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# Fair Reward Framework: A three-year review of the findings

Author: Paddy Goffey

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## Executive Summary

The Fair Reward Framework is a free, publicly accessible tool that equips investors and other stakeholders with information on how FTSE 100 firms' approach, govern and distribute pay. By providing a single, accessible dataset, the FRF aims to enable more informed engagement with large companies, ultimately supporting fairer, more transparent, and more accountable approaches to corporate reward.

This report provides an analysis of three years' worth of data-collection, comparing how trends have evolved during this period. The key findings across the three assessment categories are briefly outlined below:

- Reward Scrutiny: There has been little movement in the three years the FRF has been running. Information on contingent workers remains scarce, while the percentage of living-wage accredited firms has hardly moved. Few companies meet accepted global standards on tax contributions.
- Remuneration Policies: There has been a positive increase in the number of companies with fully independent remuneration committees, though few firms provide details on how they pro-actively sought the views of their workforce on top pay or disclose information on collective bargaining coverage. In the FRF's three years of existence, no company has had a worker director on its board.
- Reward Outcomes: Mean CEO pay has increased significantly from £4,529,344 in 2023 to £6,019,590 in 2025. The average CEO-to-median employee pay ratio has also increased from 93:1 to 100:1 at the same time. There has also been some minor progress in terms of reporting on ethnicity and gender pay gaps, as well as in the gaps reported themselves.

## Background: The Fair Reward Framework

The Fair Reward Framework (FRF) was developed in conjunction with a group of asset owners, including the Church of England Pensions Board, Brunel Pension Partnership, People's Partnership and Scottish Widows. Data was collected by Minerva Analytics and the High Pay Centre. It is intended as a response to the long-standing debates around corporate pay, and what can be frequent tensions between companies, shareholders and wider stakeholders about who and what within a company contributes to creating value and how that is rewarded.

The FRF assesses the pay governance processes and reward outcomes of the UK's major companies. The processes and outcomes assessed fall under three main headings:

1. Reward Scrutiny – including whether or not the company is a living wage accredited employer in the UK, whether they adopt living wage policies in other markets and whether or not their annual report commits to tax practices in line with the widely recognised GRI 207 standard.
2. Remuneration Policies – including whether or not workers are consulted as part of the executive pay-setting process, whether trade union coverage across the company's UK workforce is disclosed and whether or not the company board includes a director from the company's workforce.
3. Reward Outcomes – including CEO pay levels and pay ratios detailing the gap between Chief Executives and their median UK employee, as well as the company's gender pay gap.

All assessments are based on publicly available information. Following dialogue with assessed companies, the findings are published in a 'dashboard' format at https://fairreward.org and disseminated to stakeholders including asset owners and asset managers, trade unions and other worker groups, and relevant academic experts and civil society organisations.

The initiative is intended to provide stakeholders facing capacity challenges with a free and easy to use 'at a glance' insight to the pay practices at relevant companies, enabling comparisons with peer companies and (as the database develops) historic performance. It does not make AGM voting recommendations or provide any other kind of guidance on the basis of the assessments. However, stakeholders can use the insights to inform their own engagements with the assessed companies.

The FRF is unique in that it meets a number of key criteria that other services analysing corporate pay either wholly or partly do not fulfil:

1. It is based on publicly available information, meaning it does not require an additional reporting burden on companies.

2. It is free to use, meaning it can be used as a resource by groups with limited resources including journalists, academics, or trade unions and other campaigners advocating for progressive change at either individual companies or across corporate Britain collectively.

3. Unlike commercial 'Environmental, Social and Governance' ratings, the indicators have been selected on the basis of their relevance to the impact the company has on wider society, rather than their materiality to the returns they generate for shareholders (though many of the indicators are also relevant to the sustainability of long-term shareholder returns).

4. The assessments are presented in a simple dashboard format, that requires neither a significant time commitment, nor extensive technical expertise to digest, helping stakeholders who may be pressed for time, such as shareholders with investment portfolios covering multiple companies, to access a useful overview of pay practices at relevant companies.

For further information about the background of the Fair Reward Framework, please see https://www.fairreward.org/pages/methodology

## The Data

In its pilot year, 2024, the Fair Reward Framework (FRF) focused assessments on the UK FTSE 100 companies. Assessments were based on research by the FRF Secretariat and data partner Minerva Analytics and covered both 2023 and 2024. This report analyses the progression in data trends over three years by including the most recent data from 2025 as well. In its pilot year (2024) the Framework covered FTSE 100 companies as constituted in H1 2024, and for 2025 this is based on FTSE 100 firms as constituted in H1 2025.

Assessments were undertaken for every FTSE 100 company that was a constituent of the index at the time of the publication of its annual report, excluding investment trusts. As part of the process, assessments are submitted to the investor relations department of the company in question, and they are given a period of time to respond. In the pilot year, 37% of companies provided engaged and detailed feedback on assessments. For 2025, this has increased to 46%.

This briefing summarises selected key findings from the first two years of assessments and how these have changed following analysis of the new 2025 data. In 2026, the FRF will provide periodic updates on insights throughout the year, focusing in greater depth on key indicators, highlighting examples of good practice and drawing attention to underperformance. It will support stakeholders making the case for progressive, participatory pay-setting processes that enjoy the confidence of all stakeholders and pay outcomes that fairly apportion the wealth accumulating to companies in a way that is fair, proportionate and aligned with the socio-economic interest.

## Findings

### Reward Scrutiny

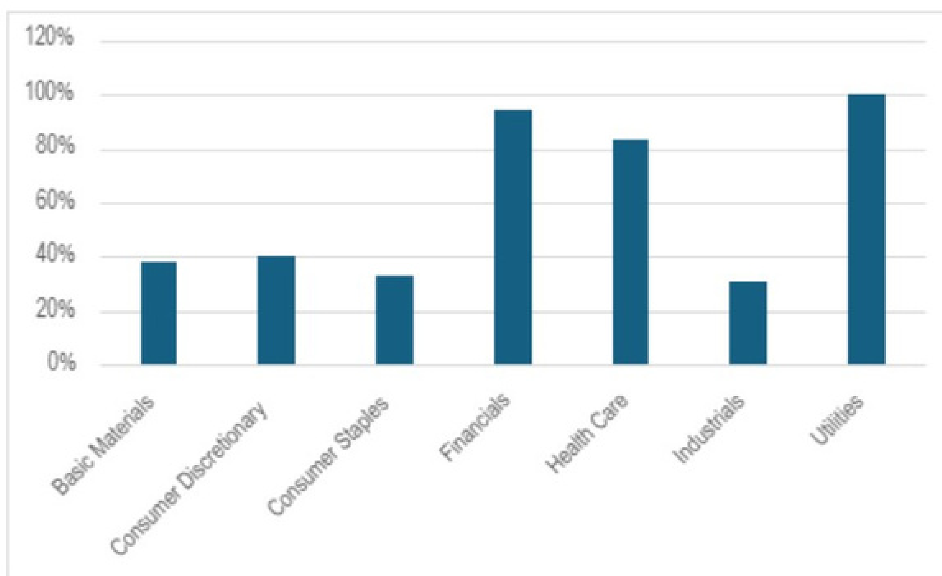
Contingent workers: Companies report on their global employee populations, providing some insight into the size of their workforce. Many also break this information down by geography or by different divisions of the company. However, indirectly employed workers, who may spend the majority of their working lives on company premises doing work at the behest of its leadership, remain absent from corporate reporting because they are employed through a third party. These workers are often in the lowest-paid work with the fewest employment protections. There have been calls for companies to provide more information on indirectly employed workers, so that stakeholders can better understand who constitutes the workforce that the company depends upon, and their pay and working conditions.

In 2025, 10% of assessed companies provided some level of information about the extent of their use of contracted workers. This figure has dropped from 12% in 2024 after increasing from 11% in 2023. 12% of firms detailed their approach to reward of contractors, versus 13% in 2024 and 2023.

Living wage: The UK Real Living Wage is calculated by independent academic experts with the aim of establishing what level of hourly wage workers require to ensure a decent standard of living. Accredited firms commit to paying the living wage rate to UK employees and indirectly employed workers.

In 2025, 55% of FTSE 100 firms assessed by the FRF were accredited by the Living Wage Foundation as UK Living Wage employers. This is an increase from the 54% of firms recorded in 2023 and 2024. However, this disguised considerable variation within sectors, ranging from 100% in 'Utilities' and 94% in 'Financials' to 31% in 'Industrials.'

**Figure 1: Percentage of 'Living Wage' accredited companies by industry (industries with at least five companies only)**




Even within industries, the non-accredited companies were concentrated within particular sectors. For example, none of the 'retailers' or 'travel and leisure' companies within the 'consumer discretionary' industry are accredited living wage payers. This is probably because these companies have a much higher proportion of lower-earning workers and therefore committing to paying a living wage would have more significant cost implications. In the 'financials', 'health care' and 'utilities' industries where the majority of assessed companies were accredited, the exceptions were those with a limited presence in the UK (Prudential and Hikma).

Companies are also encouraged to pay a local living wage to workers in markets beyond the UK, calculated according to prevailing living standards and cost of living in the relevant country.

18% of assessed companies demonstrated commitments to paying a living wage globally across their operating regions. This figure was the same in 2024 following an increase from 13% in 2023. Very often these plans took the form of accreditation with the 'Fair Wage Network.' Commitments differed in their levels of specificity. For example, Croda outlined concrete plans to pay all employees and regular contractors a living wage using a benchmark developed in partnership with the Fair Wage Network. Rolls Royce reported less specific intentions to expand their work on global living wage standards.

Living hours accredited: Accreditation as a 'living hours' employer commits companies to providing workers with at least sixteen hours of work a week (for those that want it) and at least four weeks' notice of shift patterns, providing workers with greater certainty and stability regarding their income enhanced security and enabling them to manage personal and family commitments around work.

Just 4 companies (Aviva, Rightmove, SSE and Severn Trent) have achieved living hours accreditation. In 2024, this was the exact same group of firms. No company in the FTSE100 states the maximum number of hours that their employees will work.

Tax reporting: The GRI 207 is a global reporting standard that supports public disclosure of a company's tax practices and payments to governments, covering approach to tax, governance and management of tax practices, stakeholder engagement regarding tax and country-by-country reporting of tax paid.

Seven firms confirmed adherence with the GRI 207 standard (Segro, Severn Trent, Rio Tinto, Vodafone, BP, Lloyds, Pearson). Four have been accredited by the 'Fair Tax Mark' standard (United Utilities, Severn Trent, SSE, Schroders), which recognises companies' tax contribution and compliance with the letter and spirit of tax laws. In 2023 and 2024, just five companies met the GRI 207 standard while only four firms were 'Fair Tax Mark' accredited.

**Remuneration Policies**

Remuneration committees (RemCos): Independent committees can help provide assurances that the pay setting process is appropriately rigorous and critical, leading to outcomes that are fair, proportionate and represent good value for all stakeholders.

78% of assessed companies have a fully independent remuneration committee, up on 70% in 2024 and 67% in 2023. In most cases where the committee was not fully independent, this related to the fact that a Director that has been in post for over ten years cannot be considered independent.

RemCos oversee application of the company pay policy, covering salary levels, potential incentive payments and performance targets and conditions, and have the right to overrule outcomes resulting from the policy at their discretion. Discretion may not always be necessary but sometimes unforeseen contextual factors may distort achievement of performance targets, causing the company to under or over perform and leading to a pay out that does not reflect the CEO's performance. Willingness to scrutinise contextual factors driving performance against the policy and deviate from the formulaic outcome is again an indicator of an engaged, rigorous and critical RemCo.

13% of assessed companies exercised their right to adjust their executive pay award from the formulaic outcome that would have resulted from application of the pay policy. This is down from 18% in 2024 and 13% in 2023. For 2025, in all cases where companies exercised this right it resulted in a downward discretionary movement. So far, in the three-years of the FRF's data gathering, there have only been three cases of firms exercising upwards discretion.

Director from workforce: The UK Corporate Governance Code recommends worker directors as one of three suggested mechanisms for incorporating worker perspectives into board-level decision-making. There are strong business reasons for supporting the appointment of worker directors, and they are commonplace in most European countries.

Despite this, no assessed companies have a worker-director on their board, nor has there been a worker director on any FTSE 100 board in the three-years that the FRF has been gathering data.

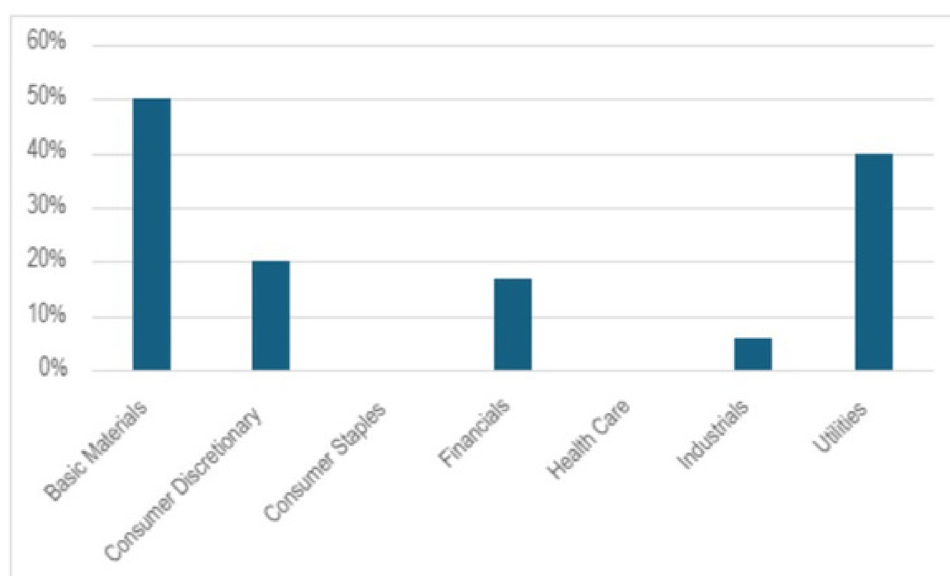
Trade union relations: Workers represented by a trade union are more likely to be aware of their legal rights and able to articulate concerns regarding pay more freely, giving stakeholders greater confidence in the fairness of pay and working conditions at the company.

17% of assessed companies disclosed the extent of union membership or collective bargaining coverage across their workforce. This included three companies who confirmed that none of their employees were union members. The figure for 2024 was also 17%, down from 19% in 2023. While the FRF promotes the reporting of trade union or collective bargaining coverage on the basis that a trade union presence provides stakeholders with assurance of respect for employment rights, plus representation in pay negotiation processes leading to fairer outcomes, it is welcome that those companies with no union presence at least say so.

Other companies published either the absolute number of union members, or the proportion of employees in a union or covered by a collective bargaining agreement. The proportion ranged from 90% of employees having representation through a union or employee representation body at United Utilities to 12% of staff covered by a collective bargaining agreement at Relx.

Again, the variations on reporting by industry were significant, with industries like 'Basic Materials' firms reporting higher levels of union coverage, while in other industries the topics were not mentioned by any company.

**Figure 2: Percentage of companies reporting trade union and collective bargaining coverage by industry (industries with at least five companies only)**



It is striking that the basic materials firms disclosing their levels of trade union coverage include Anglo-American, Antofagasta, Fresnillo and Glencore, mining firms with a substantial presence outside the UK in emerging or frontier economies. The fact that these firms report on unionisation levels may suggest heightened stakeholder concern over employment practices in markets where regulation and enforcement of employment rights is perceived to be weaker. Conversely, few UK-oriented firms in industries with a strong union presence including industrials and utilities made any mention of unions in their annual reports, perhaps reflecting a comparative lack of stakeholder interest in employment rights and conditions in the UK.

Worker consultation on top pay: Involving workers in the executive pay-setting process and taking their views into account means staff feel acknowledged, pay awards have greater legitimacy in the eyes of a key stakeholder group while other stakeholders can have greater confidence that pay awards are fair and proportionate. Top levels and pay inequality are less likely to be a source of resentment, damaging employee engagement and business performance.

12% of companies provided details of how they proactively sought the views of their workforce on top pay and executive remuneration. This was 7% in 2024 and 9% in 2023. This does not include the many companies who stated that workers could feed their views on pay unsolicited through staff forums. No companies offer workers a formal voice in the pay-setting process through representation on the RemCo. Mechanisms typically entailed consultation via a workforce advisory/engagement panel, where executive pay was a dedicated agenda item.

Shareholder support on pay: Shareholders are entitled to an annual advisory vote at company AGMs on the pay awarded to the CEO and a tri-annual binding vote on policy (including the level of salary and incentive payments plus the performance targets that determine whether they pay out). The historic results of these votes provide an insight into whether a significant proportion of shareholders have concerns about the fairness or proportionality of pay practices at the company on a long-standing basis.

22% of assessed companies had experienced significant shareholder dissent of over 20% on a vote on executive compensation at an AGM in the previous three years. This is slightly down from 24% in both 2024 and 2023.

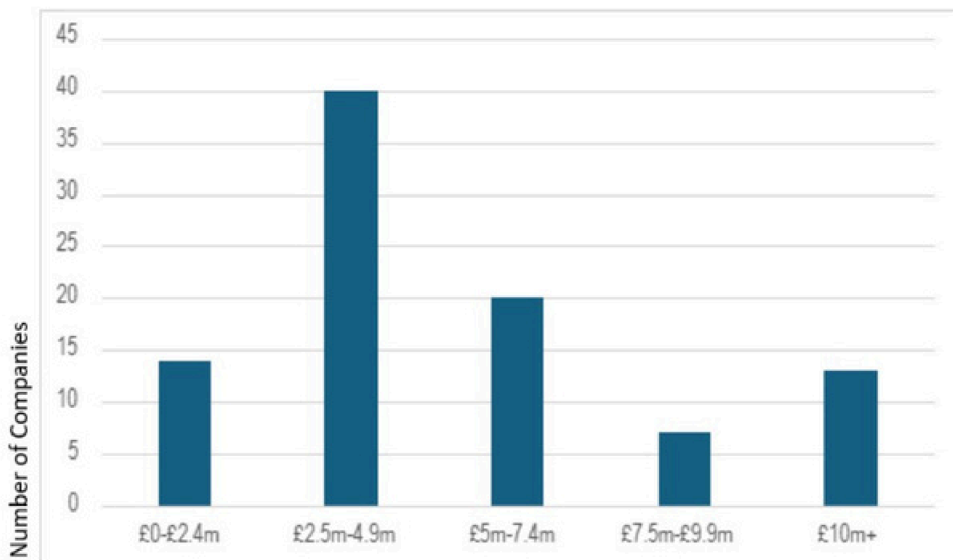
**Reward Outcomes**

CEO pay: The CEO is typically the highest-paid and highest-profile employee of a company and thus their pay is of considerable interest. It can often generate media attention, with significant reputational implications for the company. It can also contrast starkly with the pay of the wider employee population and thereby risks becoming a source of resentment and employee disengagement if not perceived to be fair or proportionate. As companies are required to report CEO pay awards, they also serve as a proxy for wider concerns, with trends in CEO pay and CEO to worker pay gaps being seen as a reflection of top pay and societal inequality more generally.

Mean CEO pay across the assessed companies was £6,019,590 while median was £4,563,000. Awards ranged from £1m (Entain) to £58,926,000 (Melrose).[1] Despite these

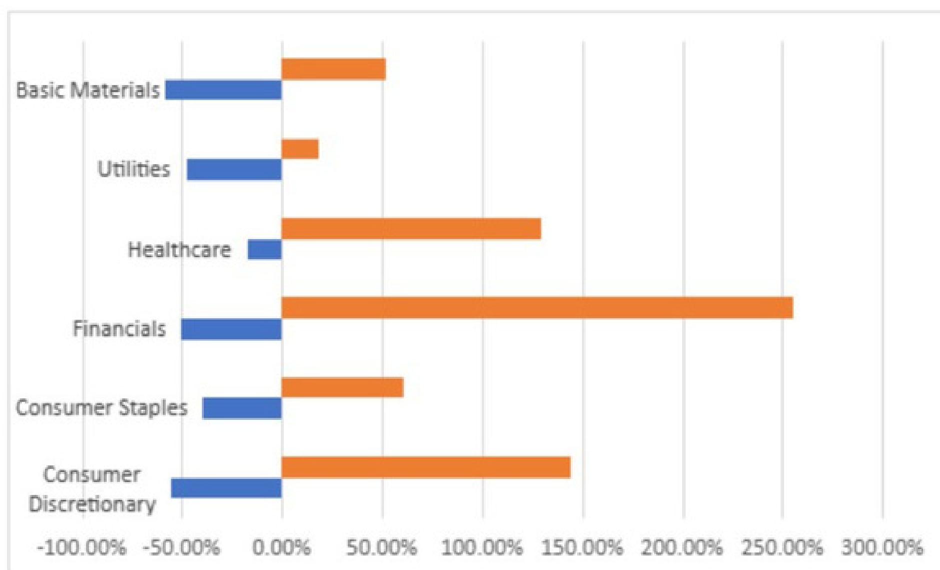
outliers, most awards clustered around the median. Mean CEO pay in 2024 was £4,893,218 and median £4,095,682. In 2023, these figures stood at £4,529,344 and £4,073,000 respectively.

**Figure 3: Distribution of CEO pay awards by pay band**




2025 saw a mean CEO pay increase of 66% and a median of 11%. However, when not including Melrose's 4592% rise, the mean dropped to 17% and the median to 9%. In 2024, these increases were 17% and 8% from 2023. However, there was a huge variation in the change in total pay, with companies awarding both significant pay increases and decreases even within the same sector.

**Figure 4: Biggest percentage increase and decrease in CEO pay award by industry (industries with five companies or more only)**




CEO Pay Ratio: UK-listed companies with more than 250 UK employees are required to publish 'pay ratios' showing the CEO's pay as a multiple of UK employees at the 25th, median and 75th percentile points of the pay distribution (on a full-time equivalent basis).

**The average pay ratio between a CEO and their median earning UK employee (on a full-time equivalent basis) across the firms was 100:1, while the median was 82:1. The average ratio between the CEOs and the 25th percentile (upper limit of the lowest paid quarter of the UK employee population) was 130:1 and the median was 110:1.**

**Table 1: Progression in average and median pay ratios over three years**

| Pay Ratio | 2023 | 2024 | 2025 |
|---|---|---|---|
| Average CEO-to-median employee | 93:1 | 95:1 | 100:1 |
| Median CEO-to-median employee | 85:1 | 72:1 | 82:1 |
| Average CEO-to-lower quartile employee | 129:1 | 128:1 | 130:1 |
| Median CEO-to-lower quartile employee | 121:1 | 95:1 | 110:1 |

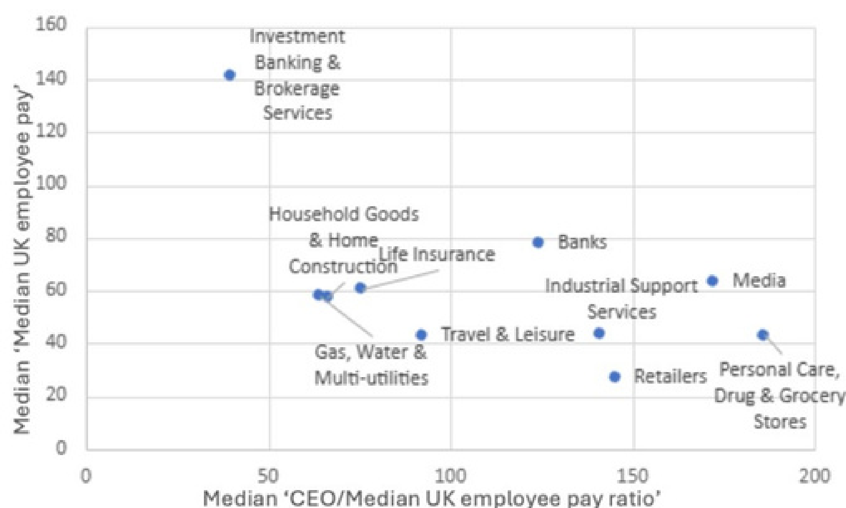
Again there was considerable variation within the sample, ranging from the CEOs of Pearson (534:1), Tesco (411:1) and Compass (407:1) paid over 400 times colleagues at the 25th percentile. In many cases, published pay ratios are likely to understate the reality of pay differences as they do not include indirectly employed workers who tend to be lower paid.

Pay ratios are determined by the pay of CEOs, which is driven by a range of factors beyond the characteristics of the particular industry, but also by the pay of the workforce, which is more industry specific. Therefore, ratios are perhaps easier to explain based on industry characteristics than absolute CEO pay levels. Average ratios are lower in the 'financials' (80:1) and 'utilities' (65:1) industries, which contain a number of companies with very high earning workers, pushing median employee pay up and ratios down, relative to consumer-facing sectors where the employees earn less. This compares to 'consumer discretionary' (130:1) and 'consumer staples' (137:1).

This is even more pronounced in underlying sectors. Of the sectors with at least four companies reporting pay ratios, there was a negative relationship between the median figure for 'median UK employee pay' across companies in the sector and the median 'CEO/median employee pay ratio' figure.

In terms of the CEO to the median full-time UK worker's salary, the average was 167:1 and the median 122:1. In 2024, these figures were 139:1 and 117:1 and in 2023 133:1 and 118:1.

**Figure 5: Median 'CEO to median employee pay ratio' compared to median 'median UK pay' (£000) by sector (sectors with at least four reporting companies only)**



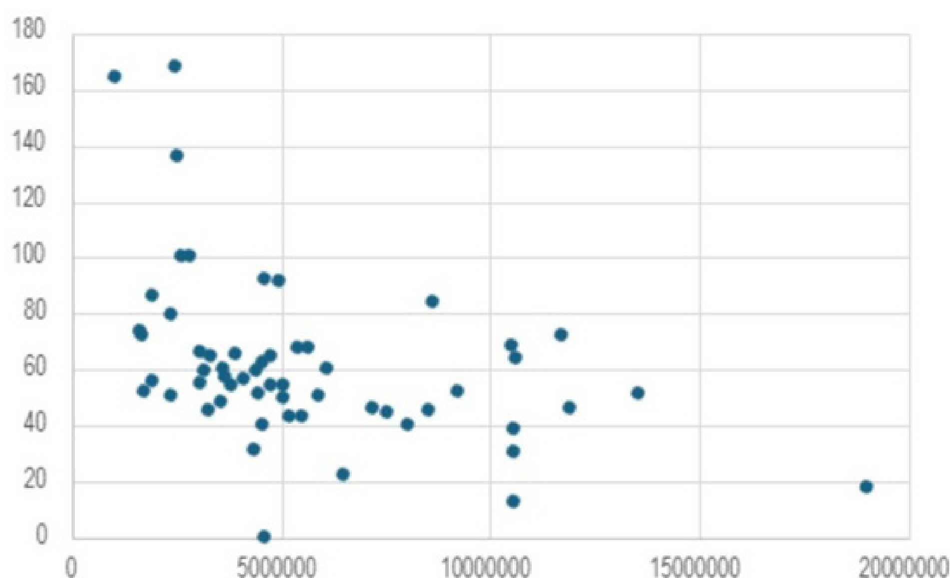
Pay of the next-highest-paid executive director compared to CEO: The ratio of the CEO to the next-highest-paid executive is sometimes seen as a sign of the dominance of the CEO and over-reliance on part of the company, on the basis that a CEO on whom the company are more reliant will be able to negotiate higher pay relative to their colleagues (though differences in pay awards may also reflect length of service – an executive newly in post is less likely to receive long-term incentive payments).

The average pay award to the next-highest-paid executive, typically the CFO, was 62% of the CEO's total pay and the median 56%. For 2024, these figures were 57% and 54%, while for 2023 they stood at 53% and 52%. In 2025, these figures ranged from the next-highest-paid executive being paid 168% of the CEO's total pay at Admiral to 13% at Legal & General. Five companies (Admiral, Entain, BT, Hikma and M&G) paid their next-highest-paid executive more than the CEO.

Interestingly, there was a negative correlation between CEO pay and next highest paid executive pay as a proportion of CEO pay. That is to say, the more the CEO was paid, the smaller the pay of the next-highest-paid executive relative to the CEO's award. Where CEOs were higher paid relative to counterparts at other assessed companies the pay of the next highest-paid executive did not typically rise in tandem. This suggests that CEO pay levels are more varied and variable than that of other executives. It could mean that boards have greater discretion in terms of the pay they can offer CEOs, while perceptions of appropriate pay for other executive directors are more rigid.

A higher CEO to next-highest-paid executive ratio could also reflect how boards attribute the credit, and ensuing rewards, for business performance. If the CEO is seen as the determinant of success in a way that other workers, including the wider executive team, are not, the CEO will benefit financially when the business succeeds whereas pay for other executives will remain at more typical levels.

**Figure 6: CEO pay (£) compared to next-highest-paid executive pay as a percentage of CEO pay**



Gender pay gap (mean): UK employers with more than 250 employees are required to file a 'gender pay gap' report for their organisation, including the percentage difference in average pay between male and female employees, and the percentage of women in each pay quartile.

84% of assessed companies published a gender pay gap but very often this was done at the level of subsidiary companies, rather than at the group level (reflecting the fact that many of the companies complying with UK gender pay reporting do so at a subsidiary level). In 2024, 85% also published these figures, while in 2023 this was 82%.

The average gap between male and female average pay at assessed companies was 13%, while the median gap was 12%. The average % of women in the top pay quartile was 34%, while the median was 35%.

**Table 2: Progression of gender pay gap figures over three years**

| Pay Gap | 2023 | 2024 | 2025 |
|---|---|---|---|
| Average gender pay gap | 18% | 15% | 13% |
| Median gender pay gap | 16% | 15% | 12% |
| Average % of women in top quartile | 32% | 32% | 34% |
| Median % of women in top quartile | 31% | 31% | 35% |

As with other indicators, these averages disguised considerable variation – even within industries. For example, within the 'consumer staples' sector, the average male employee was paid 4% more than the average female, versus 23% in the 'financial' industry. However, even within 'consumer staples', these figures varied from –38.8% at Coca-Cola HBC AG to 25.4% at Associated British Foods. In terms of industries with five or more company disclosures, 'consumer staples' had an average 43% women in the top pay quartile, 'healthcare' also 43%, 'consumer discretionary' 38%, 'financials' 34% and 'utilities' 25%.

**Figure 7: Number of assessed companies per 'gender pay gap' band**

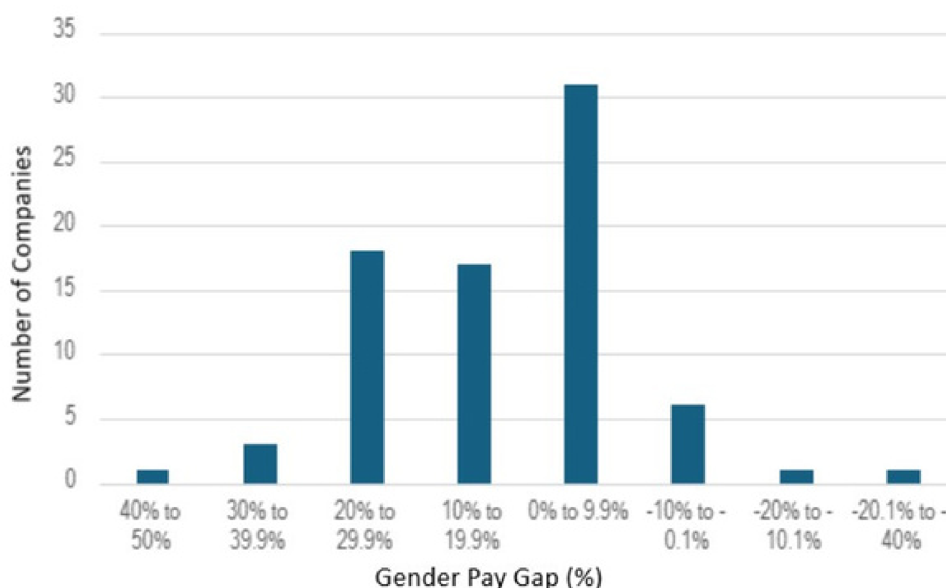
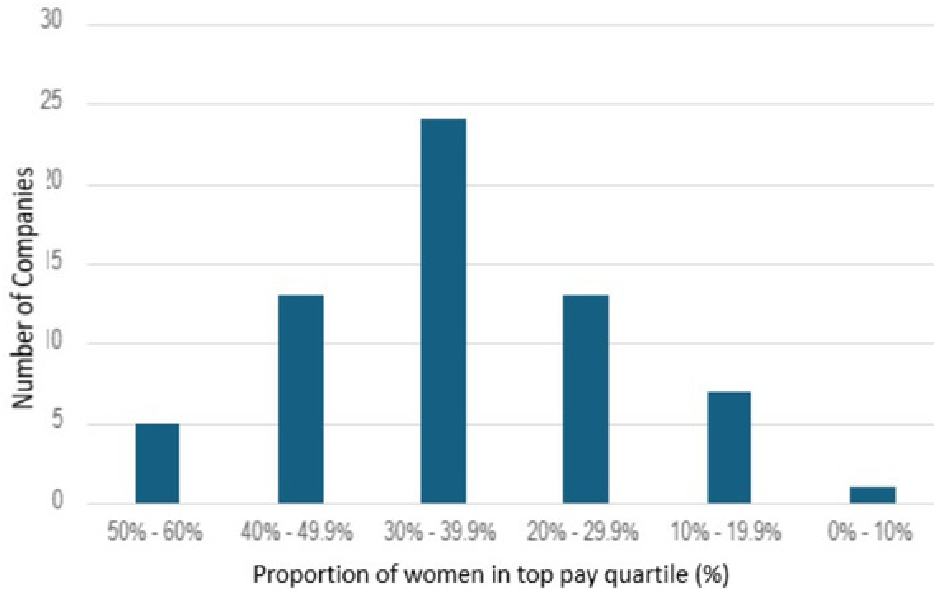


**Figure 8: Number of assessed companies per 'proportion of women (%) in the top pay quartile'**

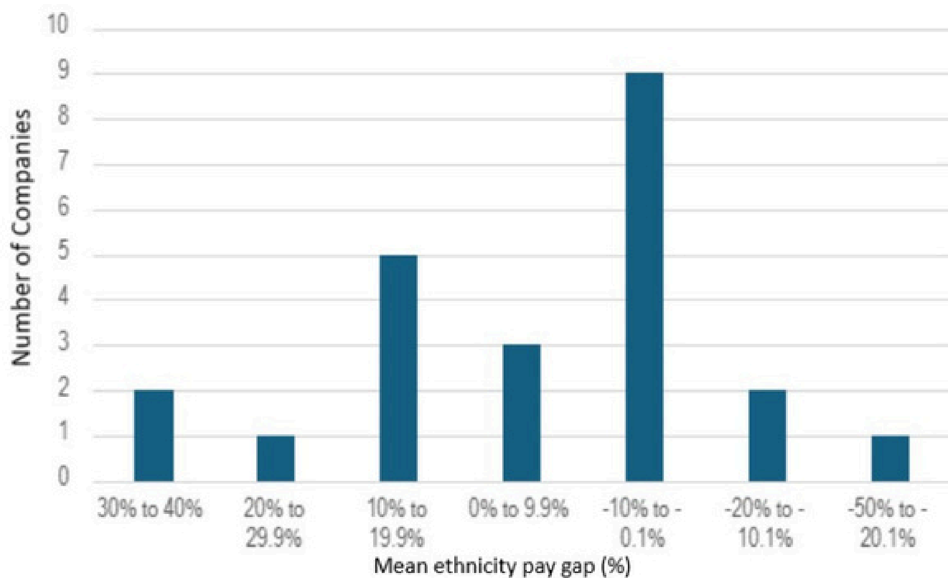



As previously noted, these differences may reflect inconsistencies in reporting, rather than the reality of gender pay inequality at different companies.

Ethnicity pay gap (disclosure): Along with gender pay, there is also considerable interest in ethnic pay disparities. Ethnic pay gap reporting is not a legal requirement, but it is encouraged by Government guidance.

35% of assessed companies chose to voluntarily disclose their mean ethnicity pay gap. In 2024, the figure was 36%, up from 30% in 2023. Across these firms, the average pay gap was 3% and the median mean pay gap was 4%. In 2024, this was 5% and 4% respectively, down from 7% and 5% in 2023.

**Figure 9: Number of assessed companies by 'ethnic pay gap' band**



There was limited evidence of companies in particular industries or sectors being more likely to report their ethnic pay gap. All five FTSE 100 banks published a figure, as did four of the five FTSE 100 utilities.

Worker share ownership: Worker share ownership involves company workers holding shares in their company, either directly or through a vehicle designed to own shares on behalf of the workforce. This means that workers have a stake in the success of the company, because the value of their shareholding increases if the company succeeds, fostering engagement and commitment. It could also potentially help to address economic inequality by enabling low- and middle-income workers to earn shares. Currently, a disproportionate amount of shareholdings are held by those at the top of the income distribution, contributing to significant inequalities in wealth.

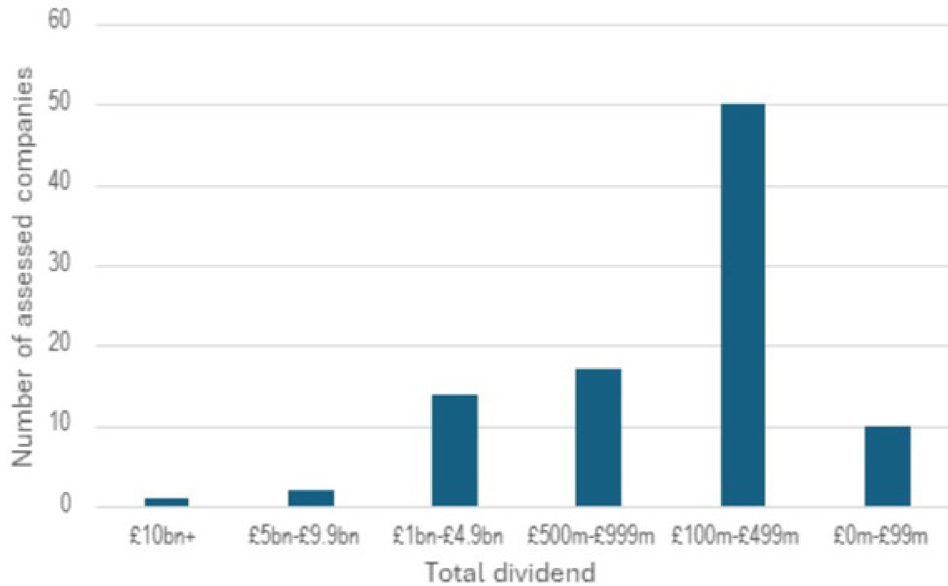
49% of assessed companies provide some detail in their annual report of schemes promoting employee share ownership, down from 70% in 2024. In some cases, it is possible to estimate a proportion of the company's total market value held by employee shareholders. However, reporting is opaque, typically relating to the number of shares held by trusts or partnerships for the benefit of employees, without noting which employees benefit from these shares and how they are apportioned. At 74% of the companies where it is possible to estimate the size of the employee shareholding, the estimate amounts to fewer than 1% of total shares. Only one company, Next, reported a shareholding of over 5% held on behalf of employees.

From the perspective of giving all workers a proper stake in the company, the best employee share schemes are accessible to all employees (for example, avoiding offering shares to buy at prohibitive prices) and enable a meaningful voice in corporate governance. Good reporting should cover aspects of worker share ownership including how many workers hold shares and how these shareholdings are awarded and administered, as well as providing some insight into how the value of shareholdings is distributed across the workforce.

Total dividend: Dividend payouts are an important determinant of fair reward. Dividends generate returns for investors, including the asset owners that use them to pay our pensions. At the same time, share ownership is highly unequal. High Pay Centre research has previously found that the richest 1% of the population by income directly hold more share-based wealth than the poorest 90%. Even when pensions are included, the richest 10% of the population hold 48% of pensions wealth, meaning that dividend payments overwhelmingly benefit those at the top.

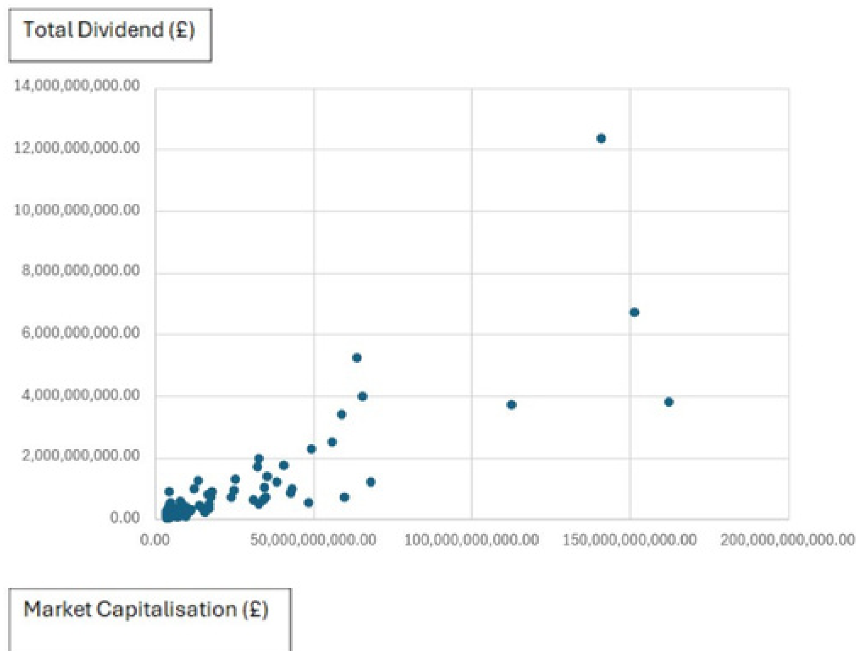
The average total dividend across the assessed companies was £871,750,199, while the median was £327,326,233. This ranged from £12,331,264,418 at HSBC to £32,863,779 at Babcock. In 2024, the average total dividend was £796,498,575 and the median £301,000,000. In 2023, £886,916,437 and £313,140,967.

**Figure 10: Number of assessed companies by total dividend (£) band**




The value of total dividend pay-outs correlated strongly with the market capitalisation of the company – companies with a higher market value generally made bigger dividend payments.

**Figure 11: Market capitalisation (£) compared to total dividend payment (£)**




These disparities matter, not just for optics, but because they shape trust in institutions, influence workforce morale and engagement, and affect public perceptions of business legitimacy. In an era where millions of workers face financial pressures and public services are stretched, the optics of multi-million-pound executive rewards are especially stark.

Ongoing reforms of employment rights and corporate reporting and governance provide an opportunity to implement changes that can ensure the wealth accumulated by businesses is channelled in a way that enjoy greater public confidence and serves the wider national interest more effectively. In a period of economic uncertainty and social division, it is all the more vital that this opportunity is not missed.

## Conclusions and insights

The FRF is intended as a tool to support the fair and responsible apportionment of the wealth accumulated by businesses, by providing relevant stakeholders with better accessible information on the corporate reward practices that determine the success (or otherwise) of this objective. These stakeholders – businesses, investors, unions, civil society organisations, academics and policymakers - can then use their influence to shape reward practices for the better.

This review of three-years' worth of data illustrates some of the challenges facing the initiative. Reporting of certain indicators is highly inconsistent, sometimes as a result of reporting requirements that are insufficiently clear or detailed. For example, pay ratio reporting regulations don't cover indirectly employed workers, meaning that companies with similar workforces and pay structures but differing employment models (relying to differing extents on outsourced workers or franchise structures) report very different pay ratios. Gender pay reporting is often done at a subsidiary level, making it harder to make sense of figures in the context of group-level workforce-related disclosures published in annual reports. These challenges are issues that policymakers and regulators may wish to consider as part of a proposed review of corporate reporting.

It is also the case that the implications of the findings of the review – for both individual companies and in terms of the verdict on FTSE 100 reward practices in general – are to some extent subjective. There is not necessarily a 'right' or 'wrong' outcome for certain indicators. Stakeholders might reasonably differ over whether an individual company's CEO pay award, or CEO to worker pay ratio or gender pay gap is appropriate, and on whether prevailing trends in respect of these indicators are to be welcomed or resisted. This is why the FRF does not currently provide an overall verdict or grade of individual companies' pay practices. However, few people would argue that these indicators are not important – the value the FRF aims to provide is in compiling these outcomes (in an accessible and digestible format), alongside important context around the characteristics of the company, and the processes and people that decided that pay outcomes. Stakeholders can then make their own decisions and engagement priorities in terms of influencing and changing practice.

At the same time, some of the process-focused indicators do offer a more concrete and objective assessment of whether companies undertake certain practices critical to a fair pay culture. For example:

- disclosure of information on contingent workers;
- accreditation as a UK living wage payer;
- commitment to paying a local living wage across all markets;
- living hours accreditation;
- either fair tax mark accreditation or commitment to GRI reporting standards;
- disclosure of trade union coverage;
- worker consultation in the executive pay setting process covering voice;
- gender pay gap reporting;
- ethnic pay gap reporting.

These indicators can all be assessed on a straightforward yes/no basis where 'yes' scores should be viewed positively and 'no' scores should be viewed negatively.

In addition to being objective, universally relevant and straightforward indicators of good or bad practice, the above eight indicators also all relate to consideration of the interests and perspectives of stakeholders beyond senior leaders and shareholders in reward practices. The emotive debate about reward is particularly animated by the perception that companies are run in the interests of wealthy executives and investors rather than ordinary workers and wider society. Performance against these particular indicators suggests some encouraging signs for advocates of fair reward with most companies able to demonstrate some examples of regard for these other stakeholders. At the same time there is still need and scope for considerable improvement.

**Table 3: Compliance with key stakeholder metrics**

| Number of metrics complied with (2025) | Number of companies (2025) | Number of metrics complied with (2024) | Number of companies (2024) | Number of metrics complied with (2023) | Number of companies (2023) |
|---|---|---|---|---|---|
| 0 | 9 | 0 | 8 | 0 | 10 |
| 1 | 16 | 1 | 19 | 1 | 21 |
| 2 | 31 | 2 | 32 | 2 | 27 |
| 3 | 16 | 3 | 18 | 3 | 20 |
| 4 | 12 | 4 | 14 | 4 | 15 |
| 5 | 5 | 5 | 7 | 5 | 5 |
| 6 | 4 | 6 | 0 | 6 | 0 |
| 7 | 1 | 7 | 1 | 7 | 1 |
| 8 | 0 | 8 | 0 | 8 | 0 |
| 9 | 0 | 9 | 0 | 9 | 0 |

These indicators can all be assessed on a straightforward yes/no basis where 'yes' scores should be viewed positively and 'no' scores should be viewed negatively.

10% of companies failed to comply with any of the eight indicators, up from 8% in 2024, while 0% complied with all nine.  As noted, the list of indicators is non-exhaustive, nor have we made any attempt to weight it according to the importance of the different indicators, so it does not automatically follow that this is a list of the most socially responsible companies.

Nonetheless, the fact that banks and utilities are so prominent in reporting on these socially-oriented dimensions of their reward practice is perhaps significant, and demonstrates the potential of the FRF. These sectors are in the public eye and subject to considerable societal pressure. This means that they are expected to demonstrate how they serve the public interest: paying a living wage, reporting on their ethnic pay gap or making a fair tax contribution consistent with the spirit of the law can all serve that purpose.

The fact that these companies are committed to these progressive practices suggests that more might do so if subject to similar pressure. This is grounds to be optimistic about further positive change. By drawing attention to these important indicators of fair reward practice and supporting stakeholders in their efforts to promote better outcomes and process, the Fair Reward Framework aims to help bring that change about.

**Recommendations**

- Enhanced worker voice mechanisms. This report has demonstrated how provisions for genuine worker voice in company decision-making remain remarkably weak in the UK. The current model that recommends companies to adopt one of three options in the Corporate Governance Code has led to most firms adopting the weakest mechanism of a designated NED for workforce engagement. This option typically doesn't enable formal ability to affect policy. To guarantee formal voice and ensure the operational understanding of employees is factored into decision-making, the code should be reformulated to require either the election of a worker director to the board or the establishment of a workforce advisory panel. Members of such panels should be appointed free from management interference, empowered to set agendas, kept informed of major business issues and have guaranteed access to and accountability from senior business figures.

- Formal mechanisms to limit exorbitant CEO pay. HPC's annual review of CEO pay[2] reported that FTSE 100 CEO pay had reached a record-high for the third year running. Clearly, pay transparency has not gone far enough in limiting rampant director pay awards. To prevent inequality deepening, policymakers must now consider formal mechanisms that seek to directly limit CEO pay. HPC have previously called for maximum CEO-to-median employee wage ratios, supported by polling showing that 63% of people believe CEOs should not earn more than ten times their low- and mid-level employees.[3] Another option would be to implement a 'Fat Cat Tax' whereby firms would pay a corporation tax surcharge on their yearly profits if single-figure remuneration for an executive director exceeded a specified multiple of the median UK worker's salary.[4] Tax receipts could be ring-fenced for an uncontroversial social good such as funding for schools, incentivising firms to scale back the levels of corporate wealth flowing to a small handful of individuals while ensuring a shared societal benefit to such a model if it persists.

- Reporting of living wage practices. The 45% of FTSE 100 firms without living wage accreditation is unacceptable given the size of such companies and the figures they consistently pay shareholders, directors and top earners. Resolutions at the AGMs of Next, Marks and Spencer and JD Sports in 2025 called on those firms to provide detail on their living wage practices, including the number of directly and indirectly employed workers paid at below level living wage rates, and conducting a cost/benefit analysis of raising all workers to living wage levels.[5] Legally requiring all FTSE 100 firms to disclose a document containing this information on the financial feasibility of paying living wage rates would be a significant first step in demonstrating that paying a living wage is financially possible. This would also enhance understanding of the opportunity costs involved and help identify the operational and financial barriers that may prevent firms from paying living wage rates.

- Provide a dedicated workforce section in annual reports. To ensure consistency and accessibility for stakeholders, companies' strategic reports should include a dedicated people section in which companies report on their workforce. HPC research has shown that roughly 47% of FTSE 100 firms have no dedicated staff section in their annual report.[6] This can cause crucial workforce information to be dispersed throughout the

annual report or even relegated to separate documents. Ultimately, this reflects a lack of commitment to the centrality of workforce issues, while also making it more challenging for stakeholders to identify relevant information. Consolidating such information into a single section could help embed workforce issues into long-term corporate decision-making, driving better practice.

**Next Steps:**

The High Pay Centre will continue to evaluate the working practices of FTSE 100 companies, engaging with investor relations teams, publishing insights on our website, and conducting in-depth analyses of key indicators through detailed briefings.

Unfortunately, there is currently no direct funding committed for the FRF project, placing its long-term survival at risk. The High Pay Centre is therefore looking for new funders who can support the continuation and development of this work. If you are interested in contributing to or learning more about the project and would like to discuss further, please contact andrew.speke@highpaycentre.org.

Indicators, assessment processes and dissemination channels are continuously under review and feedback on any aspect of the initiative is always welcome via info@fairreward.org.

The FRF team will also continue to engage with relevant government, industry and civil society led initiatives on corporate governance, reporting and other practices that effect reward and the ability of stakeholders to scrutinise it. It is vitally important that these developments expedite higher living standards in the UK and greater stakeholder confidence in business, the two outcomes that the FRF is dedicated to supporting.

## Further information

All company assessments can be found in full and are available for download via the Fair Reward Framework website at https://fairreward.org. The methodology setting out the full list of indicators, why they were selected and how they are assessed is also available from the FRF website via https://fairreward.org/pages/methodology.

For any further questions or comments, please contact the FRF Secretariat via info@fairreward.org

## Endnotes

[1] Melrose changed CEO in March 2024, and this amount was split between Simon Peckham (paid £57.5 million) and Peter Dilnot (paid £45.4 million). The biggest component of pay for both occupants of the role relates to a long-term incentive plan paying out in 2024 but covering a period when Simon Peckham was CEO and Peter Dilnot was Chief Operating Officer rather than CEO. Therefore, we have assumed CEO pay of £58.926 million in 2024, as implied by Melrose’s pay ratio disclosure. This is roughly consistent with total pay for Simon Peckham in 2024 plus a proportion of pay for Peter Dilnot attributable to time in the CEO’s role.

[2] High Pay Centre. (2025). Analysis of UK CEO Pay in 2024/2025 via https://highpaycentre.org/wp-content/uploads/2025/08/CEO-pay-report-2025-3.pdf.

[3] High Pay Centre and Equality Trust. (2026). It's time for a maximum wage via https://you.38degrees.org.uk/petitions/it-s-time-for-a-maximum-wage.

[4] High Pay Centre. (2026). 'Fat Cat Tax': Make companies pay for extreme inequalities via https://you.38degrees.org.uk/petitions/fat-cat-tax-make-companies-pay-for-extreme-inequalities.

[5] ShareAction. (2025). Living Wage Resolutions 2025 via https://shareaction.org/living-wage-resolutions-2025.

[6] CIPD, Railpen and High Pay Centre. (2025). Future of Workforce Reporting via https://highpaycentre.org/wp-content/uploads/2025/11/9021-future-of-workforce-reporting-report-web.pdf.

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The Church of England Pensions Board
Postal address: PO Box 2026, Pershore, WR10 9BW

www.cofepensionsboard.org



The High Pay Centre is an independent, non-partisan think tank focused on fairer pay, worker voice and better business. It runs a programme of research, events and policy analysis involving business, trade unions, regulators and policymakers, investors and civil society focused on achieving an approach to pay, work and business practice that enjoys the confidence of all stakeholders.

Website: highpaycentre.org
Contact: info@highpaycentre.org
Twitter: @highpaycentre