# Big firms on London Stock Exchange revise executive pay structures amid competitive talent landscape



Big companies listed on the London Stock Exchange are moving to revise their executive pay structures, seizing upon a shift in investor sentiment that encourages higher remuneration packages for top executives. This initiative is seen as part of a broader transatlantic competition for talent, particularly in light of the recent successful shareholder votes regarding substantial pay increases at firms such as London Stock Exchange Group and Smith & Nephew.

Prominent businesses like British American Tobacco and Compass Group are among the largest FTSE firms proposing enhanced pay deals for their chief executives this year. Mitul Shah, who heads Deloitte’s unit advising on executive remuneration, forecasted a forthcoming increase in pay changes, indicating that “We will see more pay changes this year and next.”

The context for these changes has been significantly influenced by recent regulatory shifts, most notably the UK’s removal of the EU's bonus cap. This environment has prompted major banks, including Barclays, HSBC, and Standard Chartered, to seek shareholder approval for amendments that would allow for increased potential payouts for their chief executives, contingent on meeting all performance targets.

Consultants noted that companies with substantial US operations, as well as those looking to recruit American talent or retain executives with aspirations of moving to US-based competitors, are among the most vocal advocates for higher pay. Ambrose Faulks, co-manager of the Artemis UK Select fund, commented, “There’s an increasing recognition that global businesses in the FTSE 100, with global peers, need to compete on pay for talented executives.”

Currently, the median pay for a chief executive in the FTSE 100, not including pension, is approximately £4.2 million—around 113 times greater than the salary of a median full-time worker. This figure, however, lags significantly behind the roughly $16 million seen in the US's S&P 500 index.

Voices within the City have expressed a viewpoint advocating for improved compensation for UK executives. Dame Julia Hoggett, head of the London Stock Exchange, stated that higher pay is necessary for Britain to retain its talent pool, enhance competitiveness, and discourage public companies from relocating their listings abroad. Richard Belfield, an adviser to boards at Willis Towers Watson, remarked on the evolving investor attitudes, noting that “there had been a change in tone” towards US-style pay structures in the UK, highlighting a growing willingness among proxy agencies and investors to engage in these discussions.

The demand for increased pay is most palpable among the largest FTSE firms with a global focus, while the next tier of management roles is also experiencing upward adjustments in compensation to attract and sustain talent. Sophie Johnson, head of governance and voting at Royal London Asset Management, observed that this phenomenon is not restricted to the CEO level but appears to be influencing pay throughout organisations.

While detailed disclosures are mandated for board-level pay, there has been comparatively limited scrutiny regarding the remuneration of lower-level executives. James Harris, an executive compensation adviser at Alvarez & Marsal, noted that this lack of visibility contributes to a phenomenon known as “pay compression,” creating a sense of urgency for boards to adjust salaries for their top executives to maintain internal consistency as their direct reports see rising pay levels.

The Investment Association has recently softened its regulatory stance on executive compensation, granting companies more flexibility to tailor salaries to their specific circumstances. In exchange, investors are demanding clearer disclosures regarding how firms benchmark their executive remuneration against rival companies.

Under these new pay proposals, individuals such as Tadeu Marroco, chief executive of British American Tobacco, may see substantial increases. Marroco's reported total remuneration stood at nearly £6 million in 2024, with projections under the new policy suggesting he could earn up to £18.2 million annually. Additionally, Dominic Blakemore, chief executive of Compass Group, who received nearly £9.5 million last year, might see his maximum payout rise to £15.3 million as part of the company’s remuneration policy for 2025. This trend reflects wider pressures within these organisations to align executive pay with the growing financial and competitive expectations within the global market.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.macfarlanes.com/what-we-think/102eli5/what-does-2025-have-in-store-for-uk-listed-companies-102jtyh/> - This article discusses the new Principles of Remuneration from the Investment Association, which offer more flexibility for UK listed companies to design executive pay structures. It highlights how these changes are expected to influence the 2025 AGM season and the broader competitiveness of the UK market.
* <https://www.cliffordchance.com/insights/thought_leadership/across-the-board/articles/2024/12/key-questions-for-uk-executive-pay-in-2025.html> - This piece outlines key questions for UK executive pay in 2025, including the potential for increased flexibility in remuneration structures and the role of investor bodies like the Investment Association and Glass Lewis. It also touches on the evolving views on performance-based and time-based incentives.
* <https://www.lewissilkin.com/insights/2025/01/30/executive-remuneration-for-uk-listed-companies-2024-key-update-round-up-and-wha-102jxqq> - This article provides an update on executive remuneration for UK listed companies, including changes to the Corporate Governance Code and the Investment Association's Principles of Remuneration. It discusses how these changes might impact companies' approaches to executive pay in 2025.
* <https://www.mercer.com/en-us/insights/law-and-policy/uk-executive-pay-ratio-disclosure-rules-take-effect/> - This resource explains the UK's executive pay ratio disclosure rules, which require companies to disclose the ratio between CEO pay and median employee pay. This transparency is part of broader efforts to address boardroom pay and improve corporate governance.
* <https://www.investopedia.com/terms/e/executive-compensation.asp> - This article provides general information on executive compensation, including the factors that influence pay structures and the role of performance-based incentives. It helps contextualize the global competition for talent and the pressures driving changes in executive pay.