



# Early insights from FTSE 250 Directors' Remuneration Report publications – 2025

By 17 April, 94 FTSE 250 companies had published their 2024 annual report and accounts, representing c. 57% of index constituents\*. Just over one third (35%) of these are putting their remuneration policies to vote this AGM season (2024: 33%). This update, the second in our 2025 series, provides an analysis of key insights so far.

## Policy changes

Following on from the initial bold moves observed during the 2024 AGM season, and building on the updates to the [Investment Association \('IA'\) Principles of Remuneration](#) and [ISS Voting Policy Guidelines](#) in the final months of last year, there has been a continuation of atypical changes proposed: fourteen companies, which represent 42% of the 33 companies tabling a new policy for shareholder approval, are taking approaches that can broadly be categorised as follows:

- significant increases in pay opportunity (typically to variable pay), of which
  - increases to opportunity only [6 companies]; and
  - increases in opportunity *together with* changes to the structure of remuneration (for example, the introduction of alternative/portfolio of vehicles, typically the adoption of hybrid LTIs comprising a combination of restricted (RS) and performance shares (PS) [7 companies]; and
- one company has switched from a market-typical PSP to a RSP with no significant increase to total remuneration.

Included in the category of changes to structure are companies that are differentiating the proportion of required bonus deferral depending on whether share ownership guidelines (SOG) have been met; most are reducing pre-existing requirements for those that have met the SOG, but some are introducing or increasing the requirement for those that have not [7 companies in total].

Around 30% of the above companies are citing the need for global competitiveness as part of their rationale for proposing these changes. Discussions held during our [annual outreach exercise](#) at the end of last year suggest that many investors will be open minded on such proposals at least in theory – but will expect each company to give a compelling and well-articulated rationale for any changes. We will report back on the outcomes of the AGM season later in the year.

\* Excluding Investment Trusts and other companies with no Executive Directors

## Implementation changes

Although median increases are a little lower across both all employee and ED populations than last year, the ratio of EDs receiving salary increases relative to those of the wider workforce has shifted. In 2024, 55%-60% of EDs received increases below those of the wider workforce; this has now reduced to 40%. Conversely, around 40% of EDs are now receiving increases in line with those of the wider workforce, compared to fewer than 30% last year.

We also observe the following themes compared to last year:

- decrease in application of downwards discretion applied to formulaic bonus out-turns;
- significant reduction in LTI vesting (as a percentage of maximum);
- no change to median incentive opportunities;
- continued growth in the number of companies increasing Chair and/or NED fees on an annual basis.

## Implementation for 2025

### Base salary

Median salary increases for the wider workforce have reduced from 4.5% in 2024 to 3.5%. Around 40% of executive director (ED) increases disclosed so far have been set in-line with, and a further 40% below, those of the wider workforce.

Median ED salary increases:

**3.3%**  
slightly below those of the wider workforce

### Annual bonus



No change to median bonus opportunity

19% of companies have increased bonus opportunities, none have decreased



11% are making changes to bonus deferral; most (70%) entail a reduction in the level of mandatory deferral once share ownership guidelines have been met, although two companies are introducing and increasing deferral respectively, and one company is changing from percentage of maximum to threshold deferral.

### Long-term incentives (LTIs)

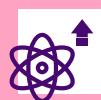


No change to overall median LTI opportunity

32% of companies have increased LTI opportunities and 4% have decreased

(one company in the context of a switch of vehicle, and one company has discontinued its LTI entirely)

40% of those increasing LTI opportunities (12 companies) have also increased annual bonus opportunities



Fourteen companies increasing LTI opportunities are doing so within previously approved policy limits and sixteen are increasing policy limits; policy increases range from 25% to 100% of salary.



Eight companies are making changes to their LTI vehicle.

Five companies have introduced a RSP to run alongside their PSP, one alongside the introduction of a 'stretch' multiplier to its PSP; one has introduced a 'performance-flexed' stretch element to its RSP; one has discontinued its bonus and introduced a combined incentive plan comprising cash and deferred shares; and one has switched from a market-standard PSP to a RSP.



Three companies are making one-off reductions to their LTI awards this year. In two cases, this is in recognition of significant share price falls and cost-efficiency measures respectively; for the other, the reduced award is for a new, less experienced, incumbent starting in the role.

### Share ownership guidelines (SOG)

Almost 10% of companies have introduced or increased their SOG requirements for one or more ED. Most have been in conjunction with a policy increase to LTI opportunities, although this has not yet led to an increase in the median level of SOG for FTSE 250 CEOs (currently 2x salary).

### Chair and NED fees

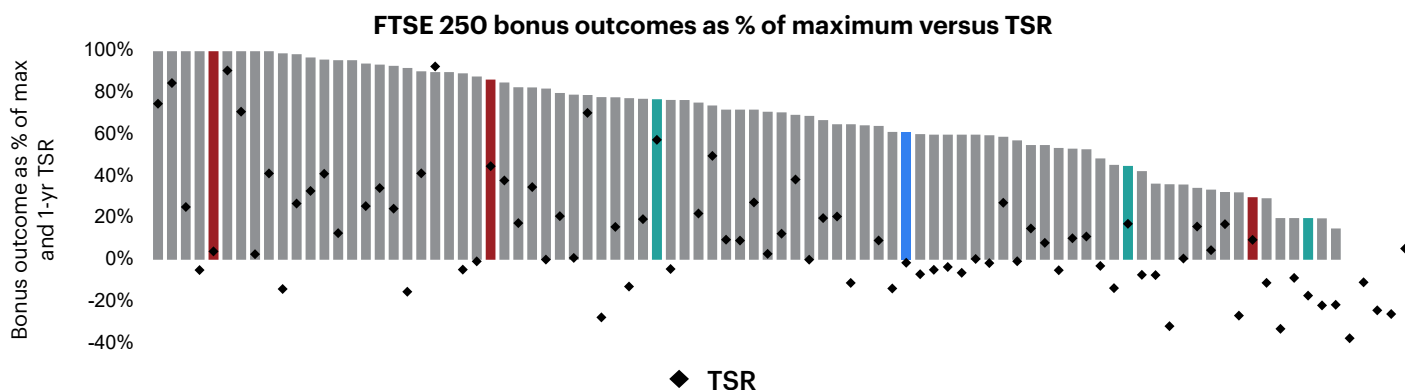
Around 60% of companies (c. 5% more than last year) have increased either their all-inclusive Chair and/or basic NED fee. Median levels of increase are 3.3% for Chairs (2024: 4.4%), in line with ED increases, and 3.5% for NEDs (2024: 4.0%), in line with wider workforce increases. Around 70% of companies (up from c. 60% last year) making increases to Chair and/or NED fees this year are doing so for a second consecutive year.

## Incentive outcomes for 2024

### Summary

- The median annual bonus payout is 71% of maximum
  - This is in line with last year (71%) and longer-term median levels (c. 70% of maximum)
- LTI payouts vary more widely than annual bonus outcomes but the median so far is 58% of maximum
  - This is lower than last year (c. 65%) but more in line with longer-term median levels (c. 55% of maximum)
- Interventions have been more prevalent for annual bonus than LTI outcomes:
  - Bonuses were reduced at 5% of companies; this marks a significant reduction compared to recent, post-pandemic years (2021/22 - 2023/24: 12%-14%)
  - Three companies increased annual bonus payouts (3% vs 2% in 2023/24) and three increased LTI vesting (3% vs 1% in 2023/24)
  - Only one company has reduced formulaic LTI outcomes so far (1% vs 2% in 2023/24)

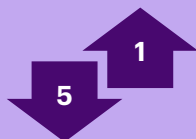
### Annual bonus



**Green bar** – overall downwards discretion; **Red bar** - overall upwards discretion; **Blue bar** - ED waiver  
TSR is measured point to point, 1 Jan 24 - 31 Dec 24

**71%**

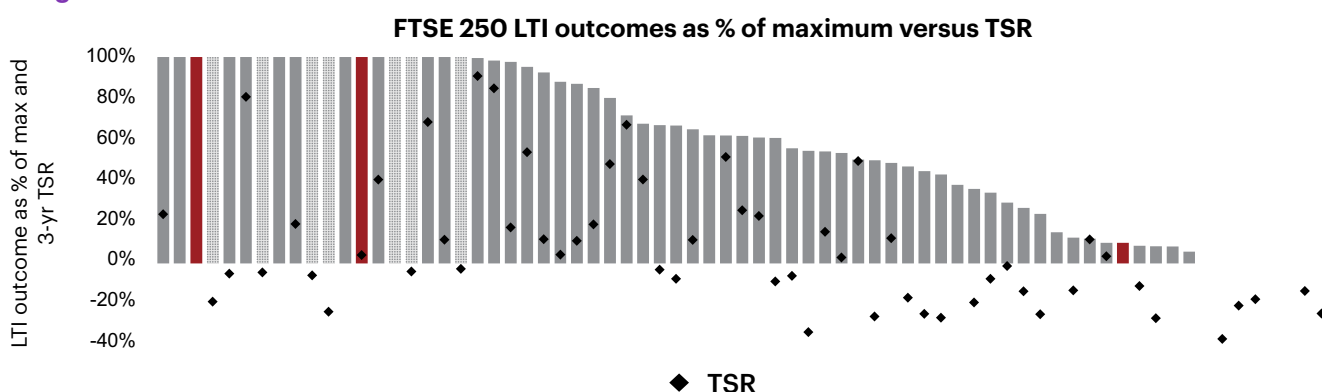
**Median bonus outcome, as % of maximum**



4 RemCos used their discretion to reduce formulaic outcomes (one to 0%), and EDs at one company waived a portion of their bonus entitlement.

3 RemCos used their discretion to increase payouts beyond the formulaic outcomes.

### Long-term incentives



**Red bar** - overall upwards discretion; **Patterned fill** – restricted share awards  
TSR is measured point to point, 1 Jan 22 - 31 Dec 24

**58%**

**Median LTI outcome, as % of maximum**

14% of companies' LTIs lapsed entirely (2023/24: 13%)



3 RemCos used their discretion to increase vesting beyond formulaic outcomes.

1 RemCo used its discretion to reduce formulaic vesting to 0%.

#### Further information

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This report includes data sourced from **WTW's Global Executive Compensation Analysis Team**. This report is based on the FTSE 250 as at 1 April 2025.



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