Executive Reward Report 2025

Summary of findings

31 May 2025

The following is a summary of findings from our 2025 Executive Reward Report

The 2025 PwC Executive Reward Report showed:

3.7%

median 'same incumbent' FAR movement for the last 12 months

69%

of executives receiving an STI pay out in the last performance year

3.0%

median forecast FAR movement across all employee categories

The 2025 Executive Reward Report contains remuneration data from 143 New Zealand organisations on over 2,600 individual CEO and executive roles. The full report covers:

- four CEO positions (Group CEO, Standalone CEO, Subsidiary CEO and Country Manager);
- 35 executive roles that report directly to the CEO; and
- 40 third tier roles representing key functional areas and specialist skills.

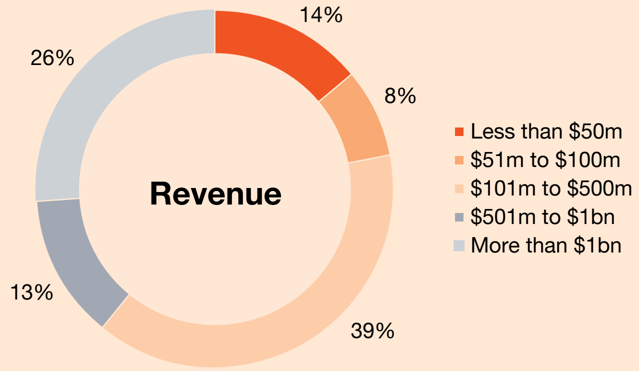
The report provides commentary on market trends, remuneration policy and practice, long term incentive information and trans-Tasman trends.

The 2025 PwC database is primarily comprised of privately-owned companies and large state-owned enterprises which operate with a commercial mandate. Industry coverage includes energy, financial services, ICT, infrastructure & transport, manufacturing, primary industry, property and retail.

The database for 2025 includes a diverse mix of large publicly listed companies, co-operatives and small to medium-sized enterprises (SMEs).

A breakdown of the database participants by current annual revenue is illustrated below:

Figure 1



The report provides data on:

- fixed annual remuneration;
- short term incentives (STI), including actual, target and deferred;
- annualised long term incentive (LTI) grant values; and
- aggregate data e.g. total remuneration, annual cost to company.

All references in this summary to 'companies', 'CEOs', 'executives' and 'SMEs' refer to survey participants only.

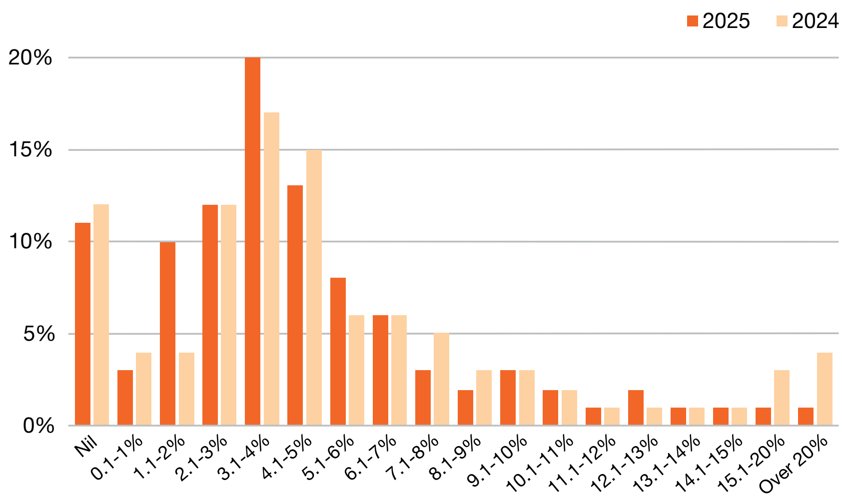
Report findings

Fixed annual remuneration

The median movement for fixed annual remuneration (FAR) for 'same incumbents' (those in the same job at the same company as in the 2024 report), was **3.7%**, down from our 2024 findings of 4.3%. The average movement for same incumbent FAR was 5.2%, lower than 2024 levels (6.0%).

This market movement data reflects a return to more 'normalised' movement, following a few years in which the remuneration market was under pressure due in part to the inflationary environment.

Figure 2



Changes in FAR (same incumbent)

The incidence of zero FAR increases for same incumbents has decreased slightly from 12% last year to 11% this year.

Same incumbent FAR increases between the 3.1% - 4% range had the highest incidence in the past 12 months (20%), followed closely by the 4.1 - 5% range (13%). Only 2% of same incumbents received an increase to FAR of above 15% (down from 7% in the prior year).

Short-term variable pay

The incidence of STI payments was up by 2% on 2024 report levels, with 69% of executives in the survey receiving an STI payment this year.

The median STI payment across the whole database was $61,500, an increase from last year's median of $57,300.

5.9%

Median same incumbent market movement to total remuneration.

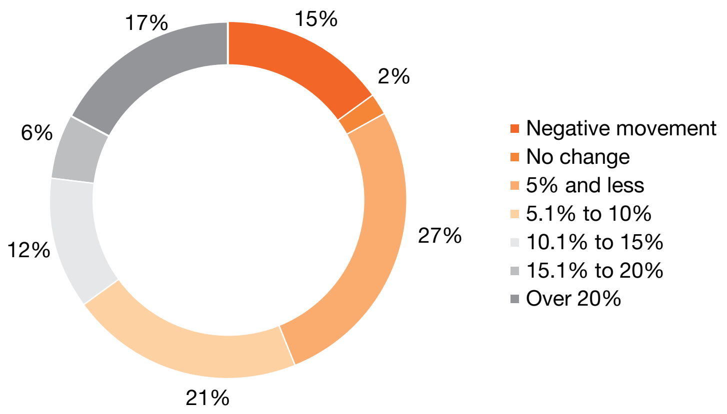
Total remuneration (FAR plus STI and/or bonuses)

The median same incumbent movement to total remuneration (FAR plus short-term variable pay) increased, with a median movement of **5.9%**, compared to 4.8% in our 2024 report.

The combined total of negative movement and no change to total remuneration levels was 17% this year, which is lower than our 2024 findings (23%).

The chart below shows a breakdown of total remuneration movement outcomes.

Figure 3



28%

of CEO/executive roles in the database received an LTI grant this year.

Reward components

STI remained a common package component, with 69% incidence this year.

Twenty-eight (28%) of CEO/executive roles received an LTI grant in the last 12 months, consistent with last year's findings of 26%.

The incidence of KiwiSaver (on top of FAR) is consistent with last year's findings at 62%.

27%

of companies reported nil increases for CEOs this past year.

Policy and practice findings

(based on participant questionnaires, not PwC's analysis of actual data).

The median reported fixed pay movement across all four employee categories was lower than the findings from the 2024 survey, with medians ranging from 3.5% - 3.8% compared to the previous year's range of 4.0% - 4.6%.

Consistent with our 2023 and 2024 findings, the percentage of companies reporting nil increases was 27% for CEOs.

The proportion of companies reporting nil increases also rose for the other employee categories: from 9% to 15% for executives, from 3% to 7% for middle management, and from 0% to 3% for general staff.

The projected FAR increase for the next 12 months for all employee categories was 3.0% at the median (a whole percentage point lower for all categories than the 2024 median). For the CEO category, the average projected FAR increase was 2.7%, down from 3.9% in the 2024 survey.

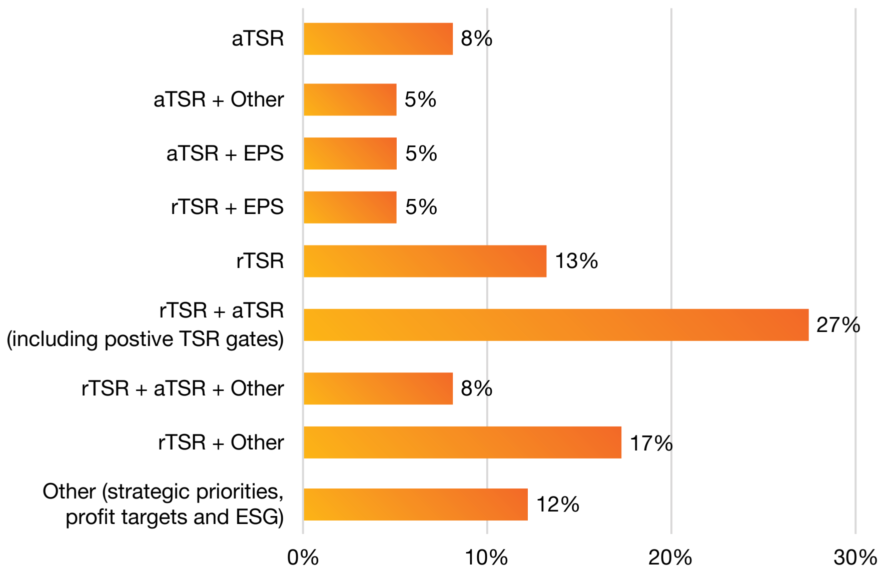
More than half (53%) of the responding participants anchored their remuneration policy position to the market median, with a further 5% positioning pay at 'median plus a premium'. Consistent with our 2024 survey report, 11% of reporting companies positioned their executive remuneration at the 75th percentile.

LTI schemes

Forty-one percent (41%) of survey participants had a current executive LTI scheme in operation. Of those companies providing LTIs, the majority (77%) had an 'equity based' plan/s in place.

Share rights plans and variations thereof were the most prevalent LTI structure (90%), with relative total shareholder return (rTSR) utilised in isolation (or together with another metric) remaining the most common performance measurement approach.

Figure 4



Across the sample of share rights plans in our database this year, the majority (90%) were granted on a face value basis with the balance adopting a fair value approach.

Allocating equity on a face value basis has increased in incidence in the NZ market over the past few years, in line with predominant Australian practice. Where options are utilised, typically a fair value approach is adopted.

47%

of SME CEOs received an STI payment.

36%

of second-tier level roles were held by women.

SME analysis

Twenty-two percent (22%) of survey participants represented companies with revenues of up to $100 million or less, which we classify as small to medium-sized enterprises (SMEs) for survey purposes.

The median FAR increase for SME CEOs this year was 3.5%, lower than the 4.2% reported in 2024. The average FAR movement for SME CEOs decreased significantly, dropping from 8.1% in our 2024 survey to 3.0% this year, indicating less outliers with large increases this year.

For SME executive positions, the median FAR movement also declined, dropping slightly from 4.5% in 2024 to 4.2% this year. However, the year-on-year average market movement to FAR for SME executives remained steady at 6.0%.

The incidence of STI in SME organisations remains low compared to larger entities. Forty-seven percent (47%) of SME CEOs received an STI payment this past year, compared to 74% of CEOs in larger organisations (revenues larger than $100m).

With the inclusion of bonuses/profit share however, the figure lifts to 63% (variable pay incidence for SME CEOs). Forty-two percent (42%) of SME CEOs received an LTI grant this past year, with a median value of 22% of fixed pay.

Gender and pay

Our analyses showed that the incidence of women in executive roles continued to trail men, as did the relative median pay levels.

Seventy-eight percent (78%) of CEO positions in our database were held by men.
The incidence of women in first tier roles increased by 4% compared to our 2024 report.

The incidence of women in executive direct report roles has increased from our 2024 findings (34% to 36% year-on-year). For this second-tier level, men led the sample's fixed pay median by 6%, while women were paid at a 7% discount to the overall sample median for fixed pay.

The incidence of women in third tier roles increased by 1% (38% to 39% year-on-year). The male median fixed pay was positioned at 100% of the whole sample median, with the female median positioned at 99% of the overall sample median.

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