High Pay Centre analysis of FTSE 350 pay ratios

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HIGH PAY CENTRE

Scottish Charity Number SC040877
Registered in Scotland Number SC359717 (a company limited by guarantee)

May 2022

Introduction

There is nothing inevitable about the scale of income inequality that the UK is witnessing today. Within the UK's largest companies, the gap between pay for the average worker and for the CEO has grown hugely over recent decades. At the beginning of the 1980s typical pay for the CEOs of Britain's largest companies tended to be around 10-20 times the pay of the average worker[1], whereas the High Pay Centre's research found that in 2019 the median FTSE 100 CEO received around 119 times the pay of the median UK worker.[2,3]

The rapid growth of pay for executives and other high-earning professionals has contributed to the UK having amongst the highest levels of income inequality in Europe. High levels of economic inequality have a negative impact on our society: high inequality is linked to social problems such as political instability, higher crime levels, entrenched social divisions and poor mental and physical health.[4] Furthermore, large pay gaps within companies have a potential detrimental impact on business performance in the long-term through factors such as workforce engagement and industrial relations.

Alongside high levels of income inequality, the UK has seen over a decade of pay stagnation for ordinary workers.[5] On top of this, the UK is now experiencing a cost of living crisis, with the highest inflation in 40 years and real wages projected to fall by 3.6% over 2022.[6] However, neither pay stagnation nor the cost of living crisis are unavoidable: both are the result of political choices.[7] This report is therefore particularly timely in highlighting the gaps between executives and the rest of the workforce, and proposing policies to raise the pay of low- and middle-income earners.

1 High Pay Commission (2010) Cheques with balances, via https://highpaycentre.org/wp-content/uploads/2020/10/Cheques_with_Balanceswhy_tackling_high_pay_is_in_the_national_interest.pdf
2 High Pay Centre and CIPD (2019) Annual FTSE 100 CEO pay review, via https://highpaycentre.org/hpc-cipd-annual-ftse-100-ceo-pay-review-ceo-pay-flat-in-2019/
3 A discussion of the why the gap between workers and executives has widened since the 1980s can be found in William P and Pepper A (2020) The Role Played by Large Firms in Generating Income Inequality, via LSE III Working Paper 31 (Updated - Final) - Paul Willman and Alexander Pepper - International Inequalities Institute - Working paper 31[1] and Martin A and Quick A (2020) Unions Renewed: Building Power in an Age of Finance. Polity Press, pp12-32.
4 Pickett K and Wilkinson R (2010) The spirit level: Why equality is better for everyone. Penguin UK.
5 Resolution Foundation (2020) Dead End Relationship? Exploring the link between productivity and workers' living standards, via https://www.resolutionfoundation.org/publications/dead-end-relationship/
6 Resolution Foundation (2022) Inflation nation, via https://www.resolutionfoundation.org/app/uploads/2022/03/Inflation-nation.pdf
7 See e.g. New Economics Foundation (2022) A Living Income and Great Homes Upgrade would solve the cost of living crisis, via https://neweconomics.org/2022/02/a-living-income-and-great-homes-upgrade-would-solve-the-cost-of-living-crisis

Introduction

Mandatory pay ratio disclosures, introduced as part of the 2018 Companies (Miscellaneous Reporting) Regulations by Theresa May's Conservative government, provide us with information on income inequality within UK-listed companies. This information is valuable because the causes and consequences of income differences across an entire economy are comparatively complex. Discussions of what constitutes a fair or proportionate award for different types of work will always be influenced by subjective or values-based judgements: however, comparisons are at least more straightforward when related to workers within the same organisation, contributing to the same goal and paid from the same budget. Many of the measures proposed by civil society, academics and political parties seeking to achieve a more even income distribution relate to the distribution of pay within companies. These include worker representation on boards, reforms to company ownership, profit sharing arrangements, maximum CEO to worker pay ratios, and collective bargaining rights. In order to understand the potential of these measures, it is necessary to better understand existing pay practices on a company-by-company basis.

The disclosures show the relationship of the CEO's total remuneration to the total remuneration at the 75^{th} (upper quartile), median and 25th (lower quartile) percentile of the company's UK employees. Companies are also required to disclose the absolute levels of total remuneration for the employees at these percentiles. The pay ratio requirements apply to all UK-listed companies with over 250 UK employees and first came into effect for annual reports with year-ends on 31 December 2019.

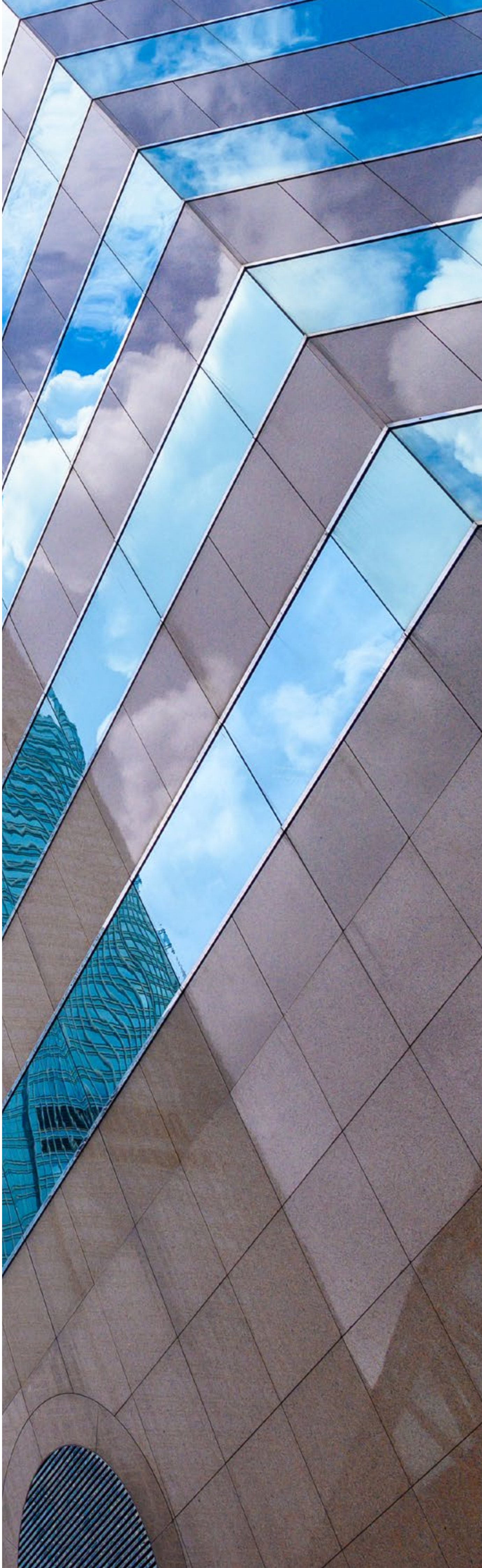
In December 2020, the High Pay Centre published a report analysing the first set of pay ratio disclosures made by FTSE 350 companies. This report repeats this analysis for the second set of disclosures, building the beginnings of a multi-year database that can be used to establish trends in corporate pay distribution over time. The database for this report comprises the most recent annual reports published by the FTSE 350 as of 31 December 2021. As with last year's report, in addition to examining the ratios between the CEO and the wider workforce, the analysis reviews data on lower quartile pay thresholds. This allows us to assess the situation of the lowest-paid employees at the UK's biggest listed companies.

Introduction

As well as carrying out analysis of the pay ratios, we are engaging on an ongoing basis with stakeholders to discuss how they can make the best use of the data and the insights it provides. A discussion of the impact of our engagement with stakeholders so far can be found in the 'conclusions and recommendations' section. Stakeholders to whom we hope that the research will be of value include the following groups:

- The workers themselves, who can potentially benefit from better information about how their pay levels compare to others within their own company or in other similar organisations.
- Businesses, particularly the remuneration committees that oversee pay-setting processes and the directors or committees responsible for stakeholder representation in corporate governance structures as mandated by the 2018 Corporate Governance Code. Businesses can use the pay ratio data to inform their thinking on how to achieve the fairest balance of pay distribution across their workforces.
- Investors seeking to understand the employment practices and corporate cultures of the companies they invest in, and how their spending on pay – a significant cost for any business – is distributed.
- Trade unions, who can use information on pay levels to support the case for fairer wages for the workers they represent.
- Policymakers interested in the initial impact of the pay ratio disclosures, the insights they provide and their limitations.
- Other civil society organisations, who may wish to use the data as evidence to support their own campaigns.
- Academic and commercial researchers interested in corporate pay practices, who can use the data to examine how pay distribution relates to factors such as industry type, business performance or societal impact.

We hope that our ongoing research and engagement on pay ratios will assist these stakeholders as they work to improve the pay and employment practices of major UK companies.



01 The impact of Covid-19 on pay ratios

The median CEO/median employee pay ratio across the FTSE 350 was 44:1, down from 53:1 last year. This year also saw a decrease in the median CEO/lower quartile employee pay ratio for the FTSE 350, at 59:1 compared to 71:1 last year.

These ratios are higher for the FTSE 100, where the median CEO/median employee ratio was 67:1 and the median CEO/lower quartile employee ratio was 93:1.

Table 1: median pay ratios 2020-21

	2019/ 2020	2020/ 2021
FTSE 350 median CEO/median employee ratio	53:1	44:1
FTSE 350 median CEO/lower quartile employee ratio	71:1	59:1
FTSE 100 median CEO/median employee ratio	73:1	67:1
FTSE 100 median CEO/lower quartile employee ratio	109:1	93:1

This year, there were 28 FTSE 350 companies (14% of the total) with a CEO/median employee ratio of over 100:1. Last year, there were 43.

The pay ratios are lower on average this year compared to last year, as for most companies this is their first annual report published after the onset of the pandemic. Our analysis includes data from annual reports published between December 2020 and December 2021, meaning that the earliest year end in our sample is 30 September 2020, whilst the latest is 30 September 2021. During the first year of the pandemic, CEO pay dropped significantly due to the impact of Covid-19 on business performance and therefore on performance-related pay, and to a lesser extent due to voluntary salary cuts, most of which only lasted for the first 3 months of the pandemic.[8]

A recent report by the High Pay Centre shows that median FTSE 100 CEO pay fell from £3.25m in 2019 to £2.69m in 2020.[9] The decrease in ratio sizes is therefore predominantly due to a fall in the levels of total remuneration for CEOs.

Reported pay levels across the workforce have increased very slightly in nominal terms compared to the last year of disclosures, with the median employee at the 25th percentile mark receiving a total remuneration of £29,030 this year compared to £28,395 in 2019/20, whilst the median employee at the 50th percentile mark received £40,000 compared to £39,772 last year. This represents an increase of 1.02% and 1.01% respectively. The relevant inflation rate for comparison will depend upon the year end of the company in question. For the earliest year end in our sample, September 2020, the relevant inflation rates are for the 12 months to September 2020, when the Consumer Prices Index (CPI) rose by 0.7% and the Retail Prices Index (RPI) rose by 1.1%. However, for the latest year end in our sample, September 2021, for the 12 months to September 2021 CPI rose by 2.9% and RPI rose by 4.9%.[10] This suggests that for many of the companies in our sample, reported levels of workforce pay have decreased in real terms.[11]

The pandemic resulted in reduced pay across the workforce for some companies as a result of their use of the furlough scheme, although some companies state that they have topped up the pay of furloughed staff to 100%. However, a small number of companies state that they have excluded the impact of the furlough scheme from pay calculations, whilst others state that they have used the furlough scheme but do not explain how or whether they have factored it into their calculations. Consequently, there are grounds for concern that in some cases the reported pay ratios understate the true scale of intra-company pay inequality.

8 High Pay Centre/CIPD (2020) FTSE 100 CEO pay in 2019 and during the pandemic, via https://highpaycentre.org/wp-content/uploads/2020/09/FTSE_100_CEO_pay_in_2019_report_WEB.pdf
9 High Pay Centre (2021) What happened to CEO pay in 2020? Via https://highpaycentre.org/wp-content/uploads/2021/08/CEO-pay-report-2021-web-copy.pdf
10 Office for National Statistics. For Consumer Prices Index see https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/previousReleases and for Retail Prices Index see https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23
11 How many companies this applies to depends upon whether the measure of inflation used is CPI or RPI. The Trades Union Congress and UK unions argue that employers should uplift workforce pay by RPI rather than CPI. See e.g. https://www.unitetheunion.org/news-events/news/2021/november/unite-leader-says-wage-rises-must-at-least-match-inflation-as-rpi-hits-6-or-workers-will-pay-for-the-pandemic/

01 The impact of Covid-19 on pay ratios

The drop in CEO pay levels in 2020 raises the question of whether CEO pay restraint will continue beyond the first year of the pandemic, or whether it will bounce back to previous levels. Breaking down the sample by year ends gives us the beginnings of an answer to this question. As mentioned, the earliest year end in our sample is 30 September 2020, whilst the latest is 30 September 2021. For the companies with the earliest year ends, this annual report will be the first that covers the Covid-19 pandemic, whilst for the companies with later year ends, it will be the second. For the 34 companies with year ends between May 2021 and September 2021, the median CEO/median employee ratio was 56:1. This is significantly higher than the median CEO/median employee ratio for this same group of companies in their 2020 annual reports, which was 36:1.

A similar picture is shown by the most recent pay ratio disclosures currently available, which are from annual reports published in Q1 2022. Whilst these are not included in our sample for this year's report, we have analysed these disclosures for comparison. For the 69 companies that disclosed pay ratios in Q1 2022, the median CEO/median employee ratio was 63:1. This is, again, much higher than the median CEO/median employee ratio for the same group of companies' annual reports from the previous year (published in early 2021), which was 34:1. These findings both indicate that pay ratios are returning to at least the levels seen before the pandemic.

Examples of companies where CEO pay has bounced back in 2021 after a low in 2020 are Barratt Developments, Diploma and Dunelm. At Barratt Developments, the CEO/median employee pay ratio in 2019 (voluntarily published) was 88:1, in 2020 was 32:1 and went back up to 94:1 in 2021. Similarly, at Dunelm, the annual report stated that CEO/median employee pay ratio was unusually low in 2020, at 47:1, due to the CEO taking a 90% salary cut between April and June 2020. It then shot up in 2021 to 204:1.

The narrative on this in Barratt Developments' 2021 Annual Report is particularly illustrative:

> *The FY21 pay ratios are significantly higher than last year due to an increase in the Chief Executive's single figure of remuneration compared to FY20. This increase is a result of the recommencement of the annual bonus scheme, following its cancellation in FY20 as a result of the impact of COVID-19; the voluntary reduction in Directors' salaries in FY20 of 20% during the period for which the construction sites were closed due to COVID-19; and a higher LTPP vesting outcome this year. The pay ratios for FY21 are therefore more directly comparable to those for FY19 than FY20.*

This suggests that in some cases at least, the Covid-19 pandemic has not brought about long-term pay restraint.

02 Highest and lowest pay ratios

Tables 2 and 3 show the companies with highest CEO/median employee and CEO/lower quartile employee pay ratios. These are mostly FTSE 100 companies, indicating that there is a connection between market capitalisation and a high pay ratio, as observed in last year's report. FTSE 100 retail companies are also well-represented in these tables, as they have low rates of pay across the workforce combined with large payouts to CEOs. Of the 11 companies included in the two tables, 5 are the same as those in last year's tables: these are Ocado, CRH, Morrisons, AstraZeneca and JD Sports.[12]

Table 2: 10 highest CEO/median employee ratios

Company	Index	Industry	CEO/median employee ratio
Ocado	100	Retail	278
CRH	100	Construction & Materials	267
Dunelm	250	Retail	204
Morrisons	100	Retail	199
Flutter	100	Travel & Leisure	198
AstraZeneca	100	Health Care	197
B&M European Value Retail	100	Retail	196
Ashtead	100	Industrial Goods & Services	185
JD Sports	100	Retail	183
Diploma	250	Industrial Goods & Services	180

12 High Pay Centre (2020) Pay ratios and the FTSE 350, p13-14, via https://highpaycentre.org/wp-content/uploads/2020/12/0.1_MUL1564-FOUNDATION-Pay-ratios-report.pdf

02 Highest and lowest pay ratios

Table 3: 10 highest CEO/lower quartile employee ratios

Company	Index	Industry	CEO/lower quartile employee ratio
CRH	100	Construction & Materials	368
Flutter	100	Travel & Leisure	340
AstraZeneca	100	Health Care	284
Ocado	100	Retail	283
JD Sports	100	Retail	251
Reckitt Benckiser	100	Consumer Goods	244
Diploma	250	Industrial Goods & Services	228
Morrisons	100	Retail	219
Ashtead	100	Industrial Goods & Services	217
RSA	100	Insurance	211

Tables 4 and 5 show the 10 lowest CEO/median employee and CEO/lower quartile employee ratios. As we would expect, the companies in these tables are mostly from the FTSE 250. They are also mostly in the technology and finance industries. These industries are capital-intensive and therefore have a small employee population of so-called 'highly skilled' employees, earning more than those in labour-intensive industries such as retail and hospitality.

Of the 12 companies included in these two tables, 4 are the same as those in last year's tables: Sanne Group, Hiscox, Kainos and Integrafin.[13]

13 See High Pay Centre (2020) Pay Ratios and the FTSE 350, p.14-15

02 Highest and lowest pay ratios

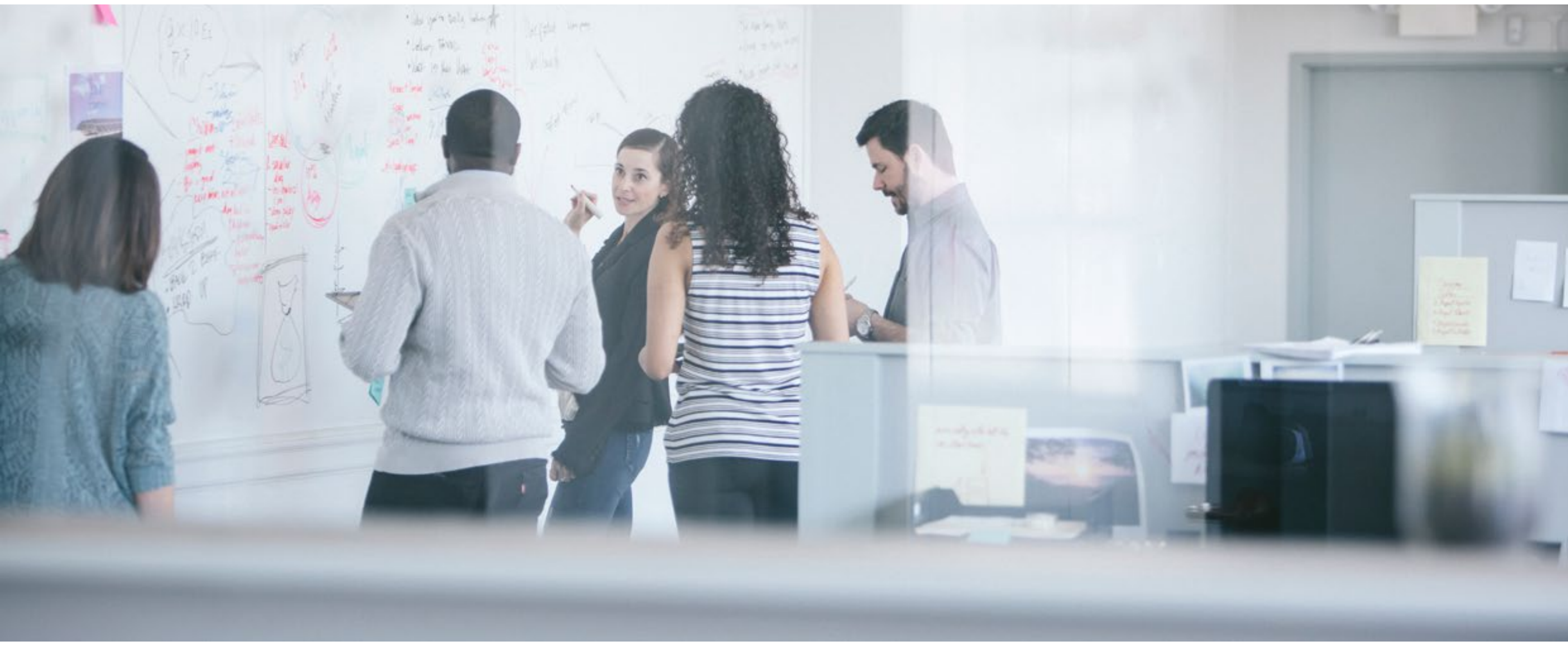
Table 4: 10 lowest CEO/median employee ratios

Company	Index	Industry	CEO/median employee ratio
Beazley	250	Insurance	7
Trainline	250	Travel & Leisure	8
Auto Trader	100	Technology	11
Sanne Group	250	Financial Services	11
Hiscox	250	Insurance	12
Kainos	250	Technology	12
Land Securities	100	Real Estate	14
Moneysupermarket	250	Technology	14
Reach	250	Media	14
Centrica	100	Utilities	15

02 Highest and lowest pay ratios

Table 5: 10 lowest CEO/lower quartile employee ratios

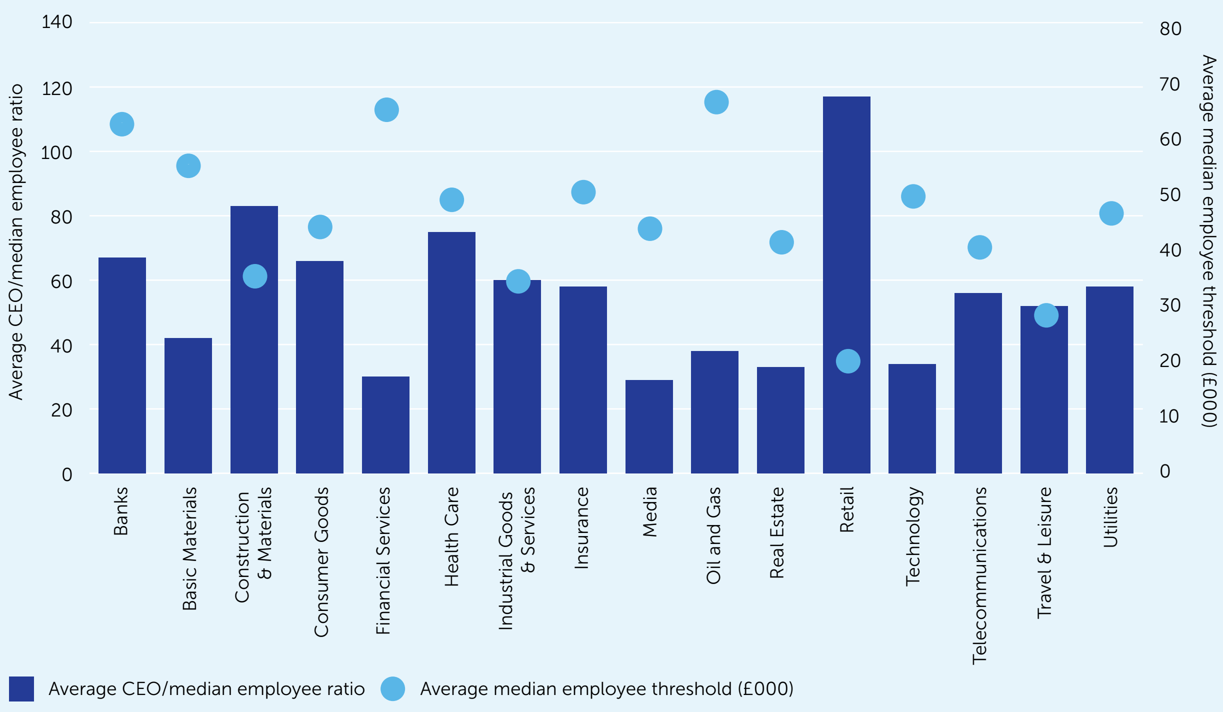
Company	Index	Industry	CEO/lower quartile employee ratio
Beazley	250	Insurance	13
Trainline	250	Travel & Leisure	14
Auto Trader	100	Technology	16
Reach	250	Media	17
Sanne Group	250	Financial Services	17
Kainos	250	Technology	18
Integrafin	250	Financial Services	18
Moneysupermarket	250	Technology	19
Hiscox	250	Insurance	20
Melrose	100	Industrial Goods & Services	20



03 Pay ratios by industry

Industry is a significant factor in determining pay ratio size. Figure 1 shows the average CEO/median employee pay ratio and the average pay threshold for median earners across different industries. Across industries, retail has the highest average CEO/median employee pay ratio at 117:1, and also the lowest average median employee threshold at £22,088. Media has the lowest average CEO/median employee pay ratio at 29:1, with financial services a close second at 30:1. This graph tells a very similar story to last year's.[14]

Figure 1: CEO/median employee ratios and median employee thresholds by industry



The variation of pay ratios between industries is largely due to different levels of pay across the workforce, as a result of how labour- or capital-intensive the industry is. However, the pay ratio calculations do not take into account indirectly employed workers. This omission is likely to mean that the pay ratios for sectors such as technology and finance are much lower than they would be if they included indirectly employed workers such as cleaners and caterers, whom many people would consider to be part of the company's workforce. In fact, a 2018 TUC report found that the banking and finance industry has the largest number of long-term agency workers.[15] This issue is further discussed in section 4.

This means that context matters when assessing pay ratios: at companies where a large proportion of employees are franchised or outsourced to an agency, this can result in a much lower pay ratio than at companies where most employees are kept in-house. As a result, companies should not be judged solely on the basis of comparisons with the industry average - it is important for stakeholders to understand a company's specific context and employment model before making a judgement on whether its pay distribution is fair or proportionate.

14 HPC (2020) Pay ratios and the FTSE 350, p.18
15 According to the report, the banking and finance industry has 80,000 agency workers who have been in the role for over a year. TUC (2018) Ending the undercutters' charter, via https://www.tuc.org.uk/sites/default/files/EndingtheUndercuttersCharter.pdf

04 Pay for low earners

As part of the pay ratio disclosures, companies are required to disclose the total remuneration of employees at the 25th, 50th and 75th percentile of the workforce. With the pay ratio disclosures in their second year, we are now able to compare how workforce pay has changed since last year. The levels of pay for employees at the 25th percentile, or the 'lower quartile' are particularly important to analyse, as raising pay for the lowest earners should be a societal priority, and the FTSE 350 includes many of the UK's biggest employers.

Figures 2 and 3 show the 10 companies with the lowest lower quartile thresholds for 2020/21 and 2019/20 respectively. 4 of the 10 companies in Figure 2 are also in Figure 3: Mitchells and Butlers, JD Sports, Kingfisher and William Hill. The average total remuneration of the 10 companies in Figure 2 is £16,596, compared to £15,549 for Figure 3. This means that pay for this group has gone up by roughly £1,000 since last year. Whilst inflation needs to be taken into account - given that companies have a range of year-ends, the inflation rate for the year in question will vary - this accounts for a 6.7% increase, meaning that this still constitutes a meaningful pay rise in real terms.

This indicates that there has been some progress on raising pay levels for the lowest earners, at least for those who are direct employees.

However, comparing Figure 2 with Figure 3 is not a like for like comparison, as 6 of the 10 companies in this list have changed from 2019/20 to 2020/21. When looking at how pay has changed for the lower quartile threshold at individual companies, the picture becomes more complicated, as at some companies the lower quartile threshold has increased far more than 6.7%, whilst at other companies, the lower quartile threshold has actually decreased. Tables 5 and 6 show the lower quartile threshold data for the companies in Figures 2 and 3 for both 2019/20 and 2020/21, revealing how pay has changed at these companies over these two years. Changes in the lower quartile threshold may be due solely to changes in employee remuneration. Equally, in the case of large changes in pay levels, these could result from the restructuring of the workforce (e.g. outsourcing employees, moving operations or reducing working time as a result of the pandemic), meaning that the employee population included in the pay ratio calculations is different to the previous year. Different reporting timeframes further complicate the picture – companies whose most recent financial year encompassed the worst of the pandemic are more likely to have been affected by these issues than those where it did not, meaning that comparisons between different companies are also more fraught with difficulty than usual.

Figure 2: 10 lowest lower quartile thresholds in 2020/21

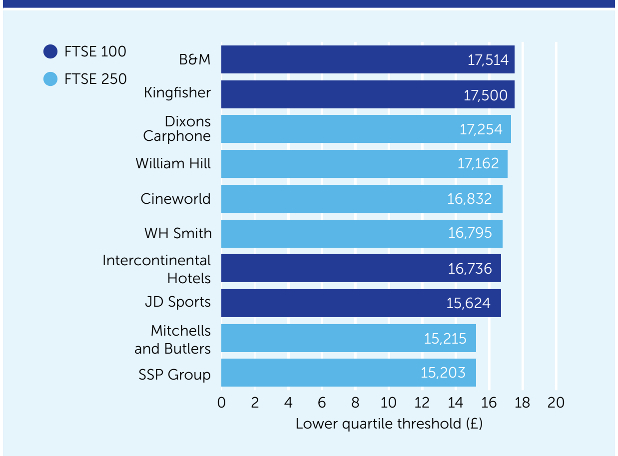
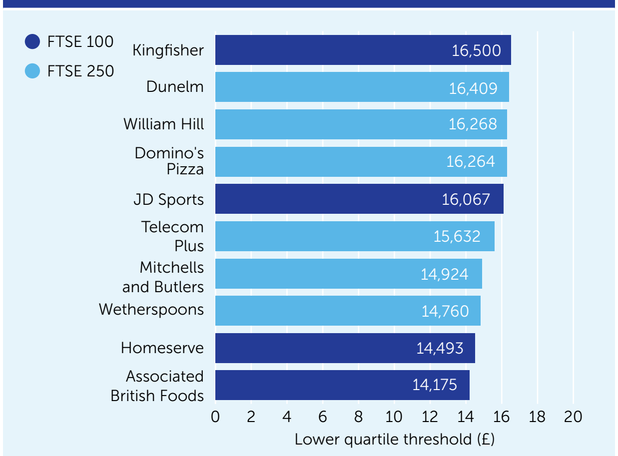


Figure 3: 10 lowest lower quartile thresholds in 2019/20[16]



16 This figure is slightly different to the one included in last year's report (Figure 2, p.25). This is due to the fact that last year's report was published in December 2020 and therefore used annual reports for Mitchells and Butlers and WH Smith with year ends in 09/2019 and 08/2019 respectively, as the ones for 2020 had not yet been published. As this year's report is being published later, we have been able to include the data from these companies' 2021 reports. Table 6 therefore incorporates data from 2020 year ends for these two companies (WH Smith was outside of the lowest 10 lower quartile thresholds for 2020), so as to compare the data year-on-year

04 Pay for low earners

Table 6. Comparison of lower quartile employee pay in 2019/20 and 2020/21 for the 10 companies with the lowest lower quartile thresholds in 2019/20

Company	Index (at Q3 2020)	Lower quartile employee's pay in 2019/20 (£)	Lower quartile employee's pay in 2020/21 (£)	% change from 2019/2020 to 2020/2021
Associated British Foods	250	14,175	19,775	39.5%
Homeserve	100	14,493	23,039	59.0%
Wetherspoons	100	14,760	19,829	34.3%
Mitchells and Butlers	250	14,924	15,215	1.9%
Telecom Plus	250	15,632	19,300	23.5%
JD Sports	100	16,067	15,624	-2.8%
Domino's Pizza	250	16,264	17,828	9.6%
William Hill	250	16,268	17,162	5.5%
Dunelm	250	16,409	19,793	20.6%
Kingfisher	100	16,500	17,500	6.1%

04 Pay for low earners

Table 7. Comparison of lower quartile employee pay in 2019/20 and 2020/21 for the 10 companies with the lowest lower quartile threshold in 2020/21

Company	Index	Industry	Lower quartile employee's pay in 2019/2020 (£)	Lower quartile employee's pay in 2020/2021 (£)	% change from 2019/20 to 2020/21
SSP Group	250	Travel & Leisure	n/a[17]	15,203	n/a
Mitchells and Butlers	250	Travel & Leisure	14,924	15,215	1.9%
JD Sports	100	Retail	16,067	15,624	-2.8%
Intercontinental Hotels	100	Travel & Leisure	18,786	16,736	-10.9%
WH Smith	250	Retail	17,684	16,795	-5.0%
Cineworld	250	Travel & Leisure	17,777	16,832	-5.3%
William Hill	250	Travel & Leisure	16,268	17,162	5.5%
Dixons Carphone	250	Retail	19,206	17,254	-10.2%
Kingfisher	100	Retail	16,500	17,500	6.1%
B&M European Value Retail	100	Retail	16,950	17,514	3.3%

The UK real living wage, calculated by the Living Wage Foundation, is the minimum hourly rate on which the recipient is able to cover their living expenses and live a healthy lifestyle. The rate for 2020/21 was £9.50 an hour across the UK and £10.85 in London. Based on a 35-hour week, the 2020/21 UK rate equated to £17,290 per annum and the London rate to £19,747 per annum. Amongst the disclosures as a whole, 27 companies have lower quartile thresholds below the London Living Wage, and 8 are below the Real Living Wage for the UK.

17 SSP's year end for this report was in September 2019, which is before companies were first required to disclose pay ratios in December 2019.

04 Pay for low earners

It is important to emphasise that the pay ratio disclosures substantially understate the extent of low pay in the UK. Firstly, the lower quartile employee is the employee at the 25th percentile, meaning that 25% of employees are earning less than this amount, and the pay ratios do not provide any information on the earnings of these employees. Secondly, the pay ratios do not include indirectly employed workers, many of whom are amongst the lowest paid workers in the UK.[18] This also has a consequent effect for pay reported for median and upper quartile employees. For example, the median pay level for the median employee recorded by our analysis was £40,000, substantially higher than median pay of £31,285 for all full-time earners across the UK.[19] While this could suggest that the large employers listed on the FTSE 350 generally pay better than most UK employers (as a result of the nature of their work, workforce and organisation) it could also reflect the extent to which their low earning workers are indirectly employed and therefore don't feature in the calculation of median pay.

We have estimated what the pay ratios between the CEO and their lowest paid worker might look like if indirectly employed workers were included. To make this calculation, we have assumed that for companies accredited by the Living Wage Foundation, their lowest-paid worker would be earning the annualised equivalent of the 2020/21 Real Living Wage (£9.50) for a 35-hour week (£17,290). For non-accredited companies, we have assumed that the lowest-paid worker would be earning the annualised equivalent of the statutory minimum wage for 2020/21 for those aged 25 and over (£8.72), for a 35-hour week, which comes to £15,870. Using this calculation, the median CEO/lowest-paid worker ratio was 111:1, significantly higher than the median CEO/lower quartile employee ratio of 59:1. As is to be expected, this year's median CEO/lowest-paid worker ratio is lower than last year's, which was 130:1.

18 ShareAction (2020) Insecure work in insecure times, via https://api.shareaction.org/resources/reports/Insecure-work-in-insecure-times-briefing-final.pdf
19 Figure for median full time UK earnings via Office for National Statistics, Annual Survey of Hours and Earnings (2021) via https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2021

05 Potential for redistribution

How companies distribute their resources is a political question. The amount that a company spends on its top earners represents an 'opportunity cost' in terms of how much is spent on low earners.

The pay ratios and pay thresholds give us some indication of the potential for redistribution within a company. However, the information they provide is limited in this respect, as they only give data on the earnings of the CEO and of the workforce in quartiles. Whilst CEOs earn very large sums, in many cases redistributing their earnings across the workforce would not make a substantial difference to employee earnings, especially if the company has a large workforce. Conversely, most upper quartile employees earn too little to merit substantial redistribution: the median upper quartile employee in our sample earns £59,992. Whilst a full-time salary of this amount would put the recipient close to the top 10% of full-time UK workers, it is not what most people consider to be an extremely high income, and reducing the pay for an individual earning around this amount would make a noticeable difference to their standard of living. The widest upper quartile to lower quartile pay ratio was 5.2:1 while the median was 1.9:1.

Table 8: Highest upper quartile to lower quartile pay ratios

Company	Index	Industry	lower quartile employee's pay (£)	upper quartile employee's pay (£)	UQ/LQ ratio
BP	100	Oil and Gas	18,984	98,546	5.2
TP ICAP	250	Financials	57,128	233,703	4.1
Rathbone Bros	250	Financials	31,701	125,467	4.0
British American Tobacco	100	Consumer Goods	49,345	176,272	3.6
Intercontinental Hotels	100	Consumer Services	16,736	58,761	3.5
Tate & Lyle	250	Consumer Goods	45,921	154,671	3.4
HSBC	100	Financials	29,833	96,386	3.2
Legal & General	100	Financials	29,030	90,324	3.1
Savills Group	250	Financials	20,144	60,062	3.0
Flutter	100	Consumer Services	22,129	65,929	3.0

Even across the companies with the widest gaps, in many cases pay for lower quartile employees was substantially more than the median full time UK earnings of £31,285.[20] There were nine companies across the sample where upper quartile workers were paid over £50,000 and lower quartile workers below £25,000. In these cases, there is potentially some scope to meaningfully lift the earnings of relatively lower-paid employees by redistributing away from the upper quartile while still ensuring that those in the upper quartile remain relatively well-paid. However, previous caveats about use of indirectly employed workers apply here – including the indirectly employed could affect the balance between the top and bottom quarters and the value per worker of a limited redistribution from the former to the latter.

20 Office for National Statistics, Annual Survey of Hours and Earnings (2021) via https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/ashe1997to2015selectedestimates

05 Potential for redistribution

Perhaps what is most interesting about the pay gaps between the upper and lower quartiles (specifically, the 25th and 75th percentiles) is how small they are compared to the gap between the upper quartile threshold and the CEO. While the median upper quartile to lower quartile ratio is 1.9:1, the median CEO to upper quartile ratio is 31:1.

In other words, between the lower quartile and the upper quartile pay typically doubles, whereas it increases more than thirty times over between the upper quartile threshold and the CEO.

This provides an insight into corporate culture in the UK, who companies value and how they believe they achieve success. The relative pay differentials imply that CEOs and those at the very top are perceived to be vastly more important than at least three quarters of their workforce, that their decisions determine company performance and that most of their employees exist to execute these decisions and are much more dispensable (at least relative to the CEO).

The concentration of extremely high pay at the very top of companies has implications for how we could raise living standards through more even distribution across society as a whole. Research in 2020 by the Autonomy think tank in partnership with the High Pay Centre found that if total earnings in the UK remained the same, but with all annual pay above the threshold of £200,000 redistributed to low and middle earners, this would result in an increase in pay for over 9 million workers, with a median increase of roughly £1,400 or 4.5% of annual pay per worker.[21] Those earning above £200,000 are well above the threshold of around £150,000 for the top 1% of earners.

This demonstrates that in the UK there is scope to redistribute pay from high earners in a way that would have a meaningful impact on low earners, whilst still leaving high earners with the reward or incentive of an income that enables a lifestyle far beyond the means of the vast majority of UK workers. Whilst not all companies will have a pay distribution that mirrors the distribution of earnings across the UK as whole, it is likely that in many cases, identifying a similar cap for high earners would identify similar hypothetical potential to raise the pay of low and middle earners on an intra company basis. That is not necessarily to say that such caps should be applied, but it indicates that there is a case for better disclosure of what companies spend on high earners beyond the CEO.

Unfortunately, the breakdown of pay in pay ratio disclosures is not sufficiently granular to analyse intra company redistribution in more detail. If the pay ratios included data on the pay of top earners between the upper quartile and the CEO – perhaps the amount spent on the top 1% of employees, or all those earning above a set threshold – this would be possible. Such information would also be of interest to investors concerned with companies' use of resources who may wish to investigate whether substantial costs expended on a small proportion of employees are generating value for money for the company. More generally, the UK is as of February 2021 facing a 'cost of living crisis' with supply chain and energy problems sparking sharp increases in inflation. The longer-term issue of weak real wage growth has exacerbated the crisis and it may be that a re-balancing of the proportion of total incomes shared between high, middle and low earners is part of the solution. Better information on what such a re-balancing could achieve at individual large employers would enhance our understanding and inform debates around policy measures such as caps on top pay or stronger employment rights that have been voiced in response to pay stagnation and the increased cost of living.

Despite their limitations, however, the information provided by the pay ratio disclosures represents a major improvement given that prior to this, companies were not required to provide any breakdown of pay across the workforce. The pay ratios may serve as a useful starting point for stakeholders such as trade unions and investors who are engaging with companies on how they distribute their resources and the attendant opportunity costs of this.

21 Autonomy and High Pay Centre (2020) Paying for Covid: capping excessive salaries to save industries via https://autonomy.work/wpcontent/uploads/2020/10/2020OCT_SalaryCap_Ameneded.pdf

06 Narrative reporting

As well as publishing the pay ratio data itself, companies are also required to provide a 'narrative' to explain the size of the pay ratios. This is an important requirement, given that the data on its own does not explain a company's pay structure or its employment model. The requirements state that the company should explain:

> *whether, and if so why, the company believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the company's UK employees taken as a whole.'*[22]

Last year, we found that a large number of companies provided little or no narrative. We also found that 'copy and paste' reporting was an issue, with companies simply repeating the above phrase from the pay ratio requirements without providing any evidence of why the median pay ratio is consistent with their pay policies for UK employees.

Whilst many companies are still providing little or no narrative and using 'copy and paste' reporting, narratives overall tend to be longer this year as companies discuss the impacts of Covid on remuneration. This is most often with regards to the impact of Covid and weaker company performance on CEO remuneration via reduced performance-related pay. A smaller number of companies discuss the effect of Covid on workforce pay, either due to use of the furlough scheme and/or the loss of bonuses for the wider workforce due to weaker performance.

However, whilst some companies' narratives are longer, there is still little evidence of companies addressing the areas suggested in our recommendations in last year's report. These were that companies should explain 1) how boards plan to use the pay ratio disclosures going forward, 2) whether and to what extent workers and investors feed into the pay-setting process, and 3) to what extent raising pay for low- to middle-income workers and reducing inequality is a priority for the company.

Similarly, a recent survey of workforce reporting in the FTSE 100 by the High Pay Centre in partnership with the CIPD, Railpen and PLSA has found that discussion of pay fairness or pay inequality in the 'people' section of annual reports is rare.[23]

An example of better practice in this respect is Abrdn's 2020 annual report, which accompanies the pay ratio disclosures with a section addressing how pay is set across the wider workforce, including a discussion of how the company has engaged with employees on pay.[24] Provident Financial also have a section on pay fairness prior to the pay ratio disclosure, which includes a table showing the amount by which base salaries have gone up for different types of roles, and states that the Committee is carrying out a review of wider colleague remuneration and incentives with regards to pay fairness across the organisation, the results of which will be shared with the workforce.[25] This would be an even stronger example if the workforce were involved in this review. Another example of good practice is Morrisons, whose annual report includes in its people section a discussion of how the company has permanently improved pay and benefits for front-line staff.[26]

22 UK Government, Companies (Miscellaneous Reporting) Regulations 2018, via https://www.legislation.gov.uk/ukdsi/2018/9780111170298
23 Ref once this is published
24 abrdn (2021) Annual Report 2020, p.87
25 Provident Financial (2021) Annual Report 2020, p.164-5
26 Morrisons (2021) Annual Report 2020/21, p.19

07 Company reporting on pay

The accuracy of our analysis in this report is dependent upon companies accurately reporting their pay ratios and absolute pay thresholds. Whilst we both hope and assume that most reporting is indeed accurate, we know that there are some instances where it is not.

Firstly, as already mentioned in section 1, a small number of companies have stated that they have excluded the impact of furlough from their pay ratio calculations. Furthermore, several companies that have used the furlough scheme do not state whether or not they are taking furlough into account when calculating employee pay levels. This means that the reported pay thresholds may not reflect the actual amount received by employees.

Secondly, as observed in last year's report, not all companies have disclosed the pay levels of employees at the lower quartile, median and upper quartile thresholds. This constitutes a failure to comply with the Companies (Miscellaneous Reporting) Regulations 2018, which state that companies must disclose the total remuneration of employees at the lower quartile, median and upper quartile mark, as well as the salary component of this remuneration.[27] This year, Centrica, Electrocomponents, Ibstock, Pearson, Pets at Home, Rentokil and Wetherspoons all failed to disclose absolute pay levels. All but Pearson are repeat offenders, having also failed to disclose pay levels last year. Fortunately, though, the number of companies failing to disclose this is lower than last year, when there were 11 companies in this list.

The process of calculating the pay thresholds from the ratios and the CEO's single figure of remuneration is straightforward, so this does not mean there are gaps in our data. However, as a point of principle, failure to comply with the letter of the regulations is a worrying sign, especially in cases where pay levels across the workforce are likely to be low.

27 The Companies (Miscellaneous Reporting) Regulations 2018, Paragraph 19F, via https://www.legislation.gov.uk/ukdsi/2018/9780111170298/pdfs/ukdsi_9780111170298_en.pdf

08 Public opinion on pay gaps

Working with polling company Survation, the High Pay Centre carried out opinion polling in the UK to gauge the public's views on income inequality, finding strong public support for greater income equality and a view of what is an appropriate CEO to employee pay ratio that is clearly at odds with the views of business leaders.

When asked what CEOs should be paid compared to their lower and mid level employees, the most popular option, chosen by 29% of survey respondents, was that CEOs should be paid 1-5 times more than their lower- and mid-level employees.

In total, 62% of respondents chose one of the three brackets falling between 1 and 20 times. This indicates that the public want CEO/worker pay ratios either equivalent to, or less than, those seen in the UK between the post-war years and the beginning of the 1980s, when CEO/worker pay gaps at the largest companies were around 10-20 times that of the average worker.[28]

Only 1% of respondents thought that CEO pay should be more than 100 times the pay of lower and mid-level employees. More people (14%) thought that CEOs should be paid the exact same as their workers than thought the typical multiples highlighted by this report were appropriate, with just 9% suggesting a multiple of over 20.

This has profound implications for businesses, who depend on their social license to operate, and whose pay practices are clearly at odds with public opinion. In fact a large proportion of the public believe that income inequality caused by big businesses is harming society.

A larger proportion of the respondents (49%) thought that businesses behave in a way that is generally harmful to society as compared to those (38%) who thought that businesses behave in a way that is generally beneficial.

The 49% of respondents who responded to this question with the answer that businesses are largely harmful then answered the question in Figure 9 on which factors are responsible for this. Tax evasion/avoidance was the most popular reason (71%), closely followed by poor pay and conditions for workers (67%) and the capture of excessive profits/income by executives and investors (63%). This indicates that the scale of income inequality within companies is a source of major concern to the public.

Figure 4: public opinion on CEO to employee pay ratios

How much do you think the CEOs of the UK's biggest companies should be paid compared to their lower and mid-level employees?

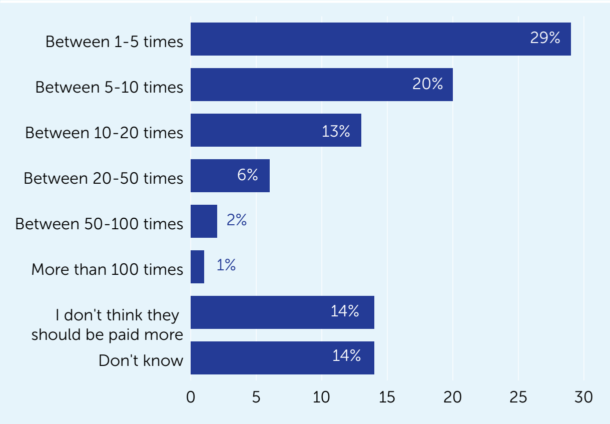
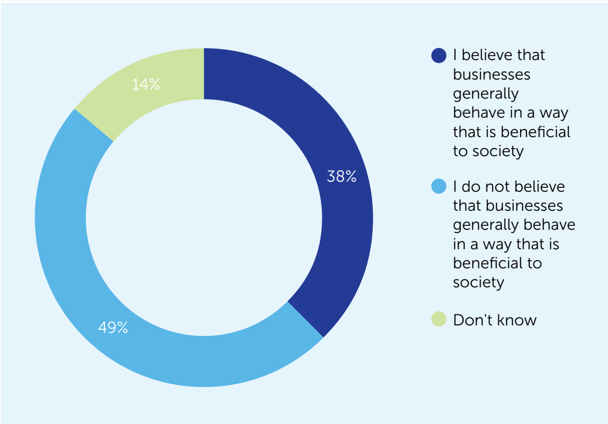


Figure 5: Is business on balance beneficial or negative?

Which of the following statements is closest to your view?

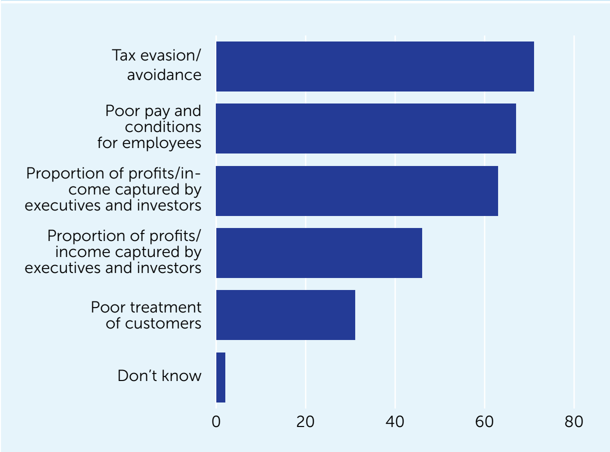


28 High Pay Commission (2010) Cheques with balances, via https://highpaycentre.org/wp-content/uploads/2020/10/Cheques_with_Balanceswhy_tackling_high_pay_is_in_the_national_interest.pdf

08 Public opinion on pay gaps

Figure 6: what factors determine negative attitudes to business?

Which of the following factors, if any, explain why you think businesses do not behave in a way that is beneficial to society? Select all that apply.



Overall, these polling results demonstrate that a majority of the public are in favour of policies to bring about a much more even distribution of incomes. There is clearly a large gulf between current business practices and what the public believe should be happening. This is most starkly demonstrated by the results showing that the public favour much lower ratios between workers and CEOs at large businesses than we are currently seeing. There is also substantial public support for policy proposals that are widely dismissed in the business world as being far too radical. Of course, businesses should not be run by public opinion. However, they do need social license to operate, and the fact that there is such a gap between public expectations and business practices is unsustainable in the long-run. The figures present a strong case for businesses to be much braver and more radical in facing down the pay demands of top earners and building a more equal pay model.

09 Conclusions and recommendation

Impact of last year's report

It is essential that the pay ratio disclosures are not simply analysed, but are used to bring about fairer pay practices. Alongside publishing the first report analysing the pay ratio disclosures, the High Pay Centre have been carrying out ongoing work to disseminate the findings and engage stakeholders to encourage them to use the pay ratios in making the case for fairer pay practices. We have written letters and made representations at AGMs to a number of the companies with the highest pay ratios and/or the lowest lower quartile thresholds, and received limited responses showing varied levels of engagement. Investors, trade unions and activist groups have also used the data in our previous report to support stewardship and campaigning activities – for example, a group of trade unions wrote to the UK's leading investors in spring 2021, calling on them to hold companies to account over the pay inequality highlighted in our report. An 'investor briefing' based on the report was also used to hold companies to account in private meetings discussing pay and employment conditions.

We again plan to use this year's research as a platform for further engagement, focusing more on public-facing activities such as representations at AGMs, in order to ensure higher levels of attention and accountability on part of the businesses.

Recommendations

Last year's report outlined recommendations for how pay ratio reporting could be improved. The possibility of these being adopted is dependent on when the government sees fit to review the reporting requirements. Since only a year has passed since we carried out our first analysis of the pay ratios, it is unrealistic to expect any instant revisions. However, investors, unions, the workforce and other stakeholders can still push individual companies to change their practices with immediate effect. We have reiterated these recommendations below: they can be understood both as policy recommendations for the future and as changes that stakeholders should encourage companies to make voluntarily.

Whilst the purpose of this report is to analyse the pay ratio disclosures and identify ways in which they can be improved, the High Pay Centre's ultimate aim is to raise pay for low and middle earners in the UK. Last year's report therefore provided a set of accompanying recommendations to complement the pay ratio disclosures, which if implemented would help to bring about better working lives for low- and middle-income earners. Similarly, we cannot expect instant change in these policy areas: these are long-term goals that require the joint efforts of a wide coalition of organisations. This set of recommendations is also reiterated below.

Recommendations for better reporting

- **Companies should provide more granular information on the earnings of those between the upper quartile threshold and the CEO.** The disproportionate share of incomes captured by those at the very top is one of the biggest issues relating to economic inequality in the UK, and more information on how this occurs at particular employers would contribute to our understanding of how to achieve a fairer share of incomes accruing to those in the middle and at the bottom. Possible models for granular reporting could include reporting on those with pay awards of over £150k, or on the pay of the top 1% of the company's employees.
- **Outsourced UK workers should be included in the pay ratio calculations,** since these workers are vital to the companies' operations and often make up a large proportion of workers. Their inclusion would provide a more accurate picture of companies' pay practices and would also make it easier to compare companies' pay ratios. An important question here is which indirectly employed workers should be included in the calculation. We suggest using the Living Wage Foundation's standard for 'regularly contracted staff' which covers 'contracted staff who work 2 or more hours a week, for 8 or more consecutive weeks a year'.

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- **Higher standards and clearer expectations of narrative reporting** around the ratios could enable better understanding of the link between pay distribution and business strategy. We would suggest that companies should explain 1) how boards plan to use the pay ratio disclosures going forward, 2) whether and to what extent workers and investors feed into the pay-setting process, and 3) to what extent raising pay for low- to middle-income workers and reducing inequality is a priority for the company. However, we are aware that many remuneration reports are already overly long, making it difficult for stakeholders to find the information they need, so we suggest that rather than simply adding this information, companies should reshape remuneration reporting to put more emphasis on pay across the workforce.
- **Companies should directly provide information on pay ratios to their workers**. The objective of the pay ratio disclosures is to empower low- and middle-income workers to achieve better pay and working conditions - if individuals have more information about pay levels across their workforce, this can strengthen their bargaining position in relation to their own pay. However, company annual reports are long and confusing, and it is unrealistic to expect a critical mass of workers to read through them in order to access pay distribution data. Companies that are confident that their pay practices are fair ought not to be afraid of discussing them - therefore, CEO pay levels and pay ratio data should be circulated to all employees in an individual letter, as well being published in annual reports.

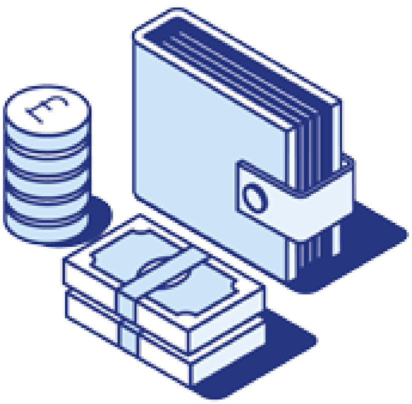
Recommendations for wider policy change

- **Allow trade union access to workplaces, to inform workers of the benefits of collective bargaining**. Companies which negotiate with trade unions deliver higher rates of pay for low and middle earners, as suggested by examples in last year's report[29] and by wider research.[30] Union representatives can use the pay ratio disclosures to build arguments in support of improved pay and working conditions, and highlight unfair pay gaps in a way that may be more challenging for unrepresented individual workers.
- **Establish sectoral governance bodies to monitor fair pay.** These bodies could be made up of stakeholders including representatives from business, unions, workers and government in a similar fashion to the Wages Councils, which were in place in the UK until the 1990s. Their remit could include setting guidelines for minimum wages and pay ratio limits across the sector, using pay ratio disclosures to inform recommendations.
- **Legislate for worker representation on company boards**. This would allow workers to play a meaningful part in the governance process, and would provide a voice at the highest level of the company making the argument for more even pay distribution. The UK Corporate Governance Code gives companies the option to appoint/elect worker directors as one of three options for introducing stakeholders into their corporate governance structures, but this option has only been taken up in a tiny number of instances.[31]

29 High Pay Centre (2020) Pay ratios and the FTSE 350, p.19-20, via https://highpaycentre.org/wp-content/uploads/2020/12/0.1_MUL1564-FOUNDATION-Pay-ratios-report.pdf
30 See e.g. Bryson A and Forth J, The added value of trade unions: New analyses for the TUC of the Workplace Employment Relations Surveys 2004 and 2011, TUC, 2017 via https://www.tuc.org.uk/sites/default/files/1%20WERS%20lit%20review%20 new%20format%20%20RS_0.pdf
31 Royal Holloway and IPA (2021) Workforce engagement and the UK corporate governance code, via https://www.frc.org.uk/getattachment/56bdd5ed-3b2d-4a6f-a62b-979910a90a10/FRC-Workforce-Engagement-Report_May-2021.pdf

09 Conclusions and recommendation

- **Require companies to introduce all-employee profit sharing or share ownership schemes**. One of the reasons why some of the pay ratios between workers and CEOs are so wide is that CEOs receive large share-based payments in addition to their regular salary while workers do not, even though workers contribute to good company performance and deserve to be rewarded for it. It is essential that these schemes cover all, not just part, of the workforce. In France, all companies are required to share an element of profits exceeding a set amount, calculated using factors including taxable profits, net equity, wages and added value with their workforce. A similar requirement could be replicated in the UK.
- **Amend company law to give the interests of all stakeholders equal importance, rather than elevating shareholder interests above those of others**. The 2018 Companies (Miscellaneous Reporting) Regulations introduced a requirement for directors to report on how they have complied with their section 172 responsibilities to have regard for stakeholders beyond shareholders. This is a welcome development, but does not go far enough. A duty to run the company using a balanced judgement of the long-term interest of all stakeholders would encourage boards to think more deeply about pay distribution at their company and how to improve pay and conditions for the majority of their workforce.



- **Give shareholders binding votes on directors' remuneration reports.** Whilst shareholders have a binding vote on a company's remuneration policy, their vote on the remuneration report - i.e. the executive pay packages - is only advisory. This can result in instances where a majority of shareholders oppose the remuneration report - including the pay ratio - but it remains unchanged. This was the case with Tesco in 2020, when two thirds of the shareholders opposed the remuneration report. The CEO's remuneration was not altered, however, and as a result Tesco had the 3rd highest CEO/median pay ratio according to our analysis for last year's report, at 305:1. Similarly, at Morrisons' AGM in 2021, 70% of shareholders voted against the remuneration report, but the CEO's remuneration remained unchanged, resulting in Morrisons having the 4th highest CEO/median pay ratio this year.
- **Require companies to include guidance on potential future pay ratio sizes in their remuneration reports**. The 'Large and Medium Size Companies Regulations 2013' requires companies outline maximum, minimum and 'target' values for executive pay awards in the forthcoming year.[32] These disclosures should also include guidance on maximum, minimum and target pay ratio sizes over the next three years. This would enable shareholders to take future pay ratio size into account when considering their votes at company AGMs, thereby encouraging better stewardship of pay practices on a company-wide basis, rather than just at board level.

Taken together, these measures would boost transparency, governance and accountability to stakeholders at the UK's biggest businesses, while strengthening the bargaining power of low- and middle-income workers, and significantly improving living standards.

32 UK Government, The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 via https://www.legislation.gov.uk/ukdsi/2013/9780111100318/schedule

09 Conclusions and recommendation

Appendix A: Methodology

This report is based on analysis of all the FTSE 350 companies to provide pay ratio disclosures prior to 31 December 2021. We have assigned companies' indexes (FTSE 100 or FTSE 250) according to the index they were in at their financial year end. Over the time period covered, a total of 201 FTSE 350 companies covered by the pay ratio reporting requirements (81 from the FTSE 100 and 120 from the FTSE 250) published annual reports in which pay ratios were disclosed. This excludes closed-end investment funds and companies with under 250 UK employees.

The opinion polling included in section 8 of the report was carried out by Survation. Fieldwork was carried out from 9th-15th April, and the population sampled was of 1,104 adults aged 18+ living in the UK. The survey was completed via an online panel. Invitations to complete surveys were sent out to members of the panel. Data were weighted by age, sex, region, income, education, 2019 General Election Vote and 2016 EU Referendum Vote. Differential response rates from different demographic groups were taken into account.

Appendix B: Pay ratio disclosure requirements

The Companies (Miscellaneous Reporting) Regulations, introduced by Theresa May's Conservative government as part of a broader programme of corporate governance reform, require all UK-incorporated companies with a premium stock market listing and over 250 UK employees to publish 'pay ratios', showing the relationship of their CEO's pay to other employees in the company.

The regulations stipulate that companies must publish a table in their annual remuneration report showing CEO total remuneration relative to total remuneration at the 75th, median and 25th percentile of the company's UK employees. That is to say, if all the company's UK employees were ranked from highest to lowest in terms of their total remuneration (on a full time equivalent basis) how would the CEO's pay compare to the thresholds for the upper quartile (i.e. the 75th percentile, earning more than 75% of employees), the median (exactly in the middle of the ranking) and the lower quartile (the 25th percentile, earning more than 25% of UK employees).

UK employees include everyone employed by the company under a contract of service, excluding those who work wholly or mainly outside the UK. Indirectly employed workers are also excluded.

CEO pay must be calculated using the existing formula for the so-called 'single figure' of total remuneration, encompassing salary and all forms of pay and benefit including pensions, bonuses and share awards. The employee total remuneration figure, provided at the 75th, median and 25th percentile, includes salary, taxable benefits, cash bonuses, share-based pay and pensions. It should be calculated 'wherever possible' by determining pay for all UK employees (on an FTE basis), ranking them on a low-to-high basis and identifying the employees whose remuneration places them at the upper, median and lower percentile points (option A).

Alternatively, companies may calculate the 25th, 50th and 75th percentile points based on their gender pay reporting disclosures, which require them to identify the gender breakdown of employees in each pay quartile, and thus to calculate the thresholds for each quartile (option B), or they may use other existing pay data, provided it has been calculated no earlier than the previous financial year (option C).

The disclosure requirements apply to pay awarded for financial years beginning from 1 January 2019. Therefore, the first mandatory disclosures appeared in annual reports published in 2020 for financial years ending on or after 31 December 2019.

i High Pay Commission (2010) Cheques with balances, via https://highpaycentre.org/wp-content/uploads/2020/10/Cheques_with_Balanceswhy_tackling_high_pay_is_in_the_national_interest.pdf

abrdn Financial Fairness Trust

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