executive directors, usually in conjunction with an increase in the long-term incentive opportunity. Any increase in shareholding guideline level typically also flows through to the level of the post-exit holding requirement.

Revisions to in-post shareholding requirements are less prevalent in the FTSE250 sample.

Ellason commentary

The 2025 AGM season reflects a continuation of the trends observed in 2024. This includes a further narrowing of the gap between executive and workforce salary increases, and the upwards trend in variable award opportunities (the long-term incentive, in particular). We also expect the relaxation of bonus deferral to gain further traction in time. Growing investor and proxy advisor support for hybrid structures and quantum uplifts is encouraging. However, support for proposals along these lines will remain conditional upon clear and comprehensive disclosure of the commercial rationale. Voting risk can be further mitigated by broader engagement (presently, consultation processes typically cover at least 60% of the register).