

EXECUTIVE REMUNERATION BRIEFING

Upcoming changes to PLC directors' remuneration regime

The UK Government has published its proposed Companies (Directors' Remuneration and Audit) (Amendment) Regulations 2025 (the [Regulations](#)). The purpose of the Regulations is to repeal most of the requirements relating to the directors' remuneration approval and disclosure regime for UK-listed companies that were added in 2019 to comply with EU legislation. The amendments therefore essentially revert the legislative position back to the regime in force before 2019.

We anticipate, based on the conversations we have been having with Government, that the Regulations will come into force over the summer of 2025. The Regulations are drafted such that they apply (with one exception referred to below) to financial years starting after the Regulations have come into force. This means that, for companies with a financial year that ends on 31 December, the first year under the new regime will be the 2026 financial year (and for other companies with year ends in the latter half of the year, the first affected year will likely be the 2025/2026 financial year).

The key changes include:

- removing requirements to disclose certain information in the annual directors' remuneration report, such as:
 - a comparison of the annual change in each director's salary (or fees), benefits and bonus to that of the company's employees over a five-year period;
 - the split of fixed and variable remuneration awarded to each director; and
 - any post-grant changes to the exercise price of share options;
- removing certain (mostly duplicative) requirements to disclose explicitly in the directors' remuneration policy information relating to:
 - the vesting or holding periods for share-based awards;
 - any deferral periods relating to the award of directors' variable pay;
 - the duration of directors' service contracts; and
 - the Remuneration Committee's approach to avoiding conflicts of interest in its decision-making process when setting the directors' remuneration policy; and
- removing the requirement that the remuneration report and additional summary information about the most recent remuneration-related shareholder votes are made available on the company's website.

We anticipate that the removal of the directors' remuneration policy requirements is unlikely to change substantively the way in which UK public companies remunerate their directors, given the requirements of the UK Corporate Governance Code to have notice periods for executive directors of no more than a year and for the aggregate of the vesting period and the post-vesting holding period applicable to long-term incentive awards to be at least five years. We expect that the abolition of the requirement to produce a table plotting the percentage change of each director's pay compared to that of the company's employees will, however, be welcomed by companies, as in practice that requirement was starting to produce tables that are unwieldy and of little commercial value to shareholders.

Under the Regulations, the legislative regime that underpins the enforceability of directors' remuneration policy requirements reverts to the pre-2019 position, to allow payments to directors that do not comply with the existing shareholder-approved directors' remuneration policy to be approved separately by an ordinary shareholder resolution (with a memorandum issued to shareholders in advance to set out the terms of, and rationale for, the payment).

Currently, the whole directors' remuneration policy must be changed to accommodate any such payments. Unlike the disclosure elements referred to above, we expect that this change will take effect in the summer of this year.

Finally, the Regulations also remove unquoted traded companies and individuals serving as deputy chief executives who do not sit on the PLC board of directors from the scope of the directors' remuneration policy and directors' remuneration report regimes.

We await the final Regulations with interest. If you have any queries, please contact one of the Slaughter and May team referred to in this briefing or your usual Slaughter and May contact.

CONTACT



- PHIL LINNARD
- PARTNER
- T: +44 (0)20 7090 3961
- E: philip.linnard@slaughterandmay.com



- PHILIPPA O'MALLEY
- PARTNER
- T: +44 (0)20 7090 3796
- E: philippa.omalley@slaughterandmay.com



- IAN BROWN
- SENIOR COUNSEL
- T: +44 (0)20 7090 3576
- E: ian.brown@slaughterandmay.com



- DAVID RINTOUL
- SENIOR COUNSEL
- T: +44 (0)20 7090 3795
- E: david.rintoul@slaughterandmay.com

London
T +44 (0)20 7600 1200
F +44 (0)20 7090 5000

Brussels
T +32 (0)2 737 94 00
F +32 (0)2 737 94 01

Hong Kong
T +852 2521 0551
F +852 2845 2125

Beijing
T +86 10 5965 0600
F +86 10 5965 0650

Published to provide general information and not as legal advice. © Slaughter and May, 2025.
For further information, please speak to your usual Slaughter and May contact.

www.slaughterandmay.com

589226031