

High Pay Centre Briefing, Spring 2026: using corporate pay disclosures to inform ESG strategies and stewardship practices

Introduction

Annual reports of UK-listed companies provide a range of useful data on CEO compensation and employee award, assisting stakeholders track broader trends across different types of business models and sectors.

This briefing provides analysis of FTSE 100 trends with regard to executive director compensation, CEO-to-employee pay ratios and employee pay. This is intended as an update on figures assessed in HPC's '[CEO Pay](#)' and '[Pay Ratios](#)' reports. These reports are released yearly, resulting in a period of time without publicly available analysis. Therefore, this briefing presents initial trends from FTSE 100 companies that have since released annual reports not covered in the most recent publications, focusing on those with year ends after 1 April 2025.

The analysis has been broken down into industry classifications, helping to highlight sector-specific patterns in CEO pay and employee compensation and provide a clearer understanding of how these factors are evolving across different areas of the FTSE 100.

Companies that allow CEO pay to rise significantly faster than employee pay, resulting in significant pay ratio gaps, are [more likely](#) to be prone to staff turnover, weakened employee morale and absenteeism that all can contribute to reduced firm productivity. This briefing is designed to help investors understand where these risks are currently highest.

Investors can use this data to:

- Monitor pay disclosures in annual reports;
- Engage with companies and industries where disclosures raise concern;
- Vote at company AGM's if engagement fails to achieve a progressive resolution.

We hope that investors will find the data to be a useful complement to their engagement activities. If you are interested in discussing further, please contact Andrew Speke at the High Pay Centre via andrew.speke@highpaycentre.org.

Recommendations for Investors

Monitoring. Annual reports provide an opportunity for investors to study trends in how reward is distributed internally within firms, including:

- Whether pay for the lowest earners meet accepted standards, including the Real Living Wage, as well as pension provision benchmarks (Living Pension or Pension Quality mark) and the extent of worker share ownership.
- How pay is distributed between low, median and high earners, narrative on the causes of pay ratios and plans to reduce internal inequality.
- Detail on the pay-setting process, including the independence of remuneration committees, how the workforce is consulted on director pay and how pay differentials are communicated to staff.
- The extent to which the company uses indirectly employed workers and their pay and conditions.

Engagement. A wide range of factors determine whether a company can be considered a responsible employer, with pay data just one part of this. As part of their engagements, investors should seek to understand:

- The reason behind low pay levels or reliance on indirect workers, how these factors relate to the wider business model and whether the firm has plans to address potential risks associated with these practices.
- Are trade unions, works councils and other employee bodies able to operate without interference to ensure employment rights are respected and wages set fairly.
- Do employees have the ability to contribute their opinions and influence company strategy and decision-making via genuine mechanisms for worker voice, as per the [Corporate Governance Code](#).
- The level of self-criticality in a company's response to questions on the fair treatment of employees. This indicates strong governance and a commitment to accountability and self-improvement.

Voting. Where companies are unable to justify low pay levels or wide pay ratios in their annual reports or during stewardship engagements, investors should use AGMs to vote against:

- The remuneration report detailing pay ratio data.
- The re-election of the Chair of the Remuneration Committee who has responsibility for pay practices.
- The re-election of the director responsible for workforce issues who has responsibility for ensuring fair treatment of employees and worker voice.

CEO Pay

HPC research has [consistently outlined](#) how many large companies spend tens of millions on a small number of executives, creating significant opportunity costs in terms of raising pay for low and middle earning workers or investment in R&D that can boost firm productivity.

Table one illustrates the potential that limiting CEO compensation could have in terms of raising the incomes of low-paid workers based on [HPC analysis](#) of FTSE 100 pay ratios disclosures between 2024 and 2025. Even the largest reduction in the table leaves CEOs with average pay of £353k, comfortably over double the amount that puts an individual in the top 1% of UK earners.

Table One: hypothetical impact of redistribution of CEO pay at non-living wage accredited companies (2024-2025)

CEO pay cap	Excess CEO pay redistributed (£)	Number of minimum wage to Real Living Wage increases funded	Number of minimum wage to Real Living Wage plus Living Pension increases funded	post redistribution average CEO pay (£)
20 x median UK employee	212.5m	68,965	45,027	951k
10 x median UK employee	265.7m	86,249	56,312	475k
20 x lower quartile UK employee	240m	77,897	50,859	705k
10 x lower quartile UK employee	279.4	90,715	59,227	353k

Across the briefing sample of 64 FTSE 100 firms, median CEO pay stood at £5.2 million and average at £6.2 million. This represents a median pay increase of 15% and mean 19.75% from the year before for the same group of companies. While the sample represents just over half of the 2025 annual reports, meaning there is considerable potential for change as more reports are released, this figure is a 14% increase on the median pay recorded in our previous CEO pay report. Meanwhile, average pay is up 5%. Across the eight industries in the sample, only one, Technology, saw a fall in CEO pay from the previous year.

Table Two: Average CEO pay, average total director pay and average pay increases across industries

Industry	Average CEO Pay	Average CEO Pay Increase (%)	Average Total Director Pay
Healthcare	10086	29%	14264

Energy	9975	40%	16433
Technology	7999	-18%	12495
Financials	6879	2%	10425
Consumer Staples	6471	1%	9509
Consumer Discretionary	5657	30%	9447
Industrials	4709	26%	7950
Basic Materials	3907	40%	5657

Table Three: Largest CEO Pay Increases

Company	Industry	Increase (%)
Smiths Group	Industrials	165%
Games Workshop	Consumer Discretionary	145%
Convatec	Healthcare	112%
M&G	Financials	85%
Croda	Basic Materials	76%

Pay Ratios

Ratios enable an understanding of how corporate wealth is distributed between high, middle and low-income workers. While economic inequality is also affected by a range of factors, including inherited wealth, share ownership and access to education, income inequality plays a major role in determining differences in living standards.

Pay ratios should also be of interest to stakeholders seeking to understand internal company dynamics. [Research](#) has highlighted how very large income differences can create resentment and apathy that may harm employee job satisfaction, motivation and wider firm productivity.

Across the sample, the median CEO to 25th percentile employee ratio was 127:1, while the average was 144:1. For the CEO to median employee ratio, these figures were 95:1 and 107:1 respectively. The median CEO to the median UK-wide worker salary of £39,039 was 145:1, while the average returned 167:1.

Table Four: Average CEO to lower quartile employee pay ratio across industries

Industry	Average CEO to Lower Quartile Employee Pay Ratio
Healthcare	212
Energy	174
Technology	161
Consumer Discretionary	161
Financials	143
Industrials	127
Consumer Staples	126
Basic Materials	47

Table Five: Average CEO to median employee pay ratio across industries

Industry	Average CEO to Median Employee Pay Ratio
Healthcare	148
Consumer Discretionary	132
Technology	110
Industrials	102
Financials	97
Consumer Staples	99
Energy	85
Basic Materials	32

Table Six: CEO to median UK salary pay ratio across industries

Industry	CEO to Median UK Salary Pay Ratio
Healthcare	258
Energy	256
Technology	205
Financials	176
Consumer Staples	166
Consumer Discretionary	145
Industrials	121
Basic Materials	100

Employee Pay

Information on employee pay is crucial to investors as it highlights the value that firms place on their workforce. One issue with pay ratio disclosures is they do not require companies to include outsourced workers within their calculations. It is often the case that especially low-paid roles in facilities management, cleaning, security or customer service functions are outsourced. As a result, the figures are likely to be lower than disclosed.

Additionally, the 25th percentile figure obscures less-paid workers below this level. This is where company disclosures on adherence to living wage standards can be useful to gain an insight into the pay of employees below the 25th percentile position.

Across the sample, median 25th percentile employee pay was £41,783 and average £47,984. For median employee pay, the median was £60,603 and average £67,875. The median median employee pay increase was 4.85%, while the average returned 6.23%.

Table Seven: Average lower quartile employee pay across industries

Industry	Average Lower Quartile Employee Pay
Basic Materials	74,677
Energy	67,583
Healthcare	57,378
Financials	53,826
Consumer Staples	51,867
Technology	47,998
Consumer Discretionary	37,293
Industrials	38,310

Table Eight: Highest lower quartile employee pay

Company	Industry	Lower Quartile Employee Pay
Mondi	Basic Materials	120,739
Standard Chartered	Financials	117,000
Shell	Energy	106,835
LSEG	Financials	91,400
Segro	Real Estate	77,000

Table Nine: Lowest lower quartile employee pay

Company	Industry	Lower Quartile Employee Pay
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Metlen	Utilities	17,305
Compass	Consumer Discretionary	26,000
Kingfisher	Consumer Discretionary	26,100
Associated British Foods	Consumer Staples	26,774
Rentokil	Industrials	27,977

Table Ten: Average median employee pay across industries

Industry	Average Median Employee Pay
Energy	115,269
Basic Materials	105,059
Healthcare	85,111
Financials	79,844
Consumer Staples	74,564
Technology	70,763
Consumer Discretionary	48,003
Industrials	48,831

Table Eleven: Highest median employee pay

Company	Industry	Median Employee Pay
Standard Chartered	Financials	166,000
Mondi	Basic Materials	158,081
Shell	Energy	151,893
LSEG	Financials	125,400
Segro	Real Estate	125,000

Table Twelve: Lowest median employee pay

Company	Industry	Median Employee Pay
Metlen	Utilities	21,687
Kingfisher	Consumer Discretionary	28,500
Compass	Consumer Discretionary	29,000
Associated British Foods	Consumer Staples	29,070
Ashtead	Industrials	31,253

Table Thirteen: Average median employee pay increase across industries

Industry	Average Median Employee Pay Increase (%)
Energy	7.85%
Consumer Staples	7.13%
Industrials	5.95%
Consumer Discretionary	5.57%
Healthcare	5.9%
Financials	4.02%
Technology	3.23%
Basic Materials	0.43%

Table Fourteen: Highest median employee pay increases

Company	Industry	Median Employee Pay Increase
Next	Consumer Discretionary	35%
Weir	Industrials	31.50%
Rentokil	Industrials	21.84%
Games Workshop	Consumer Discretionary	18.20%
Unilever	Consumer Staples	17.40%

Table Fifteen: Lowest median employee pay increases

Company	Industry	Median Employee Pay Increase
Ashtead	Industrials	-19.80%
Coca-Cola Europacific	Consumer Staples	-11.29%
Anglo American	Basic Materials	-8.65%
M&G	Financials	-5.90%
Persimmon	Consumer Discretionary	-4.38%

Note: significant increases or decreases in employee pay may also result from company restructuring—such as outsourcing—which can lead to new employees being included in the calculations or existing employees being excluded.

The High Pay Centre View

It is crucial that investors understand, analyse, and actively engage with the pay practices of large firms. With growing calls for UK CEO pay to align with US-style executive compensation, ensuring that such awards are fair and proportionate is more important

than ever. At the same time, wage stagnation and the cost-of-living crisis make it essential to address the pay of low- and middle-income employees. Given this, careful consideration must be placed on how finite corporate wealth is allocated to ensure jobs are secure, fulfilling and provide the necessary income to ensure a good standard of living. The position of Next as the largest median employee pay increase (35%) in a year following significant [shareholder pressure](#) on their employee pay practices is perhaps telling of the power that external stakeholders have to influence firm practice.

We hope that investors consider these issues while utilising the information provided during their stewardship activities. We also encourage investors to access the database attached. While average figures for industries provide a useful insight into general pay trends, these can often conceal significant variation within specific sectors that merit attention.

Pay ratio and CEO reward disclosures are far from perfect; company restructuring can affect how figures are calculated. However, investors should still seek to interrogate the issues outlined by the data provided. One such example is M&G reporting the fourth highest CEO pay increase at 85%, while also reporting the fourth largest median employee pay decrease of -5.9%. Of course, there may be a valid reason for why this has occurred, or the firm may have a detailed action plan in place to address this discrepancy. The onus, however, is on investors to understand if this is the case or not. The [lack of self-criticality](#) in annual reports indicates that companies may be fearful of the investor response to honest and transparent reporting. Investors should therefore reward honesty and transparency even when the information provided raises questions.

While there is potential for these figures to change in the coming months as more FTSE 100 annual reports are released, the initial data is both shocking and concerning. A 15% median CEO pay increase, at a time when employee wages are being squeezed and living standards stagnating, is in neither the country's nor the economy's best interests. Therefore, investors have a crucial role in holding companies to account over pay practices.

Further analysis on the pay practices and policies of large firms will be released by HPC via the interactive Fair Reward Framework tool. This will include a report assessing trends in

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data on reward over the last three years. For more information, please access at:
<https://www.fairreward.org/>.