

Your Guide

Directors' remuneration in FTSE SmallCap companies

September 2025

Introduction



01 Introduction and foreword

Welcome to Your Guide – Directors' remuneration in FTSE SmallCap companies.

With an interactive format, this report provides detailed analysis of executive and non-executive remuneration in FTSE SmallCap companies, including base salary, annual bonus and long-term incentives, pensions, shareholding requirements, pay ratios, non-executive director fees and other aspects of remuneration policy. This analysis is based on 92 companies with financial years ending up to and including 31 December 2024.



*If you have any questions or queries about our **Your Guide** reports, please get in touch at UKExecutiveCompensationConsulting@deloitte.co.uk*

Foreword



2025 AGM season

In the 2025 AGM season we have seen an increase in larger UK listed companies bringing forward remuneration policy proposals ahead of their usual three-year cycle, often with a rationale of needing to be more globally competitive. This trend has been less pronounced to date amongst FTSE SmallCap companies with approval being sought for only 13 new remuneration policies in the 2025 AGM season so far (2024: 36 new policies).

Most of the new FTSE SmallCap policies in this AGM season have included increases to incentive opportunities either within the existing structure or, in a small number of cases, within more innovative pay structures. The rationale for change has generally focussed on one or more of alignment with business strategy, driving growth in value, retention and ensuring total remuneration remains market competitive. Overall, shareholders have been supportive of these new policies with a median vote in favour of 97% (in line with prior years) and only one company so far receiving a 'low vote' (less than 80% in favour).

Conversely, this season there has been more pushback from shareholders on the advisory remuneration report vote, with 7 FTSE SmallCap companies so far receiving a low vote (including one below 50%) compared with 3 for the full 2024 season. That said, the median level of shareholder support for remuneration reports remained strong and in line with prior years at 99%.

Pay out-turns

The median FTSE SmallCap CEO 'total single figure' was £0.91m for 2024 which was consistent with prior years (2023: £0.93m, 2022: £0.90m). A similar trend applied to FTSE SmallCap CFOs where the median package was £0.62m for 2024 (2023: £0.58m, 2022: £0.65m).

Annual bonus out-turns were slightly higher than last year, with a median CEO payout of 48% of maximum for 2024 (2023: 45%). Around one in four companies used judgement and discretion to amend the formulaic bonus out-turn to reflect broader performance factors in the year.

Median long-term performance share plan vesting – the extent to which performance conditions are achieved – was 9% of maximum (2023: 16%). This was once again significantly below the out-turn amongst FTSE 250 companies (where the median vesting level in both 2023 and 2024 was 60% of maximum).

Over recent years, executive salary increases have generally trended behind the wider workforce. This year we have seen a continuation of last year's return to closer alignment of executives' increases with those of the wider workforce (median CEO and wider workforce salary increase for 2025 so far of 3.0% each). However, there have also been more examples of companies implementing significant one-off salary adjustments for their Executive Directors, with evidence of shareholders being more open to reviewing such proposals on a case-by-case basis.

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The year ahead

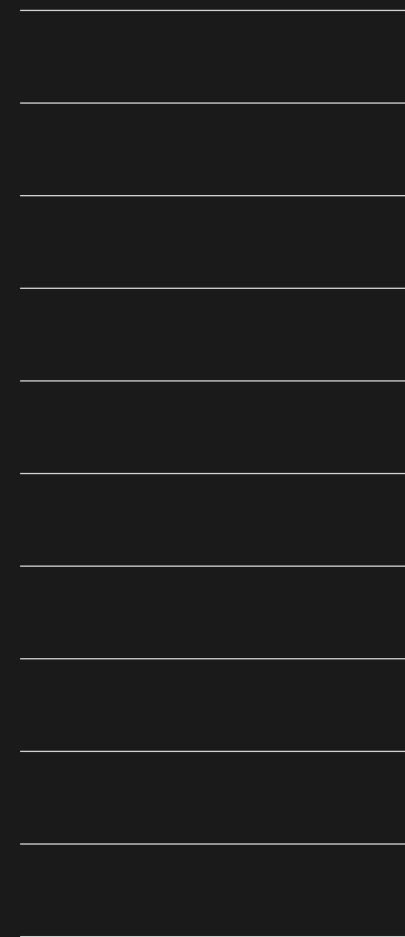
With a number of companies coming to the end of their normal three-year cycle, we expect to see a higher number of FTSE SmallCap policy renewals in the next AGM season. Whilst we have seen greater openness from shareholders and proxy agencies to reviewing pay proposals based on their individual merits, we expect that proposals will continue to be carefully scrutinised in terms of the rationale for change. It will continue to be important for companies to make the case for any new proposals based on their strategy and specific circumstances, supported by relevant data where appropriate.

Outside of policy renewals, remuneration committees face the challenge of how to deal with ongoing uncertainty in the economic and geopolitical landscape. In this context, we would expect to see a focus on performance measures and target-setting, thinking about: which measures are right for the business; what targets represent good or truly exceptional performance; what is the right balance for the potential rewards; and if the incentive program has not operated as intended, how far could discretion (negative or positive) be exercised to remedy unfair outcomes. These may be particularly relevant considerations for some FTSE SmallCap companies in the context of their long-term performance share plan given the trend of low vesting levels identified in this report.

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Executive summary



'Total single figure' remuneration

£0.91m

median CEO 'total single figure' remuneration
(2023: £0.93m, 2022: £0.90m)

£0.62m

median CFO 'total single figure' remuneration
(2023: £0.58m, 2022: £0.65m)



Fixed pay

3%

median CEO salary increase so far in 2025
(2024: 3%, 2023: 3.6%)

30%

CEOs not awarded salary increase so far in 2025
(2024: 24%, 2023: 24%)

3.0% median workforce increase so far in 2025 (2024: 4%, 2023: 5.4%)



Incentive out-turns

48%

of maximum median CEO annual bonus out-turn for 2024
(2023: 45%, 2022: 61%)

24%

of companies applied judgement/discretion on bonus out-turn for 2024
(2023: 24%, 2022: 21%)

9%

of maximum median PSP vesting for 2024
(2023: 16%, 2022: 27%)



Executive shareholding requirements

200% of salary

most common CEO shareholding requirement

125% of salary

median actual CEO shareholding

c.96%

of companies have a post-employment shareholding requirement



ESG and incentive plans

64%

annual bonus plans incorporate ESG metrics

29%

performance share plans incorporate ESG metrics



Alternative incentives

33%

of companies operate alternative incentive arrangements
(2024: 31%, 2023: 24%)



2025 AGM season

99%

median vote in favour of directors' remuneration report
(2024: 98%)

7

companies receiving a 'low vote' (<80% support)
(2024: 3)

17%

of companies put a new remuneration policy to vote

1

policy receiving a 'low vote'
(2024: 2)

Key issues

The single low policy vote so far relates to a proposed Value Creation Plan with the potential for significant payouts linked solely to share price performance.

Consistent with prior years, shareholders provided pushback where companies were deemed to have not responded to lower voting outcomes in prior years, salary increases were considered excessive or where incentive outcomes were not deemed to be commensurate with performance.