CBI

MODERNISING EXECUTIVE PAY GOVERNANCE

Supporting Competitiveness, Accountability and Long-Term Value

November 2026



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Foreword - CBI

The UK's ability to attract, retain and grow world-class businesses is fundamental to our future prosperity. Revitalising our public equity markets is central to that ambition, ensuring companies can access the capital they need to grow, compete internationally and create jobs and prosperity across the UK.

At the CBI, we have been making the case for renewed ambition for our public markets. This requires action across a range of areas, including ensuring our regulatory and governance frameworks support growth and competitiveness. Executive remuneration is an important part of that picture.

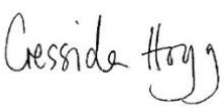
Through my roles as Chair of the CBI and BAE Systems, and as Senior Independent Director of the London Stock Exchange Group, I see first-hand the challenges facing UK listed businesses competing in global markets. Getting the balance right between attracting talent, rewarding performance and maintaining strong corporate governance is critical to their long-term success.

This report provides an important and timely contribution to that debate. Drawing on the experiences of more than 30 Chairs and Remuneration Committee Chairs, collectively representing over 100 FTSE 350 board positions, it offers valuable insight into how the UK's approach to executive pay is evolving.

Encouragingly, the direction of travel is positive. Companies have shown greater confidence in putting forward proposals that reflect their commercial realities, while investors have demonstrated a growing willingness to consider these on their merits. This more constructive dialogue shows that greater flexibility and strong governance can go hand in hand.

But there is more to do. We need a framework that gives boards the trust and flexibility to make decisions in the long-term interests of their businesses, while maintaining shareholder accountability. The recommendations provide practical steps towards achieving this, alongside modernising employee share ownership so more people can benefit from business success.

My thanks go to Deloitte for their expertise and partnership in delivering this important study, and to the Chairs and Non-Executive Directors who contributed. I hope it helps build momentum for further reform and a more competitive and successful UK market.



Cressida Hogg
Chair, CBI



Foreword - Deloitte

Deloitte is pleased to support the CBI on this important initiative. The strength of the UK's capital markets matters to every stakeholder in the UK economy – investors, employees, customers and the wider public alike – and in a fast-changing global environment, the ability to attract and retain the right leadership talent is one factor, among many, that affects the long-term success of our listed companies.

Executive pay is a sensitive and important topic, and rightly so: it sits at the intersection of commercial necessity, fairness, and public trust in business.

This report (based on feedback provided by many FTSE Chairs and non-executive directors) seeks to reflect the tone of those conversations candidly, including the genuine tensions and trade-offs involved.

We are grateful to everyone who took part and engaged so openly with us, including the non-executive directors interviewed for this study as well as the numerous directors and stakeholders that we have tested our findings with. Views differed in places, and this report does not attempt to paper over that. Readers should expect to find areas of consensus alongside areas of divergence.

The progress made in the FTSE market over the past few years should be commended, but there is no room for complacency. Developing a performance orientated executive pay construct that can attract and retain top talent remains challenging for many UK listed businesses. Competition from global peers and privately owned companies is significant in many cases.

The external challenge and scrutiny from investors, proxy agencies and the public remain an essential part of the system - nothing in this report seeks to diminish their role. This report is not a call to dismantle UK governance standards, nor a case for pay increases as an end in themselves. It is a contribution to the ongoing, careful evolution of the framework, at a time when UK capital markets face real structural pressures as evidenced by the number of takeovers of listed companies and limited IPO activity. Getting the balance right – between competitiveness, proportionality and accountability – matters for the long-term health of UK companies and the trust placed in them.

We hope this report supports a thoughtful and balanced debate among all stakeholders who share an interest in seeing the continued success of both UK companies and UK capital markets.



Mitul Shah
Partner, Deloitte LLP





Ali Sidat
Partner, Deloitte LLP



Introduction

Fundamental to the UK's future prosperity is our ability to develop, scale and grow world-class businesses, and this depends upon the ability of our leading companies to attract world class management. Attracting and retaining the best leaders in UK companies is only possible if they are offered competitive and appropriately structured remuneration. Ensuring that we have the right remuneration is key to revitalising our public equity markets, and this report focuses on this critical area.

Scrutiny, accountability and pay-for-performance remain fundamental to that framework. Particularly at a time when households and businesses continue to face economic pressures, executive reward must be clearly linked to performance and long-term value creation. Investors have an important role in challenging companies, and remuneration committees must be able to demonstrate that outcomes are warranted by performance and aligned with the interests of shareholders and other stakeholders.

Against that backdrop, there has been a material shift in executive pay practices in FTSE companies over the past three years. In the decade following the global financial crisis, the priority for many stakeholders was restraint on executive pay. This resulted in increased regulation, stricter governance standards and heightened scrutiny from investors. More recently, the debate has refocussed on whether a modern and effective approach to executive pay and related governance can preserve those important safeguards while also supporting the performance of UK listed companies and their ability to attract and retain world-class leaders.

In advance of launching the latest iteration of the UK Corporate Governance Code in 2024, the Financial Reporting Council announced that it was "*very keen to explore ways of ensuring any guidance is proportionate and limits burdens whilst not weakening effective governance*", recognising that "*this is critical to our role in supporting growth and the UK's competitiveness*".[1] This appeared to represent a change in mindset regarding the approach to governance in UK listed companies more generally. This change in sentiment has also impacted viewpoints on executive pay.

This shift in tone has already led to some tangible changes in executive pay practices across the FTSE market, especially amongst the largest companies. In the 2024, 2025 and 2026 AGM seasons, a number of large, global UK listed companies put forward bolder remuneration policies. In many cases the changes sought to address competitiveness against both international peers, particularly those from the US, and private companies including those backed by private equity.

[1] *Statement: FRC policy update*, 7 November 2023

The reaction from the investor community to these new policies has been largely positive. Notwithstanding the scale of the changes being presented, the median vote for FTSE 100 policies presented to shareholders over the last three years has been in excess of 90%. Where proposals were clearly explained and justified, many shareholders accepted the case for material changes to practice.

More recently, the Department of Business, Innovation, Science and Trade ('BIST') published a consultation on "Modernising corporate reporting to support long-term economic growth".[2] This consultation seeks to gather views on multiple issues including legislation relating to executive pay disclosure and voting. While there are inevitably differences of opinion on how the current regime can evolve, this willingness to review and consider the UK's current approach is warmly received by the vast majority of FTSE boardrooms.

Despite this positive direction of travel, the central question is whether a framework designed in a different economic and corporate environment remains proportionate and continues to deliver the outcomes we want: high-performing UK listed companies, strong accountability to shareholders and globally competitive UK capital markets. The case for change is therefore one of modernisation rather than deregulation.

The principle of shareholder "say on pay" remains important. The question is not whether accountability should be weakened, but whether the current mechanisms provide meaningful, value-adding accountability and whether they can be made more effective and proportionate.

This study on executive pay is intended to capture the views of non-executive directors in the UK's largest listed companies. Interviews and discussions were held with more than 30 non-executive directors who have held more than 100 Board positions at FTSE-listed companies. We spoke to board members covering around two thirds of the FTSE 30 – representing the UK's largest listed businesses. These interviews provided insight into the real challenges being debated in UK boardrooms.

In response to the key themes emerging from the interviews, we have developed a number of recommendations for modernising the governance environment surrounding executive pay. The objective is to support the performance of UK listed companies through a framework that combines competitiveness and agility with strong pay-for-performance, transparency and accountability.

[2] *Modernising Corporate Reporting to support long-term economic growth*, 7 September 2026

The recommendations range from practical changes to improve engagement and disclosure to more substantive reform of the current governance model. The most significant is to make the vote on Remuneration Policies advisory rather than binding. This is not a proposal to remove shareholder oversight: the report recommends retaining a separate policy vote, regular investor scrutiny and safeguards where companies use additional flexibility. The question is whether these mechanisms can provide more meaningful and proportionate accountability while allowing companies to respond to exceptional circumstances and compete effectively for talent.

The report also looks beyond executive reward. Modernising all-employee share plans is an important part of the package: wider employee share ownership can strengthen engagement, improve performance and enable more of the workforce to participate directly in the value successful businesses create. This reinforces the broader objective of ensuring that reform supports companies, investors, employees and the wider economy.

The scale of market change and investor support over the last three years should not be underestimated. There has already been a positive reset in how executive pay is discussed. The recommendations in this report seek to build on that progress by reconciling competitiveness, performance and accountability, rather than treating them as competing objectives. The goal is a modern, proportionate framework that supports successful UK listed companies and strong UK capital markets while maintaining the high standards of governance for which the UK is renowned.

Further progress will depend on companies, investors and other stakeholders working together. The CBI and Deloitte intend this report to support that dialogue, recognising the progress already achieved and the shared interest in successful UK listed companies. Any changes should be developed collaboratively, with a clear focus on pay for performance, effective stewardship and the experience of the wider workforce.



Summary of Recommendations

In order to further improve the governance landscape in relation to executive pay in FTSE-listed companies, company chairs and non-executive directors interviewed for this study identified five priorities:

- **Agility** – flexibility to make decisions on pay, especially at critical moments which can impact long-term value creation, such as recruitment, retention, or in response to unplanned shifts in trading conditions or strategic priorities.
- **Trust** – greater trust in the ability of remuneration committees to make rounded, balanced and commercial judgements on executive pay in line with their fiduciary duties. This is particularly relevant on matters of judgement where there is no single 'right' answer. Shifting greater investor scrutiny to the time that awards pay out could empower non-executives while still ensuring accountability and investor oversight.
- **Proportionality** - A disproportionate amount of time is currently spent by investors and companies on the governance of executive pay (typically two individuals). Steps should be taken to reduce red tape and create a more efficient governance landscape for all parties.
- **Healthy tension** – external scrutiny from investors is a key hallmark of an effective governance environment. Dialogue with investors continues to aid and support better decision making. Companies are looking for an effective level of scrutiny rather than a blank cheque.
- **Success of UK listed companies and UK Capital Markets** – this should be the overriding goal of any reforms to pay governance.

With these goals in mind, we have put forward 11 recommendations on how the governance landscape on executive pay could be improved for UK listed companies in the interests of all stakeholders. These recommendations range from changes to process and best practice, to more substantive reforms that would require legislative change.

The most substantive changes proposed are Recommendations 5 to 7, 9 and 11.

Recommendation 5 calls for the vote on the Remuneration Policy to be made advisory in nature. This approach maintains the broad governance structure that is well understood by investors and issuers and ensures that shareholders retain oversight of ongoing pay structures. But notably it enables companies to operate outside of the Remuneration Policy in exceptional circumstances. For example, it would allow a company to operate outside of the Remuneration Policy to appoint a highly talented CEO at the time of a turnaround, or prevent a high-performing executive from accepting an offer from a US competitor. It would allow FTSE Remuneration Committees to act in real time in order to maximise the long-term interests of shareholders and other stakeholders. Safeguards are proposed to ensure transparency and ongoing investor oversight.

Recommendation 6 puts forward a proposal to make listing in the UK more straightforward. The lack of IPOs in the UK markets over recent years is well documented. While governance requirements or more specifically the governance of executive pay are not the sole drivers of this trend, the UK Government is encouraged to take steps to ensure London remains an attractive listing destination and reduce friction where possible. The key recommendation is that newly listed companies should be provided with a three-year grace period before having to seek shareholder approval for a Remuneration Policy. This makes the transition from private to public markets more manageable, and makes governance more proportionate in the early years following listing.

Recommendation 7 calls for simplification of disclosure requirements. The UK Government's consultation on Modernising Corporate Reporting raises similar proposals and we are supportive of this direction of travel.

Recommendation 9 encourages clearer feedback from proxy agencies during engagement on executive pay proposals. Proxy agencies continue to have material influence on AGM voting patterns, however many companies struggle to obtain clear feedback during consultation. Providing a clearer indication of the likely voting recommendation during consultation would enable remuneration committees to react to feedback and consider amending proposals prior to publication, and avoids 'surprises' when proxy reports are published just prior to the AGM.

Recommendation 11 makes the case for modernising all employee share plans in order to better share wealth creation with the wider workforce. The UK already has well established HMRC approved all-employee share arrangements aimed at UK listed companies, however the structures were implemented more than 25 years ago. The current structures do not reflect the needs of the modern workforce and award levels for front-line employees have failed to keep pace with inflation. Employee share ownership can drive engagement levels, improve performance and share wealth across the workforce. Therefore modernising these plans should be viewed as a priority.

The full list of 11 recommendations is summarised below with further detail set out from page 28.

Recommendation		Lead actors
Retain momentum – maintain and build on the positive improvements made over the last three years		
1. Continued positive dialogue on pay	• Continued investor engagement on a case-by-case basis • Greater acceptance of comply-or-explain approach, with fewer governance 'red lines'	Industry, investors, proxy agencies
2. Governance that supports global competitiveness	• Governance and best practice guidance on executive remuneration should promote good business practices and the competitiveness of the UK Capital Markets • UK governance should be competitive against global standards.	Proxy agencies, FRC, investors
3. Remuneration judged on outcomes	• Best practice guidance to indicate greater willingness for incentive structures to be judged at the point of payout rather than automatically rejecting at the time of award or implementation. • Companies to provide expanded disclosure on how outcomes are warranted.	Investors, proxy agencies, industry
4. Appropriate NED pay	• Companies to review NED pay to align with the size and scope of the role and attract the right talent to UK boardrooms. • Companies to consider if paying NEDs in shares is appropriate • Legislative changes to enable efficient delivery of shares to NEDs	Industry, investors, proxy agencies, BIST
Voting reform - supporting flexibility for UK listed companies		
5. Advisory Remuneration Policy vote for good corporate citizens	• Maintain separate vote on Remuneration Policy but make vote advisory. • Enable companies to operate pay outside of the Policy in exceptional circumstances such as on recruitment. For more fundamental changes in approach outside the approved policy, requirement to return to shareholders with a new Remuneration Policy after a 12-month grace period. • Additional disclosure obligations and retention of regular annual advisory vote act as safeguards against abuse of flexibility.	BIST
6. Transition arrangements on IPO	• Newly listed companies should only be required to seek approval for a Remuneration Policy three years after listing (Remuneration Report approval still required from year one). • Disclosure requirements could also be scaled back during initial transition period.	BIST

Simplification of disclosure		
7. Simplified disclosure requirements	• Remove elements of disclosure which are of limited use to investors and rarely impact shareholder voting. • Allow the market to dictate how disclosure can improve by trusting companies to respond to investor concerns and interests	BIST
Supporting effective dialogue with investors on executive pay		
8. Revised guidance on investor AGM support	• Remove the low vote threshold of 80% and allow boards to assess the appropriate level of support, taking account of shareholder concerns. Remove the expectation to update the market within six months of the meeting where a low vote is received. Companies instead to determine appropriate engagement with investors.	FRC
9. Clearer proxy agency feedback during engagement	• Proxy agencies to provide clearer indication of likely voting recommendations during engagement. • For example, this could be based on a four-point scale, where the bottom two ratings indicate a high risk of an against recommendation at the time of the AGM.	Proxy agencies
10. Limit consultation to material changes only	• Empowerment of remuneration committees to make commercial judgements. • Best practice guidance to discourage engagement on minor matters that are unlikely to result in vote losses. • Remuneration committees to provide robust disclosure in the Remuneration Report, with greater acceptance that support across all investors will not always be unanimous.	Industry, investors, proxy agencies
Modernise all-employee share plans to support sharing wealth creation with wider workforce		
11. Modernised HMRC approved all-employee share plans	• Modernise all-employee share plans. • Enable benefits under SIPs to arise after two years rather than five years. • Review eligibility to capture other employee relationships (e.g. gig economy). • Increase eligibility limits for all-employee plans in line with inflation.	HMT/ BIST

Recent changes in FTSE executive pay practices

Over the last three years there has been an active response towards ensuring UK listed companies remain competitive in global talent markets. Both companies and investors appear to have responded to the need to avoid UK listed companies losing the war for talent.

Many major institutional investors have indicated greater willingness to consider the real challenges being faced by companies in the talent market, and in turn FTSE remuneration committees are increasingly coming forward with bolder proposals on executive pay. These new policies have often sought to close or partially address the very significant gaps which had arisen relative to competitive market practice while still ensuring alignment with shareholders and an ongoing commitment to pay-for-performance.

Trend 1 – Greater urgency - companies are returning to shareholders if their approach to executive pay needs to change

Under the remuneration reporting regulations introduced in 2013, FTSE-listed companies must put their directors' remuneration policy to a binding shareholder vote at least every three years. Historically most companies would wait the full three years before submitting a new policy to shareholders.

However, more recently there have been more instances of companies, particularly in the FTSE 100, 'going early' with their policy renewals, rather than waiting until the end of the three-year term.

Companies operating in a rapidly evolving talent market are having to update their remuneration frameworks more regularly, to ensure they remain competitive. In 2026, 52% of the FTSE 100 put a remuneration policy to a shareholder vote, while 40% of the index renewed their policies the year before.[3] Furthermore, this year a number of companies signalled that they are likely to make further policy changes in future years, indicating that the current package is not their intended final position.

[3] Data on FTSE executive pay practices throughout this report is sourced from Deloitte databases and research. Data is generally current up to and including December 2025 year-ends.

Trend 2 – Resetting of pay opportunities, particularly in the largest and most global companies

In prior years it was apparent that pay opportunities in the largest companies had fallen behind pay levels in comparable companies in other markets. As companies have renewed policy arrangements, many have sought to close this competitiveness gap.

In 2026, c. 60% of FTSE 100 companies presenting new policies to shareholders proposed significant changes[4] (compared with c.55% across 2024 and 2025).

Given the scale of the gap relative to market practice, the increases proposed have become more significant in nature. Prior to 2023, it was highly unusual to see proposals for increases to incentive opportunity which exceeded 50-100% of salary. In 2024 and 2025, the median increase to CEOs' incentive opportunities in policy proposals was 100% of salary. In 2026, the median increase proposed in new FTSE 100 policies rose to 200% of salary.

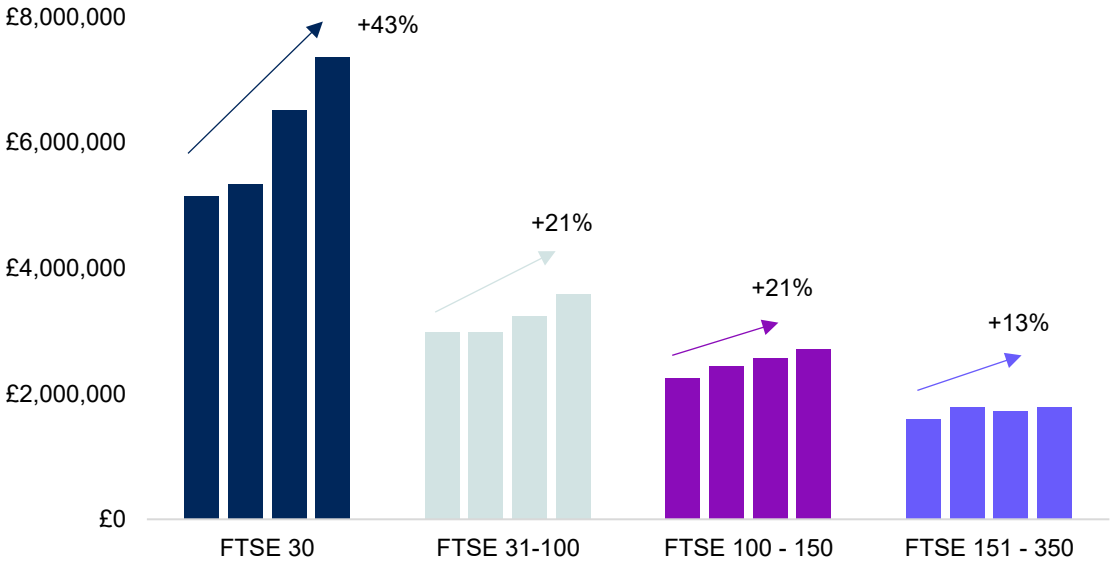
The net effect of these increases has been that on-target CEO pay opportunities have increased across the market. However, the scale of the increases has varied significantly based on the size of companies.

The largest increases have been seen in the FTSE 30, where the on-target package for the CEO has risen by more than 40% over the last 4 years. This is not surprising, as these companies tend to be the most global in nature and for whom pay had most significantly fallen behind global peers.

Increases across the rest of the FTSE 100 and the top end of the FTSE 250 have been significant (just over 20% over the last 4 years) but lower than the FTSE 30. In contrast the increases seen in CEO pay opportunities for the remainder of the FTSE 250 have been very modest (equivalent to 3% per annum).

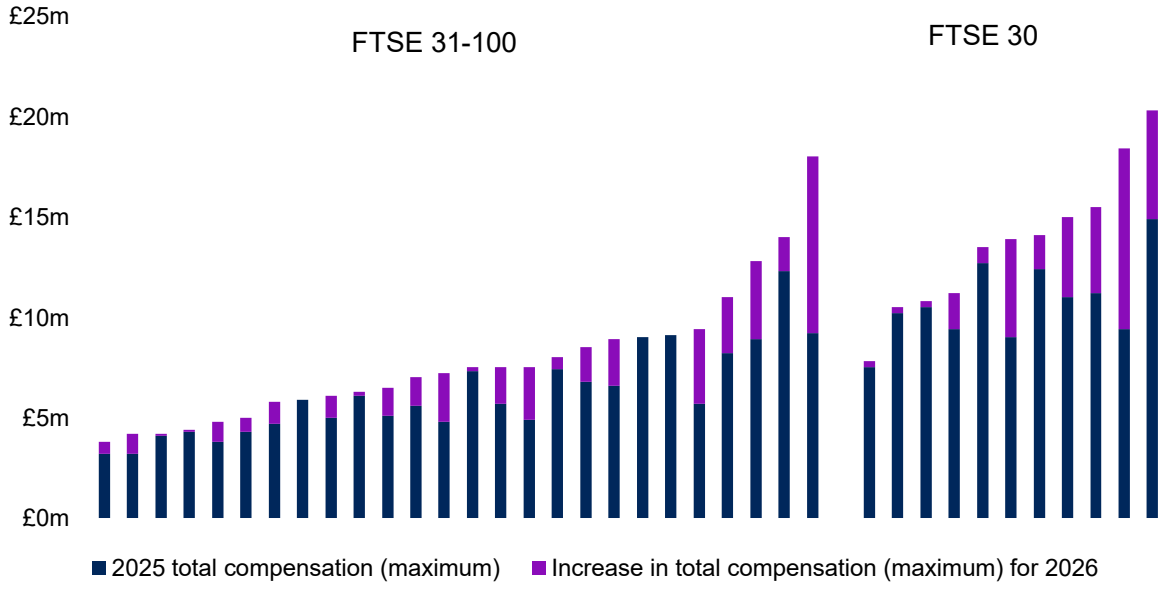
[4] 'Significant changes' means incentive increases of 100% of salary or more, or material structural changes

CEO four-year target total compensation growth



Interestingly, the trend for CFOs has been more muted. This partially reflects the fact that the pay premium in the US is most acute for the CEO role.

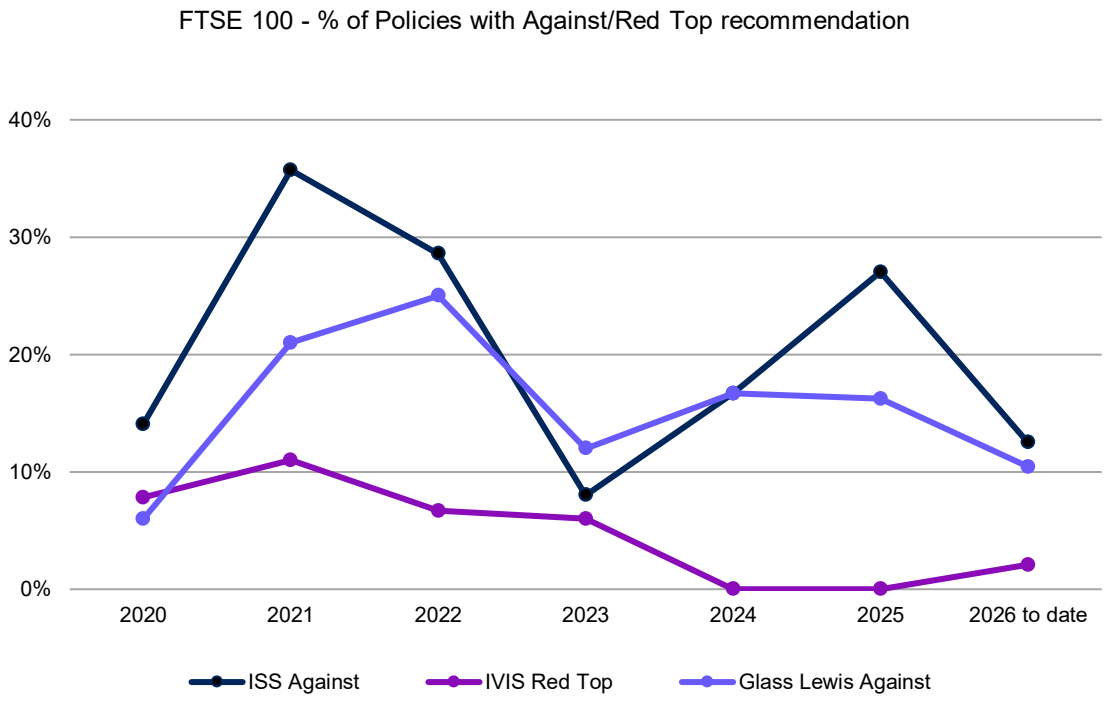
Increases to maximum incentive opportunities in the FTSE 100 in the 2026 AGM season



Trend 3- Investor support for policy changes has been very strong

Notwithstanding the materiality of the increases proposed by companies, investors and proxy agencies have mostly been supportive.

This year, the percentage of negative voting recommendations from proxy agencies for FTSE 100 remuneration policies was at or close to a five-year low – indicating investors and proxy agencies are reviewing the explanations presented by companies and taking a less formulaic approach to reviewing proposals.



At the time of writing, only six FTSE 100 companies had received an Against recommendation from ISS (the most influential proxy voting agency) and five received a shareholder vote below 80% on their remuneration policy in 2026. Of those receiving a low vote, this was generally due to proposals being considered simply too high, and/or where there was a history of prior shareholder dissent. Prior to 2024, such low levels of dissent would have been unheard of for changes of the magnitude seen.

While remuneration committees do not have a ‘blank cheque’ for all increases, there is now much more receptiveness to more material change.

Trend 4 - More limited innovation in plan structures, particularly amongst FTSE 100 companies

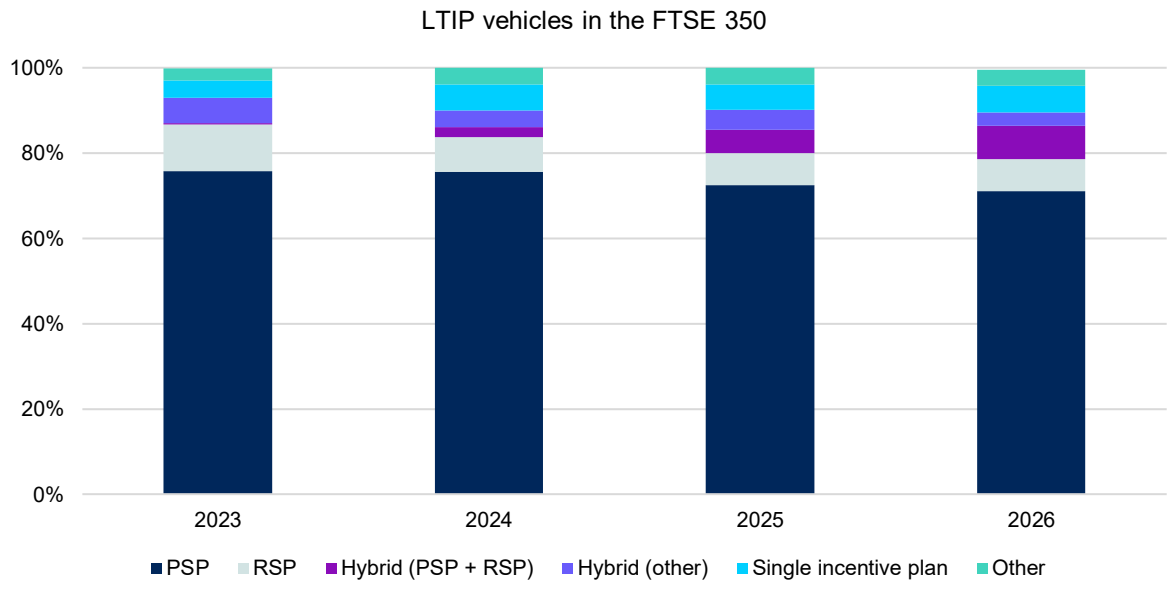
Across the FTSE 350, the most common incentive framework continues to be an annual bonus plus grants of performance shares tested over a three-year period with a further two-year holding period. While there have been some examples of companies making structural change to pay, most FTSE companies have retained the UK market-standard model.

There has been considerable debate in the market regarding operation of so-called 'hybrid' long-term incentives. This structure involves making annual grants of performance shares and time-vested restricted shares and represents mainstream practice in the US.

Prior to 2024 this structure was generally not supported by investors in FTSE 350 companies. This often placed UK companies at a significant disadvantage, especially when competing for talent in the US.

Following some earlier adopters in 2024, in both the 2025 and 2026 AGM seasons a handful of new performance share and restricted share hybrid plans were introduced, with the total number across the FTSE 350 now sitting at 23 (overtaking the number of pure restricted share plans used in the market). In 2026, only three of the current FTSE 100 introduced a hybrid of performance shares and restricted shares, with remuneration committees preferring to focus their changes on increases in incentive opportunity.

There have been examples of other creative approaches to long-term incentives in the FTSE 250. These include value creation plans, and 'kicker' plans whereby additional reward can be earned on top of 'core' performance share awards or restricted share awards, if more stretching performance targets are met. This year, one FTSE 100 company introduced market value options (rarely operated by FTSE companies in recent years) alongside existing performance share awards, to provide a simple link to share price growth.



Trend 5 - Some relaxation of governance features

When companies compete for talent, it is not just pay levels that can influence market competitiveness. Operation of 'best practice' governance features can also have a material influence in how prospective candidates value pay packages.

In the UK, it is mainstream practice for a proportion of any bonus earned to be partially deferred into shares (often 30-50% of any bonus is deferred into shares for three years). Outside the UK, bonus deferral is less prevalent. In the US few companies require executives to defer bonuses, while in continental Europe practice is more mixed.

In the past three years, shareholders have become receptive to a more flexible and pragmatic approach to bonus deferral, provided that safeguards regarding clawback provisions can be maintained. Across the FTSE 350 more than 100 companies now operate a model whereby the requirement to defer a portion of the bonus is relaxed once an executive director has met their shareholding requirement. This is on the basis that once an executive director holds a significant shareholding: (i) there is already clear alignment with shareholders' interests; and (ii) they could always sell shares to negate the impact of any bonus deferral.

While the above is a positive step forward, so far, there has been little movement on other governance features for which UK practice is more restrictive than in other markets. For example, a similar analysis could be applied to two-year post-vesting holding periods that currently apply to share awards. Equally there are strong arguments for a more flexible approach to the use of post-employment shareholding guidelines. However, to date, investors have been less receptive to any such changes.



Trend 6 – Examples of investor support for sizeable salary increases in a limited number of cases

In most cases salary increases for executive directors generally align with the workforce rate. However, there have been examples of investors supporting companies implementing more material increases where presented alongside a compelling rationale.

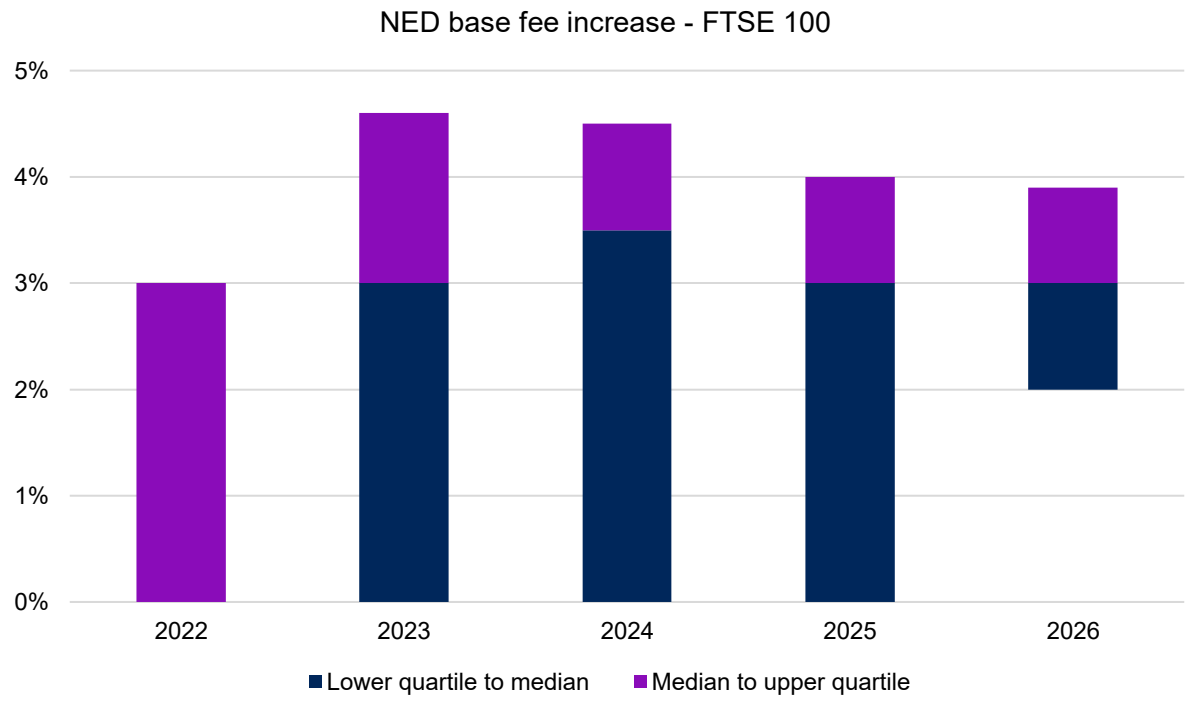
In 2026, around a quarter of companies in the FTSE 100 awarded salary increases of 5% or more to their CEO and/or another executive director. No FTSE 100 company received an adverse proxy recommendation for a salary increase to incumbent executive directors in 2026 (though some increases to new hires above their predecessor's pay were opposed by the proxy agencies).



Trend 7 – Limited change to NED and Chair fee levels

In 2022, the Investment Association stated its support for NED fees to reflect the reality of the time commitment, complexity and skillset required for the role, acknowledging this had not always been the case. Despite this supportive investor guidance, fee increases have remained modest. Interviewees indicated that some non-executive directors have themselves been reluctant to pursue increases, particularly where companies and their workforces face cost pressures. Further progress therefore also depends on companies reviewing whether fees appropriately reflect the demands of the role.

NED and Chair fee increases have typically been aligned with, or slightly below, increases in salary for the wider workforce. This trend has been consistent in recent years.



Stakeholder interviews – Key themes

Who did we speak to?

- **Over 30** detailed interviews with FTSE board chairs and remuneration committee chairs
- Representation from **c. two thirds** of the FTSE 30
- Interviewees had collectively held **more than 100** FTSE 350 board seats
- Broader board experience of companies listed outside of the UK including: US, Canada, Australia, Continental Europe and Asia Pacific

Over the course of 2026, Deloitte has conducted interviews with Chairs and Remuneration Committee Chairs across a range of FTSE companies to gather views on the current executive remuneration environment and potential areas for change, to better support the growth and performance of UK listed companies.

Non-executive directors interviewed for this study provided thoughtful and lengthy responses to many of the questions posed. In order to enable a better understanding of the real-life issues being addressed by UK boards, the interviews were deliberately structured so that feedback would be collated on an anonymised basis. As a result, responses were often candid and open, drawing on real-life experiences faced in the boardroom. There was discussion of a range of sensitive topics such as CEO recruitment processes, retention challenges, consultations with investors and business transformation matters.

The topic of executive remuneration attracts strong views from all stakeholders, and this was also apparent from the interviews with non-executive directors. There were inevitably different viewpoints raised during the interviews; however there was also significant consistency in many of the points raised – particularly amongst non-executive directors of the UK's largest and most global listed companies.

The key themes emerging from the interviews are summarised below. Further detail on points raised is also referenced later in this report.

Recruitment and retention of talent

The talent market often extends beyond UK listed companies. The UK can't compete with the US on pay.

There was a consistent view that UK companies struggle to compete with US companies on pay. The inability of most UK companies to extract top quality global talent from the US market was clear evidence of this.

Concerns were also raised that CEO pay in the US is rising faster than in the UK, further hampering UK Boards' ability to stay globally competitive. This is backed up by the data: the median CEO actual pay in the S&P 500 increased by more than 63% between 2015 and 2024[5], while over the same period, the median CEO single figure in the FTSE 100 increased by 12%.

There was recognition of the differences in size and performance of US companies. Nonetheless, for UK PLCs who compete for talent against a US-heavy peer group, aligning executive pay to this market was very difficult, even after normalising for company size.

In some cases, the talent market is further complicated by the presence of privately owned companies, including those backed by private equity, or companies based in other global markets that are not subject to the same governance limitations as the UK.

This market context has created a challenge in respect of both incumbents and the succession pipeline if opportunities outside of the UK listed market were more attractive.

There were a number of reports of potential Group CEO candidates excluding themselves from the recruitment process due to perceptions on pay potential, and Boards themselves had often had to eliminate the most expensive (and often more qualified) candidates from recruitment shortlists.

Limiting Board pay creates a pay compression challenge

FTSE companies have more flexibility regarding pay for senior executives below Board as there is limited external scrutiny of pay decisions at this level. While this flexibility is arguably welcomed as it enables companies to respond to talent market challenges in an agile manner, there are a number of unintended consequences.

Board pay levels can inevitably create an informal 'cap' on where remuneration committees are willing to set pay for other executive committee roles, as companies seek to maintain internal relativities on pay levels. Several interviewees gave examples where pay for executive committee members was on a par with Board roles and in some cases even exceeded pay for the CEO. Many interviewees noted the apparent inequity that can arise if

[5] Based on data from Pay Governance

the relative pay for Board roles does not include a suitable premium to reflect the larger scope and seniority of the role.

It was noted that where pay for Board positions did not include a suitable premium above existing packages, there were circumstances when internal candidates were ruling themselves out of conversations regarding Board succession.

Many respondents also reported severe challenges in recruiting C-Suite roles from outside the UK, given the perception that there was limited scope for career or pay progression in future years.

UK companies are often competing in new markets for new skills.

While much of the debate has so far focused on the most global companies with large US footprints, many highlighted that this is also a live issue for more UK-focused companies.

For example, a number of UK-focussed companies are seeking to hire top technology specialists to execute their complex digital strategies and are looking to US talent pools to source those candidates. In this scenario, they are facing the same talent challenges as those with an active footprint in the US. This challenge was not just limited to talent based in the US. In many cases talent working for US headquartered companies but based in other jurisdictions (including the UK) often received significant variable pay which was hard for UK companies to compete with.

Respondents highlighted the need for the UK to be on the front foot in the competition for ‘hot tech talent’, as we move into an increasingly AI-driven world.

Matching US pay levels is not always the right answer.

Not all interviewees had lived experience of being unable to recruit US talent, with some commenting that to secure the right candidate, they were sometimes able to ‘find a way’ within the limits of the UK executive pay environment.

There was also acceptance that not all UK-based executives were necessarily competing in the US talent market. While the ‘threat’ from US companies is very real for some UK companies this should not be accepted as universal.

Remuneration committees have a responsibility to resist pressure from executives pushing to be benchmarked against the US where this is not appropriate.

The UK governance environment

The policy vote hampers agility.

As remuneration policies are required to be detailed on the Board's approach to pay, some noted that it is hard to future-proof them against the unexpected.

In cases where the Board needs to be agile – notably, when recruiting an Executive Director or in certain retention scenarios – the constraints of the policy report can provide significant challenges.

There have been some high-profile cases of companies devising creative workarounds to this in recent years (notably Pearson[6] and BAE Systems[7]). The regime should provide more flexibility in these situations.

Stricter best practice guidelines for the UK create significant frustration.

Proxy agency and investor guidelines on features such as LTIP structures, deferral and holding periods, pension contributions, post-employment shareholding requirements and detailed points such as 'windfall gains' are materially more stringent for the UK than in other markets.

The level of scrutiny and challenge is much greater for UK companies, with more decisions at risk of an 'against' recommendation.

Respondents noted that proposals that do not receive support in the UK would easily pass the Say-on-Pay vote in the US.

[6] Co-investment award granted to incoming CEO in 2020 not allowed for within the existing remuneration policy, to bridge the gap to practice in the US, the CEO's home market; policy amendment approved at EGM. See 2020 Pearson Annual Report (page 100)

[7] After the CEO received an offer from another major international public company, the Board implemented a two-step 13% salary increase and allowed 2018 LTIP awards to vest in full (versus the formulaic outturn of 25% of total), conditional on continued employment – both of which were permitted under the existing policy. See 2020 BAE Systems Annual Report (page 125)

Balancing board judgement with investor oversight

Some interviewees felt that investor scrutiny extended too far into detailed remuneration design.

Interviewees supported greater scope for boards to exercise judgement, alongside clear explanations, proportionate investor scrutiny and accountability for outcomes. Boards need to be more assertive.

Views were consistent that UK boards have until recently defaulted to a more conservative position on executive pay, to avoid undue criticism from shareholders and the media.

Many thought that Boards should feel confident in taking a more commercial position where this is right for the business and delivery of long-term strategy and performance. There are cases for challenging shareholders and proxy agencies who oppose them in the first instance.

The board should not be overly dependent on proxy approval, or 'hide behind' the proxies as a reason not to put forward bold proposals.

The investor engagement process

Noticeable improvement in investor engagement on executive pay.

NEDs reported many positive experiences of investor engagement in recent years.

This is backed up by data on AGM voting, where average votes in support of FTSE 350 proposals have exceeded 90% in each of the last three years.

Respondents noted that meetings are most constructive when portfolio managers attend alongside governance representatives, so that proposals are considered with a rounded perspective.

US investors more open to bold proposals.

Some NEDs contrasted the UK and US mindsets on pay – this contrast applied to investors but also some Boards.

Investors in US companies were generally comfortable with high pay for high performance, and were more open to elevated package potential where aligned with ambitious company targets. In contrast, investors in UK companies had demonstrated a more conservative position.

This is partly down to cultural differences on the topic of pay. It was acknowledged that, when consulting on executive pay, companies were still unable to challenge certain elements of UK 'best practice' even where an alternative approach had a clear commercial rationale.

Supporting informed investor engagement.

Effective stewardship combines investors' own assessment of proposals with thoughtful consideration of proxy agency analysis. Proxy agencies have a valid role to play but reports should be interpreted thoughtfully.

It is important that the right stakeholders, of the right seniority, attend consultation meetings. There were instances of large investors not engaging with issuers during remuneration consultation and then voting against proposals, which inevitably creates significant frustration.

The current approach to consultation is too time consuming.

While investor feedback was valued, many felt that a disproportionate amount of time is being spent on consultation on pay. There were multiple examples of remuneration committee chairs holding 20+ meetings with investors in one policy cycle to gain support.

The time commitment required from all parties (companies and shareholders) is disproportionate to the level of priority remuneration holds versus other business needs. It was also acknowledged that Boards should engage thoughtfully with investors – in some cases Boards needed to be braver on pay decisions rather than seeking to consult on relatively small points of detail.

Proxy agencies are neutral in consultation meetings.

Many respondents noted that proxy agencies often avoid indicating their likely voting position during the consultation phase, which can be frustrating for remuneration committees trying to assess probable support levels. It also stops remuneration committees from responding to genuine concerns.

While the final recommendation from a proxy agency will inevitably depend on the company's published narrative, if a remuneration proposal is likely to result in a negative recommendation, this should be communicated during consultation.

The 24-48 hour window proxies sometimes give to companies to respond to draft reports was a further source of frustration.

NED fees

NED fees often do not reflect the time commitment and nature of the job.

The time commitment required to carry out the NED role (before additional responsibilities such as Board Committee Chair are taken into account) has increased significantly in recent years, and fee levels have not kept pace.

Several interviewees also commented on the high level of personal risk that NEDs are required to take on, which is not reflected in fee levels.

NEDs cautious to advocate for their own pay.

There are a variety of reasons why NEDs take on FTSE board roles, but there was strong consensus that few NEDs take on the roles solely for the financial returns.

Irrespective of investor views, some NEDs stated that the lack of movement on fees was partly down to reluctance from NEDs themselves to focus resources on their own remuneration, at a time of wider macroeconomic pressures on the business and cost-of-living challenges affecting the workforce.

The ‘next generation’ of NEDs have a different profile.

Today’s UK PLC NED community come from a more diverse range of backgrounds. There are examples of companies seeking to appoint NEDs from outside of the UK and from other sectors. Companies are also increasingly appointing younger NEDs to gain access to alternative talent pools and skills as well as benefit from a different perspective.

Notably this diverse talent pool has more choice on where they spend their time – the best talent often have NED opportunities in both public and private companies across multiple jurisdictions.

Where individuals are being more selective on how they allocate their discretionary time, fee levels need to fairly reflect the nature of the role they are taking on.

Many interviewees noted that those taking on appointments earlier in their careers are still building their personal wealth, meaning that fees need to be attractive to contend with other career paths those individuals might be considering.

As with Executive Directors, hiring NEDs from outside the UK is a challenge.

Attracting high-calibre US and Asian NED talent is often difficult given the higher levels of compensation in those markets (including stock awards).

Paying NEDs in shares can be appropriate in some cases.

Many interviewees were open to the concept of NEDs receiving a portion of their remuneration in shares, reflecting guidance from the FRC in November 2025 that this can support shareholder alignment and reinforce long-term commitment.[8]

Some were hesitant about widespread adoption of shareholding guidelines for NEDs, given this may 'price out' candidates without sufficient personal wealth.

Our recommendations have been grouped into five categories: Retain momentum, Voting reform, Simplification of disclosure, Supporting effective dialogue with investors on executive pay, and Modernise all-employee share plans. Further detail is set out on the following pages.



[8] Corporate Governance Code Guidance – 5 November 2025 update

Retain momentum

Maintain and build on the positive improvements made over the last three years

Key themes from interviewees

- Recognition that dialogue on executive pay has improved over the last three years, with investor community providing remuneration committees with greater latitude to respond to commercial challenges.
- Competition for talent varies significantly between companies and sectors – this can include competitors in global markets and in unlisted companies. Remuneration committees are being increasingly thoughtful about how they remain competitive in a dynamic talent market.
- A desire to build on recent progress through further dialogue on alternative incentive structures and the balance between board judgement and investor oversight

Positive developments in market practice

There has been a material shift in FTSE pay practices since Julia Hoggett, Chief Executive of the London Stock Exchange, called for a review of the restrictive UK executive pay environment to address the "lack of a level playing field for UK companies" in the competition for talent in May 2023.[9] As noted earlier, c. 60% of FTSE 100 policies introduced in 2026, and c. 55% across 2024 and 2025, proposed substantial changes[10] to pay arrangements for executive directors.

[9] "We need a constructive discussion on the UK's approach to executive compensation", LSE, 3 May 2023

[10] Substantial change defined as either a change to incentive structure or an increase to incentive opportunity of 100% of salary or more.

Shareholders appear to have positively responded to the call from business for reforms to the governance of executive pay in UK listed companies.

- In 2024, the Investment Association[11] undertook a substantive review of its highly influential remuneration best practice guidelines, in order to better support a competitive remuneration environment while meeting the expectations of their investment managers and clients. The Investment Association has also stressed their desire for "a competitive UK listing environment that attracts high quality companies to list and operate in the UK, while delivering long-term value for their shareholders".[12] The revised principles provide greater flexibility than in prior years.
- Shareholder voting in respect of FTSE 350 remuneration policies remained strong with the median vote over the past three years remaining above 90%, which is consistent with voting in prior years (notwithstanding the significant changes in market practice).

There are multiple market examples where companies have retained strong investor support when proposing substantial increases to either salary or variable pay opportunities, or have made major structural changes to executive pay.

Many interviewees positively noted that a number of larger shareholders are now giving companies a "fair hearing" when engaging on executive pay matters. This is in stark contrast to the experience of companies in prior years where early consultation on pay proposals often indicated that shareholders were unsupportive of any deviation from FTSE pay norms. In prior years FTSE remuneration committees would often self-censor proposals at an early stage due to a perception that more radical changes had minimal chance of being approved by shareholders at AGM, irrespective of the commercial merits.

Clearly there remain instances where shareholders provide pushback on pay decisions. It is also stressed that this pushback remains an important feature of an effective governance framework. Some interviewees felt that earlier engagement had placed greater emphasis on limiting pay levels, and welcomed the more recent focus on company circumstances, performance and competitiveness.

In 2024 the Investment Association stated that its members will review "*proposals on a case-by-case basis*". During the most recent 2026 AGM season, there was strong evidence that this reflected the experience of many companies as there appeared to be fewer automatic red-lines on executive remuneration and instead investors were increasingly willing to assess individual proposals on their merits.

This direction of travel is positive and should continue.

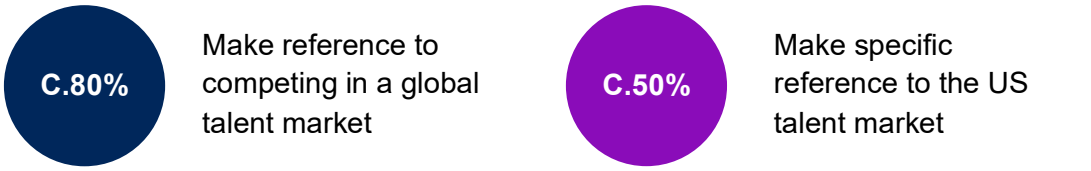
[11] The Investment Association's members are responsible for over £10 trillion of assets under management. The Investment Association's guidance on remuneration in UK listed companies has tended to have a strong influence on pay practices in UK listed companies over multiple years.

[12] "Investors publish updated executive pay guidelines", 9 October 2024

Are UK executive pay levels now more competitive in the global talent market?

For the largest, most global FTSE-listed companies, the talent market for senior executives is rarely limited to the UK market. Many FTSE 100 companies have actively sought to provide investors with better guidance on where they compete for talent.

FTSE 100 Directors' Remuneration Report – Chair statements – 2026 AGM season



In prior years there was a degree of frustration from FTSE remuneration committees that investors were unwilling to consider practice outside of FTSE market norms nor engage on the commercial realities of a given company's talent market. However, there has been a positive shift in the tone of conversation between issuers and investors, with increased dialogue on this issue.

The discussion on pay levels between issuers and investors appears to be increasingly evidence-based.

A number of large institutional investors now actively encourage companies to provide benchmarking analysis, including peer group details, during consultation to facilitate a more constructive discussion on where pay should be positioned. In the most recent policy proposals from FTSE 100 companies, the vast majority voluntarily provided additional disclosure regarding the talent market in which they operate and the benchmarks they have used to inform pay proposals.

This transparency has been welcomed by many investors and has contributed to strong support at AGMs. It is also an example of how companies have enhanced disclosure and directly responded to investor concerns without the need to expand on the technical disclosure requirements.

Target pay levels for chief executives of FTSE-listed companies have been repositioned by many companies over the past four years. Target pay levels for CEOs increased by over 40% in the FTSE 30, and by 21% in the rest of the FTSE 100. These increases will have inevitably improved market positioning against global peers compared to prior years. However, the question of competitiveness against global peers is inevitably complex given that pay markets are rarely static.

While the difficulties of competing for talent against US listed companies are well documented and a genuine area of concern for many of the largest FTSE-listed companies, the talent market challenges faced by individual companies are often more nuanced. The question of where pay should be positioned against global peers can vary significantly by both sector and by company. During discussions with interviewees, multiple scenarios were presented (see below).

In practice the question of competitiveness for individual companies will evolve over time. This is a matter that companies will need to keep under review while remaining mindful of changes to their specific talent market and strategic needs. It is not a matter that requires a simple or one-off "fix".

The dialogue between issuers and investors on the topic of market competitiveness appears to be more constructive – this is a positive market development and should be encouraged.

The complex talent market

Examples of talent market pressures being faced by FTSE-listed companies

Company A	• Talent market entirely driven by US market practice • Peers outside of the US forced to match US pay to remain relevant
Company B	• US pay so far above current pay levels, that closing gap is unlikely to be feasible • Recruitment now entirely focussed on talent outside of the US
Company C	• War for talent across globally mobile executive base • Market rate is not static, and therefore company required to keep packages under regular review and respond accordingly
Company D	• Historically not competing for talent in the US • Impact of AI and sector innovation means next generation of leaders require different skills and experience • Likely to recruit new leaders from outside of the sector and therefore need to potentially evolve pay strategy in order to compete in different talent market
Company E	• Key sector peers are privately owned and are not publicly listed • Range of peers including private equity backed competitors • Ability to compete can vary across the economic cycle - difficult to directly compete where sector performing well, but equally can successfully attract talent when leveraged schemes are less likely to pay out
Company F	• Core talent market remains in the UK • Current pay arrangements have been sufficient to source desired talent • However track record of strong performance makes executive highly marketable to competitors and potentially companies in tangential sectors

Is the FTSE approach to long-term incentive structures still too rigid?

In the FTSE 350, the dominant model for rewarding executives for long-term performance has been the performance share plan with 71% of companies currently operating this pay model. Under this structure long-term share awards vest if specified targets are met over a three-year performance period.

It has been more than 10 years since the Executive Remuneration Working Group published a report which argued for greater flexibility in executive pay structures.[13] The biggest influence of the report was to facilitate the introduction of time-vested restricted share awards as an alternative to conventional performance share grants. Restricted shares can provide a highly effective means of attracting and retaining talent especially in volatile markets or cases where long-term target setting can be challenging. The primary benefit of this deleveraged pay model is that it can support stewardship by creating a long-term ownership mindset.

Around 8% of FTSE 350 companies now use restricted shares as the primary long-term incentive vehicle. Normally this transition involves a material reduction to grant levels to reflect the increased certainty of outcomes. For plans introduced since 2021, median investor support for this structure has been 93% which indicates that investors are comfortable with the pay model in the right circumstances.

However multiple interviewees noted that a binary choice between performance shares or time-vested stock did not enable remuneration committees to tailor remuneration proposals to align with strategic priorities. There was a strong desire for investors to be more open minded towards alternative pay structures.

For example, over recent years there has been considerable discussion regarding so-called “hybrid” long-term incentive structures, which combine traditional performance shares with grants of time-vested restricted shares. While uncommon in the UK at board level, this hybrid pay model is operated by 75% of S&P 500 companies.[14] Only 9% of the S&P 500 grant performance-based share awards as the sole long-term incentive vehicle for senior executives. While only 23 FTSE 350 companies operate this hybrid pay model at Board level, a much larger number operate this structure below board where there is limited shareholder oversight and therefore greater flexibility to make decisions purely on commercial need.

[13] Executive Remuneration Working Group Final Report July 2016

[14] Companies operating a combination of restricted shares and performance shares, or a combination of restricted shares, performance shares and stock options. Other types of hybrid (i.e. restricted shares and stock options, or performance shares and stock options), are also used. Source: Pay Governance.

The Investment Association introduced greater flexibility for hybrid incentive structures in 2024. Its November 2025 letter nevertheless indicated continued caution, with members generally expecting a significant US footprint or competition for global talent to support their use. Several interviewees considered that other company circumstances could also justify a hybrid structure, provided proposals demonstrate a clear link to strategy, performance and long-term shareholder value.[15]

During engagements, many non-executive directors noted the number of external shocks impacting businesses over the past decade. This has increased a desire for operating incentive structures that work across the cycle. In this context many remuneration committee chairs saw the benefits of using restricted shares as a means of retaining top talent and providing alignment to the long-term performance and the shareholder experience in volatile markets. However, remuneration committees also continue to see the benefits of a performance driven pay model which means that they do not want to abandon performance shares entirely.

A hybrid approach can give greater protection against reward for failure (versus a restricted shares model), deliver less 'boom or bust' out-turns (versus a performance shares model) and offer a potential reduction in headline total pay quantum, depending on the nature of the proposal. The circumstances in which the pay model could be effective are also not limited to specific sectors or geographies.

While some stakeholders are concerned that hybrid plans could import US pay practices without sufficient justification, there are multiple scenarios where businesses – even those primarily competing for talent in the UK only – could have a strong rationale for operating a hybrid scheme. There are a range of sectors – from financial services to media, consumer to mining – where there could be a strong commercial rationale for moving to a hybrid incentive structure.

Interview feedback was clear that this pay model is not right for all companies – in fact for the majority of FTSE-listed companies the current performance-share long-term incentive model is likely to remain fit-for-purpose. Further dialogue between companies, investors and proxy agencies could help identify where alternative structures offer a robust link between strategy, performance and reward.

The debate is clearly broader than just enabling companies to consider hybrid LTIPs. In practice other solutions also warrant debate. The key point is that companies should be able to consider solutions which respond to their strategic priorities, their performance goals and the talent markets in which they operate. Where proposals have a clear commercial rationale, the market should be more open to these alternative pay models.

[15] The Investment Association's letter to remuneration committee chairs, 12 November 2025

A binary choice between either performance shares or restricted shares is too simplistic. We encourage both proxy agencies and investors to be more open-minded on the alternative incentive structures including hybrid LTIP pay models.

Hybrid long-term incentives – are there more use cases?

Company A	• Actively competing for talent in the US	Investors currently more receptive to case for hybrid incentives
Company B	• Operating in sectors where hybrid structure is common globally (e.g. tech).	
Company C	• Strong justification for restricted shares • Board consider focus on long-term performance targets as important to culture	Should investors and proxy agencies be more open to hybrid incentive structure in these scenarios?
Company D	• Sector impacted by market turbulence / strategic transition • Shareholders value stability in leadership and continued alignment to the share-price during period of volatility	
Company E	• Desire for less 'boom-or bust' pay model • Take heat out of pay discussions at either end of performance scale: • Lower levels of performance - reduce payouts relative to a restricted share plan only model • Higher levels of performance – accept payouts will not match performance-share only model	

Company F	• Situation specific retention challenges. For example:
	  • Acute retention challenge for high-performing management team
	  • Mid-cycle talent succession pressures
	  • Medium-term talent attrition risk due to market change (e.g. private equity takeover of key competitor)	

Company G	• Company currently operating restricted shares • Desire to make a more gradual transition back to performance shares	

Balancing board judgement with investor oversight

Some interviewees felt there was scope to strengthen mutual understanding between boards and investors on remuneration decisions requiring commercial judgement. Clearer explanations from companies and constructive investor challenge could help build confidence in those decisions. Remuneration decisions often require commercial judgement. Clear rationale, investor engagement and scrutiny of outcomes should support boards in exercising that judgement.

Remuneration committees in FTSE companies are often asked to make decisions on matters requiring a high degree of judgement. This may relate to, for example, setting profit target ranges or deciding on LTIP award levels. This may also relate to the choice of incentive structures or where pay should be positioned relative to the market. In such scenarios, there is rarely one 'right' answer. There are pros and cons associated with different solutions. There can also be different viewpoints amongst different stakeholders and in some cases differences of opinion between non-executive directors. However, in each of these cases remuneration committees have to reach a judgement having considered matters in-the-round.

Where remuneration committees make commercial decisions on remuneration policy issues where there is no single 'right' answer, there is arguably scope to afford greater trust to the decision-making process of committees. In borderline scenarios, it is inevitable that not all shareholders will have reached the same conclusion as the Committee. However, provided that the decision of the remuneration committee is 'reasonable' could there be scope to reserve judgement on the approach?

For example, rather than automatically rejecting proposals at the time of grant, there could be scenarios where investors instead assess the effectiveness of policies at the point that awards are released. Remuneration committees can then be held to account in cases where a given proposal fails to deliver its intended objective or where outcomes do not align with performance.

Where investors provide companies with such increased latitude, companies should be expected to provide investors with expanded disclosure to explain how outcomes are warranted and potentially exercise negative discretion when they are not.

Investors should continue to scrutinise proposals and ask questions as to why remuneration committees have made certain decisions. This is a valuable part of an effective governance framework. However, partially shifting the scrutiny to the point at which awards pay out could potentially empower non-executive directors to make commercial judgements on matters of policy, while still holding them accountable when policies do not operate as intended.

This revised model could potentially afford FTSE companies the flexibility they desire while still ensuring continued scrutiny by investors.

Illustration – potential model for trust and accountability?

Approval of policy

- Remuneration committee proposes policy – e.g. change to LTIP structure
- Investors scrutinise / question proposals – remuneration committee seeks to address questions and refine proposals based on feedback
- AGM support for policy – clear message to Company that operation of policy will continue to be scrutinised by investors

Time of vesting

- Remuneration committees judge whether policy has worked as intended – potentially apply judgement / discretion to adjust outcomes where appropriate
- Investors actively use annual remuneration report vote in cases where policy has failed to operate as intended

Creating a level playing field for governance

Various stakeholders including the Capital Markets Industry Taskforce have long made a case for creating a level playing field in relation to corporate governance in order to support the competitiveness of the UK Capital Markets. The concerns regarding the historic approach primarily related to: (i) perception regarding lack of flexibility; and (ii) insufficient consideration for how changes to "best practice" position the UK relative to other global markets.

When reviewing the UK Corporate Governance Code in 2024, the FRC also reiterated the importance of the 'Comply or Explain' principle, recognising that one approach does not necessarily suit all companies. The FRC stated that: "The 'Comply or Explain' regime offers flexibility, and it encourages companies to choose bespoke governance arrangements most suitable to their particular circumstances in both the short and long-term. When departing from the Code companies should explain how their chosen alternative arrangement is more appropriate and beneficial in upholding high standards of governance."[16]

[16] UK Corporate Governance Code 2024

This principle of comply-or-explain was strongly supported by the majority of stakeholders interviewed for this report.

Many non-executives were encouraging investors to be more willing to accept a genuine comply-or-explain approach in relation to best practice guidance on pay. It is useful for companies to understand the preferences of their major shareholders, and therefore investors should continue to publish these. However, they should be positioned as principles, guidance and recommendations rather than hard rules.

Previous comparative studies of best practice guidance across different listed markets have also highlighted the differences in approaches taken by both proxy agencies and investors. This can provide a major source of frustration for FTSE-listed companies, as it can put UK companies at a structural disadvantage when competing for the same talent against companies listed in other jurisdictions.

Some differences in approach may be expected to reflect the different governance structures, listing environments and expectations of underlying investors. However, there appears to be a strong preference from interviewees that such differences should be limited.

At its most extreme, where the performance and potential of UK listed companies is limited by their inability to compete for and incentivise talent, this does not appear to be in the long-term interests of shareholders.

Best practice guidance should be drafted to maintain the attractiveness of UK capital markets and support the long-term performance of companies listed in the UK.

For example, potential changes to consider in the short-term could include:

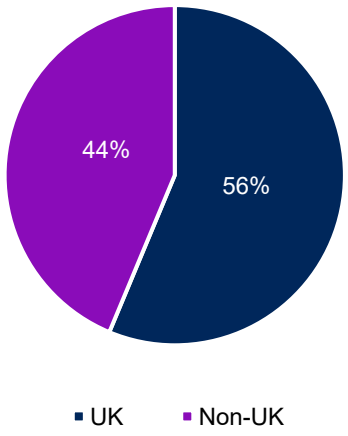
- Building on evolving market practice for bonus deferral requirements to be relaxed once shareholding guidelines have been met, consider enabling a similar approach in relation to holding periods on LTIPs.
- Clarifying that executives are able to diversify their personal wealth by selling shares while in post, once shareholding guidelines have been substantially exceeded.
- Consider greater flexibility on the duration of LTIP holding periods and post-employment shareholding guidelines to align with the realistic risk tail of the business.
- Recognise that the pace of change in talent markets will vary across sectors - a substantial change in pay structure or opportunity should not automatically preclude companies from returning to investors for further changes in subsequent years where there is a clear rationale for doing so.

Pay model for NED talent

Faced by geopolitical, digital and environmental disruption, many companies are experiencing an accelerating pace of change. This backdrop has increased focus on the calibre of board appointments.

While much of the debate has to date focussed on competitiveness of pay for executive roles, there is also a question about whether FTSE companies have pitched pay for non-executive directors at the right level. Many interviewees questioned whether current NED pay levels were able to secure the required skills and experience onto the Boards of the UK's largest companies.

FTSE 100 NEDs – nationalities[17]



44% of NEDs are not UK nationals

A Deloitte study in 2023[18] indicated that the typical time commitment for a listed NED role had increased by approximately 20%–40% in the last decade — from around 22–36 days per year in 2013 to around 35–45 days in 2023. Despite this, base fees had increased at only around 2% per annum over the same ten-year period, below annualised CPI.

[17] Sourced from BoardEx

[18] Non-executive director fees – time for a re-set?, Deloitte, November 2023 (available from Deloitte on request)

At the same time, proxy agencies such as ISS and Glass Lewis as well as certain influential institutional investors have pushed for limiting the number of Board roles individuals take on, in order to effectively meet the increasing demands of the role.[19] This growing focus on so-called "overboarding" makes it even more important for individual NED roles to be fairly rewarded.

During the interview process for this study, a number of interviewees also drew comparison with their roles as non-executives on private companies and companies listed outside of the UK – a key point of contrast was the balance of time spent on corporate strategy and long-term growth relative to governance and oversight. A consistent view was that the role of NEDs in FTSE-listed companies had arguably shifted too far to the latter.

In November 2022, the Investment Association updated its Principles of Remuneration to set out investor support for NEDs to be paid fees which reflect the reality of the time commitment, complexity and skillset required.[20]

Notwithstanding this position from investors and the broader context set out above, there has been limited change in pay levels for FTSE NEDs over the past three years.

While comparison of NED pay levels across different listed markets is challenging given the different governance structures that apply, UK NED fees are generally competitively positioned against many European markets but fall materially behind Switzerland and the US.

More recently the investor Cevian argued that a more substantial increase in NED base fees delivered as shares could support the performance of UK listed companies by increasing time commitment and alignment to shareholders.[21]

Cevian's proposal is that annual cash base fees remain at current levels, but that going forward, an equal value is delivered in share-based remuneration on an annual basis. Their view is that the increased compensation would support NEDs to commit meaningful additional time to long-term value creation – and that overboarding policies should be tightened so that NEDs hold a maximum of three seats at public companies.

One FTSE 100 Chair noted that increasing the time commitment of current non-executive directors could be highly beneficial to the organisation's strategic goals but that this was neither reasonable nor viable within the confines of current FTSE NED fee norms. This position appeared to echo the sentiment presented by Cevian who argued that increased time commitment from NEDs (and fair pay to reflect this time commitment) could support improved performance by UK companies.

[19] Described in each institution's latest voting guidelines

[20] https://www.ivis.co.uk/media/13907/principles-of-remuneration-2023-nov-2022.pdf

[21] Investing in the boardroom: Pay, alignment and UK plc performance, Cevian and Willis Towers Watson, 2026

Notwithstanding the apparent willingness from investors to consider increases to fee levels, there is some anecdotal evidence that it is *incumbent* non-executive directors who have been reluctant to entertain discussion regarding large increases to current fee levels. This is because many non-executive directors are keen to limit undue attention and potential reputational damage to the companies that they represent, especially in cases where organisations are facing challenging market conditions or cost pressures.

While this position could be applauded, there can be long-term implications for not setting pay levels at the right level if this ultimately compromises the talent that is attracted to UK boardrooms.

During interviews many Board Chairs recognised that non-executive candidates increasingly have a broader range of alternative opportunities in both private and public markets in the UK and overseas. Companies can no longer simply rely on the cachet associated with taking on a FTSE NED role to attract individuals onto the Board.

A number of non-executives also made the contrast to other jurisdictions such as the US and in private-equity backed businesses where non-executives were expected to have holdings in Company shares. Partial delivery of fees in shares could be one means of achieving this goal.

In the CBI's report on revitalising UK public markets published in 2025,[22] it was noted that whilst performance-based incentives such as LTIPs are uncommon for NEDs due to concerns over independence, companies often encourage NEDs to hold shares in order to align their interests with those of shareholders. This was facilitated in various jurisdictions including the US, Switzerland and Australia.

This 2025 CBI report recommended that the Government and FRC review whether the UK Corporate Governance Code principles on NED fees remain fit for purpose and specifically "whether there should be an acknowledgement that there may be circumstances where share grants, share options or other performance-related remuneration could be appropriate for NEDs provided strong safeguards are maintained to protect independence and objectivity."

[22] Revitalising UK public markets: A roadmap for reforms to listed equity markets, CBI, July 2025

While the UK Corporate Governance Code remains unchanged on this point, the FRC did update guidance to state:

"In some circumstances boards may consider that alternative approaches to remuneration of independent non-executive directors are desirable. In doing so, they should take care to preserve director independence. For this reason, **performance related remuneration is not appropriate**, as it may compromise the director's ability to provide oversight and challenge when considering executive decisions. **If companies consider offering independent non-executive directors options or similar rights to acquire shares, they should not be performance related (for example, they should not have a meaningful exercise price which would impair director independence)**. In all circumstances, care should be taken to ensure the structure does not incentivise short-term decision making, create conflicts of interest or impair independence."[23]

Currently the simplest solution is to encourage NEDs to use a portion of cash fees to acquire shares in the company which would then be retained throughout their tenure on the Board. However other models could also work depending on the circumstances (e.g. expectation to build an appropriate holding in shares within five years; regular grants of time-based equity awards, say, on appointment or every three years).

There are currently legal and regulatory complexities with operating conventional employee share plans for non-executive directors. However, in the longer term this source of friction should be eliminated with changes to legislation enabling companies to more easily utilise employee share plans to deliver shares to non-executive directors.



[23] Corporate Governance Code Guidance – 5 November 2025 update (Added bolding in the quote)

Steps should be taken to enable FTSE companies to recruit NEDs of the desired calibre and to set fee levels reflective of the demands of the role in order to better support the performance of UK listed companies.

In order to maximise the input of non-executive directors in FTSE-listed companies:

- FTSE companies should be able to attract high-quality talent – this is especially relevant as companies seek to expand and diversify the talent in boardrooms.
- Focus on strategy and growth – if companies are to maximise the expertise of their non-executive directors, fee levels should fairly reflect the time commitment associated with the role.
- Shareholder alignment – companies should consider whether their non-executive directors should partially receive fees in shares in order to improve the alignment with the shareholders that they represent provided that independence is maintained.

Retain momentum – maintain and build on the positive improvements made over the last three years

Recommendation 1 Maintain the positive dialogue established between investors and companies	Maintain and continue the strong progress that has already been made: • Companies to clearly set out the rationale for proposals. • Investors expected to engage appropriately and consider pay proposals on a case-by-case basis. • Comply-or-explain approach - less prescriptive approach to governance and best practice guidelines with fewer ‘red-lines’, allowing companies to vary or modify their approach where there is a clear commercial rationale for doing so. • Flexibility on pay structures – market to be open to alternative pay structures where there is a commercial rationale for doing so. There should not be a one-size-fits-all approach. • This could include so-called hybrid long-term incentive structures (i.e. combination of performance-based and time-vested stock) which should not just be limited to those competing for talent in the US. For certain sectors, there may also be merit in reviewing other elements of pay design such as the timeframe for equity awards.
Recommendation 2 Governance and best practice guidance should support competitiveness	Governance and best practice guidance on executive remuneration for UK listed companies should continue to promote good business practices but they should also support the competitiveness of the UK Capital Markets and be competitive against global standards. This should be a guiding principle for future changes. In a dynamic talent market, the approach will need to be kept under review.

Recommendation 3 Encourage investors to judge remuneration based on outcomes	In many cases the design of remuneration such as determination of structures, award levels or target ranges requires judgement and is inevitably subjective. Boards are already empowered to make material decisions impacting shareholder value such as decisions on capital expenditure or M&A activity. They should also be trusted to make key decisions on remuneration where the matter is one of judgement rather than principle. Potential changes: • Best practice guidance should be updated to promote a greater willingness for incentive structures to be judged at the point of payout rather than automatically rejecting at the time awards are granted. • Where investors provide companies with greater latitude, companies should provide investors with expanded disclosure to explain how outcomes are warranted and potentially exercise negative discretion when they are not.
Recommendation 4 NED pay should fairly reflect the nature and complexity of the role.	Investor guidance has already clarified that pay for non-executives should reflect the time commitment, complexity and experience required for the role. Potential changes: • Companies encouraged to review pay levels for non-executive directors to ensure that they both reflect the size and scope of the role and can attract the right talent to UK boardrooms. • Companies should be able to consider delivery of a portion of non-executive director fees in shares. Guidance should not be prescriptive, as company circumstances and the nature of the non-executive talent pool will differ between companies. • Legislative changes should be made to enable efficient delivery of shares to NEDs (recognising that NEDs in UK-incorporated companies currently cannot be granted awards under conventional employee share plans). • For the avoidance of doubt share-based fees should not be subject to performance conditions or include other design features (e.g. material exercise price) which potentially compromise independence.

Voting reform

Supporting flexibility for UK listed companies

Key themes from interviewees

- Frustration that UK companies had to limit candidate slates when recruiting new executive roles due to pay limitations.
- Recognition that current Remuneration policy significantly limits agility
- Competition for talent varies significantly between companies and sectors – this can include competitors in global markets and in unlisted companies. Remuneration committees are being increasingly thoughtful about how they remain competitive in a dynamic talent market.
- Desire for UK capital market to remain attractive as a destination to list

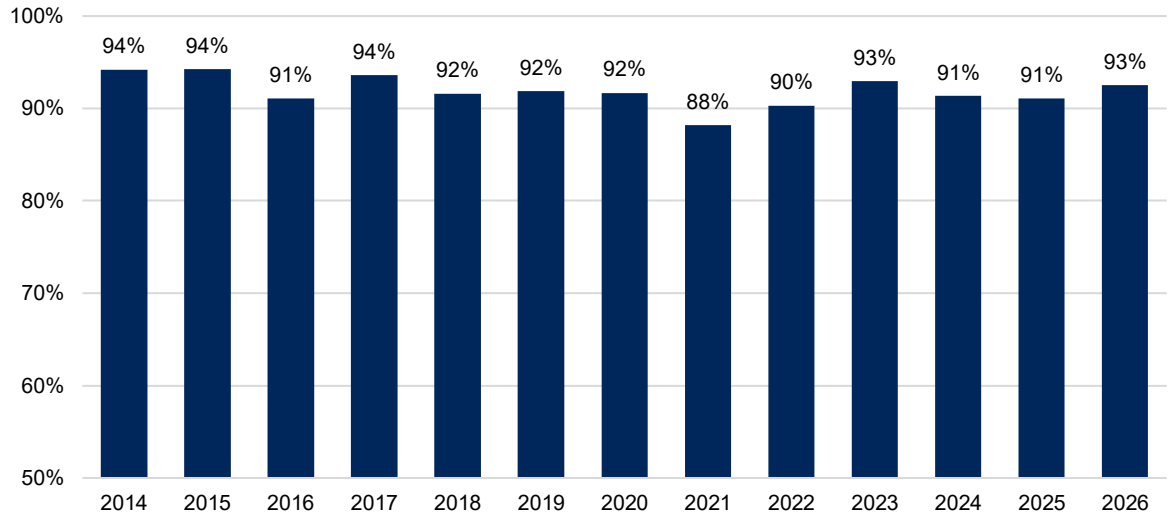
Globally competitive approach to pay governance

Shareholder voting on remuneration at listed companies was initially introduced in the UK in 2003. Shareholders were provided with a simple advisory vote on the Directors' Remuneration Report in its entirety. While the UK Listing Rules required listed companies to obtain separate shareholder approval for certain types of share plans, in practice remuneration committees had very broad flexibility to determine pay levels for Executive Directors.

Legislative changes in 2013 resulted in a significant change in the governance framework by providing shareholders with an additional binding vote on the Remuneration Policy at least once every three years. The Remuneration Policy set out the parameters for board pay. Notably, this change removed the ability to make payments to directors which had not been previously approved by shareholders.

While the introduction of a binding policy vote in the UK was significant, since 2013 the vast majority of Remuneration Policies have received very strong investor support. Average voting on Remuneration Policies in the FTSE 350 has consistently exceeded 90%, and since 2013 there have only been five examples of lost policy votes at the AGM.

FTSE 350 – average historic support for remuneration policies since 2013



The approach to remuneration voting across global markets is mixed. While most western markets provide shareholders with an advisory vote on pay, binding votes on policy are less common.

While the UK governance framework was groundbreaking when introduced, many features of this governance model have now been replicated in other markets.

There are examples of binding votes in countries such as Switzerland and South Africa in relation to executive director pay. In other jurisdictions shareholders are provided with approval rights relating to specific elements of pay such as certain termination benefits in Australia.

The European Union's Shareholder Rights Directive (SRD II), which largely replicated current UK rules on executive pay disclosure and voting, came into force in 2017. Interestingly the directive enabled individual member states to decide whether the vote on the Remuneration Policy would be advisory or binding in nature. As a result, there is a mix of practice – for example, the vote is binding in France and the Netherlands but is advisory in Germany and Austria.

In the US, where a say-on-pay vote for listed companies was introduced in 2010, the vote is advisory in nature, and there is no indication that the market is likely to consider introduction of a binding policy vote in the short-to-medium term.

In light of the variation in global practice, there is merit in reviewing the effectiveness of the voting model operated in the UK.

Enabling FTSE companies to appoint the best talent for the role

During the fact-finding stage of this review a number of non-executive directors identified the limitation that the current binding Remuneration Policy placed on companies, particularly in the context of recruitment when companies sought to hire talent from outside of the company, or more notably from outside of the sector.

Many Chairs and NEDs interviewed highlighted the importance of getting key executive appointments right, but lamented the fact that credible candidates often had to be removed from long-lists at an early stage purely as a result of pay.

High performing FTSE companies are having to respond to multiple challenges. These include a number of factors that are increasingly applying across sectors, including the energy transition, technical innovation and AI, and ongoing geopolitical and macro-economic uncertainty. Many Chairs noted that organisations will need to evolve the types of leaders that they have to drive performance and create shareholder value. The complex external environment also further heightens the need to secure the right talent in senior roles.

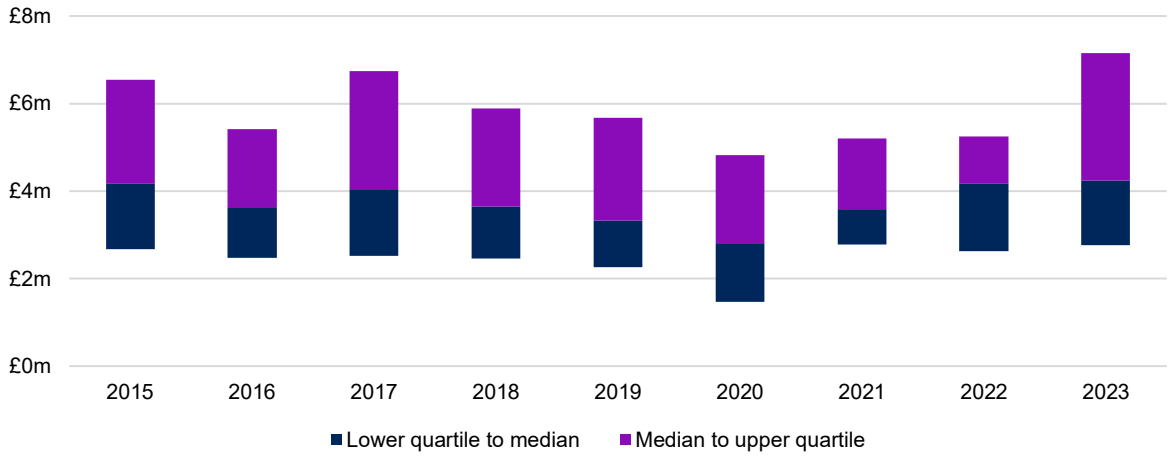
In this context, creating a framework that actively limits the choices available to FTSE companies when recruiting talent appears to be counter-intuitive and potentially limiting to the performance and growth prospects of the UK's largest companies.

While the majority of interviewees did not advocate for a removal of the separate policy vote, many did argue that there could be merit in refining the current governance framework in order to make the current regime more agile, particularly on recruitment.

It is recognised that there will be a degree of caution regarding reintroduction of such flexibility. A major feature of the binding policy was the limit this introduced on recruitment packages.

Many stakeholders will point to the fact that CEO pay inflation in FTSE 350 companies was significantly reduced in the first decade following the introduction of the binding policy vote. While it is arguable that this moderation was encouraged by the presence of a binding vote, there is also a strong case that the pay environment reflected the broader economic circumstances during the period as companies grappled with the aftermath of the global financial crisis, the Brexit vote, the Covid-19 pandemic, and more recently conflicts in Ukraine and the Middle East.

FTSE 100 CEO total compensation (2015 – 2023)[24]



The vast majority of FTSE 350 companies continue to take a responsible and measured approach to pay governance and remain highly mindful of shareholder views. The binding nature of the vote appears to be a solution which is designed for the minority of companies that do not endorse these good governance principles.

Under the current legislation, if a UK-incorporated FTSE-listed company makes a payment to a Board director outside of the Remuneration Policy, the directors approving such payments can be made personally liable for these payments. This is the position irrespective of the materiality of the payment or whether the payment has a strong commercial rationale.

Under the current legislative regime, there is technically scope to exceed the ongoing remuneration policy on recruitment. However the mechanism for achieving this is neither attractive nor commercially viable in almost all cases:

- Firstly, companies can in theory obtain prior approval in their Remuneration Policy for additional headroom on recruitment. In practice, it is not common for FTSE 350 companies to have such headroom.
- This remains minority practice because justifying headroom for a 'hypothetical' recruitment before the specific circumstances are known is inevitably difficult. There is equally risk of the headroom requested being both insufficient *and* excessive in a given set of circumstances.
- Secondly, there is technically scope for a company to seek separate investor approval for a new Remuneration Policy (or for a specific recruitment award) at the time of or shortly following recruitment. However, this model is completely impractical as it places candidates in a precarious position if arrangements are not subsequently approved by shareholders.

[24] Based on reported data from the single figure table in the remuneration report of the relevant year.

Case Study: BG Group[25]

- In 2014, the company proposed a conditional share award to the incoming CEO at the time of his appointment of £12 million, in addition to the ongoing package.
- The company stated the award was designed to be competitive in the international market for oil and gas executives and to secure the calibre of talent needed to promote the long-term success of the company.
- A General Meeting was convened to approve the award, which would have exceeded the policy limits. At this point the individual had already resigned from his previous role.
- Following significant shareholder pressure leading up to the meeting, the company was obliged to withdraw the proposed award and restructure the package to comply with the already-approved policy.

There is a question as to whether this strict legislative framework provides companies with the agility required to navigate a global, competitive and dynamic talent market. During the interviews, many non-executives suggested that remuneration committees should be provided with greater flexibility to respond to unusual and exceptional circumstances at the time they arise.

It is questionable whether strict limitations created by the current binding Remuneration Policy structure are necessary or in shareholders' interests. It is arguable that in certain circumstances remuneration committees should be provided with latitude to take swift, pragmatic and commercial decisions in order to protect shareholder value and drive performance.

For example, if trying to secure an external candidate for an executive director role who was also in receipt of other offers, would it be in investors' interest for the remuneration committee to be able to respond to this talent risk in real time? Or should companies accept that changes must be deferred until the timing of the next AGM, by which time the candidate could have been lost to another organisation?

Therefore it is recommended that changes are made to the current legislative framework in order to provide companies with greater flexibility, particularly on recruitment.

[25] BG Group 2014 Annual Report (available at www.shell.com/investors)

Does the binding nature of the policy vote impact risk appetite?

During the interview process a number of respondents recognised the increasing divergence of individual investor views. In this context many noted that obtaining unanimous support during consultation was increasingly challenging.

When questioned on the topic of what represents an acceptable vote, it was evident that the majority of respondents were willing to accept a lower vote (e.g. between 60-80%) but only in the right circumstances and where the proposals were deemed to align with the long-term interests of the business.

However it was also interesting to note that:

- most respondents were unwilling to accept a vote of 50.1%, even if this was technically sufficient to get a binding policy approved – in fact some stated that they would be reluctant to proceed with a proposal with this level of support;
- generally respondents were only willing to pursue more radical proposals and votes of below 70% if larger / cornerstone investors were onside; and
- despite the seeming willingness to accept lower votes at the AGM, many non-executives were keen to stress that this position was far from ideal. Where a material proportion of shareholders were unsupportive of a proposal, this would inevitably encourage reflection.

It was also clear that non-executive directors were as sensitive to shareholder views even where matters were not technically subject to a binding vote.

For example, a number of interviewees discussed sensitivity regarding salary increases and discretion on incentive outcomes – in almost all cases FTSE remuneration committees can exercise significant discretion on these points under the existing binding policy. Shareholder pushback on these points would only be provided via the advisory vote on the Remuneration Report. However, non-executive directors appeared to approach such decisions with similar caution as any discussion to changes to the binding policy.

Therefore one conclusion from this feedback is that the binding nature of the vote has minimal impact on how remuneration committees take into account investor feedback. In practice non-executive directors are keen to retain the support of investors irrespective of whether a vote is binding or advisory in nature.

Proportionate alternative framework?

Good governance remains a cornerstone feature of the UK Capital Markets. While any reforms should aim to be commercial and globally competitive, they should also maintain a commitment to transparency and investor oversight.

Consideration was initially given to potentially providing companies with greater flexibility in a narrow set of circumstances (e.g. on recruitment only). However, such a reform would inevitably fail to provide companies with flexibilities in other exceptional circumstances. For example, if a high-performing CEO that was valued by shareholders has an attractive job offer from a competitor, would it not be in shareholders' interests to take immediate steps to retain that individual?

Given the volatile, uncertain, complex and ambiguous circumstances that businesses increasingly have to face, the conclusion was that a more general ability to act outside of the remuneration policy should be provided.

It is therefore proposed that: (i) the vote on the Remuneration Policy be made advisory in nature; and (ii) companies should be provided with flexibility to operate outside of the Remuneration Policy in exceptional circumstances.

On balance it was concluded that shareholders should retain a vote on the forward-looking remuneration policy. This ensures ongoing oversight of remuneration practices, while still allowing remuneration committees to act in exceptional circumstances – this agility would enable remuneration committees to address talent issues in real time.

Steps could be taken to ensure continued transparency and investor oversight.

Firstly in order to ensure transparency, we would recommend that where companies operate outside of the remuneration policy, this should trigger an immediate public disclosure (via a website announcement). This would be similar to the existing regime that applies to disclosure of departure terms when directors step-down from the Board.

Secondly, we would recommend that where companies want to make *ongoing* changes to the remuneration package this would still require approval for a new Remuneration Policy in due course. The additional flexibility to respond to unusual circumstances should not be used as a means to sidestep the governance that applies to ongoing pay arrangements.

Shareholders could update best practice guidance to identify circumstances that would require a new policy vote. For example, recruitment packages should not 'front-load' awards on appointment so that ongoing policy arrangements can appear more 'modest'. Equally, this flexibility would be limited to one-off events – it would not be expected to be used to make wholesale, ongoing changes to how pay is operated (e.g. a permanent shift in incentive structures).

There may also be cases where shareholders would generally be unsupportive of acting outside of the policy (e.g. business-as-usual leaver packages).

Finally, in cases where investors deem Boards to have exercised discretion poorly, shareholders would continue to have the ability to voice this concern as part of the annual advisory vote on the Remuneration Report. This feedback process ensures that remuneration committees remain wary of the investor perspective and it encourages them to appropriately engage with investors and explain decisions in cases where this flexibility is used.

A further solution could be to adopt an escalation process where companies consistently fail to secure majority support. This could be partially informed by the “two-strikes” models that are seen in other jurisdictions such as Australia and South Africa. For example, in cases where companies receive multiple vote losses, the remuneration policy could become binding to limit Committee discretion for a set period. This would ensure that responsible actors retain flexibility and trust, while applying a more prohibitive framework where shareholders have genuine concerns about governance.

However, it is noted that since the current legislation was implemented in 2013, only 23 individual FTSE 350 companies have lost the remuneration report vote, and in all cases voting after the vote loss materially recovered in the subsequent year to 90%+ in all but five cases. Therefore, we are wary of developing a complex set of additional rules to cover a relatively unusual fact pattern.

Irrespective of the legislative framework, in practice companies committed to good governance would continue to operate within the spirit of any shareholder approved remuneration policy, other than in extreme circumstances. Companies seeking to sidestep the intentions of the framework or operate arrangements after failing to secure investor support for a given policy would do so at significant reputational cost. This provides a natural safeguard.



Illustration

High-performing CEO receives offer to join privately owned competitor for substantially enhanced remuneration terms.

Remuneration Committee determines that 1x salary one-off retention award vesting over two years would retain the individual until completion of next phase of strategy. No scope to grant award under the Remuneration Policy.

What happens?

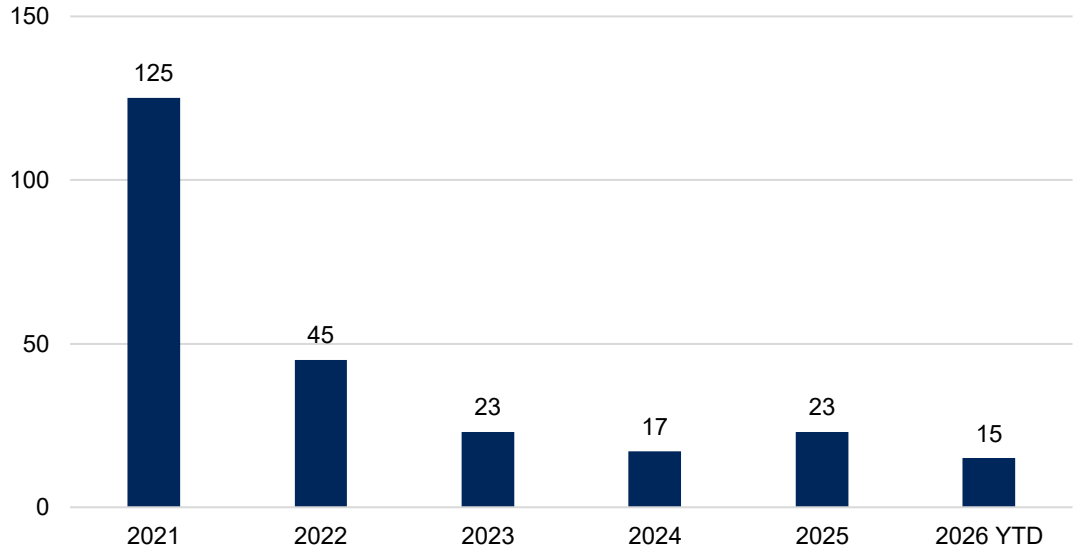
- Committee approves one-off award – triggers requirement for website disclosure detailing award (in addition to any existing RNS requirements for share interests)
- End of financial year – full details of award and rationale detailed in the Remuneration Report
- AGM – shareholders vote on Remuneration Report – opportunity for investors to pass comment on retention arrangement.

Future years – if Committee wants to make ongoing changes to pay (i.e. not one-off or exceptional) – new Policy needs to be presented to shareholders for approval.

Supporting newly listed companies

Over the past five years there have been a number of reforms to improve the competitiveness of UK capital markets. While anecdotal evidence suggests that the pipeline of companies considering IPO in London remains strong, the trends regarding the number of new listings in the UK remain a point of concern:

Number of UK IPOs since 2021[26]



During the engagement process we also sought views from non-executives who had sat on boards of companies listing in the UK and other markets, and from others who were currently working with companies contemplating a public listing in the short-to-medium term.

While the commercial challenges of ensuring that pay arrangements attract, engage and retain the right talent are unchanged after listing, the governance of executive pay changes significantly once a company is publicly listed. This change is often daunting for newly listed companies.

Many stakeholders interviewed for this review were keen to stress that while pay governance was often a source of frustration for newly listed companies, it was rarely the primary driver for a decision to proceed with a listing or the choice of market for listing. However, the governance landscape can be a source of tension and therefore consideration should be given to how the UK market remains an attractive and globally competitive location for listing.

[26] Data from London Stock Exchange

In May 2026 the SEC proposed a number of changes to simplify company financial disclosure requirements for companies in the US.[27] This included significant reductions in executive compensation disclosure obligations and the removal of 'say-on-pay' voting requirements for smaller companies.[28]The primary rationale was to reduce compliance costs and simplify reporting requirements in order to encourage more companies to go public and remain public.

In addition it was also proposed that the reduced disclosure requirements would apply to all newly listed companies (irrespective of size) for five years following IPO.

In order to ensure London remains an attractive destination for listing, it is recommended that steps are taken to reduce friction, while still remaining committed to principles of transparency and good governance for which the UK is renowned.

Companies looking to list in the UK already provide substantial disclosure regarding executive remuneration and use of employee share incentives in the prospectus issued on listing. This disclosure provides prospective investors with valuable insight, and therefore we would recommend that this is largely maintained.

However, there could be scope to make disclosure and voting requirements more proportionate in the period immediately following listing. This could potentially ease the transition from private to public. For example, consideration could be given to:

- Delaying the timeframe for when companies need to seek approval for a remuneration policy – this would allow greater time to adapt to mainstream FTSE company pay practices.
- Potentially simplifying and scaling back disclosure requirements for an initial period following listing.
- Maintaining an advisory vote during this transitionary period to ensure shareholders still have mechanism to voice concerns on the approach.

[27] Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies, May 2026,

[28] Defined as those with an average float below $2bn.

Voting reform - supporting flexibility for UK listed companies

Recommendation 5 Make vote on Remuneration Policy advisory. Provide companies with greater flexibility, particularly on recruitment	To better align with global practice, the vote on the Remuneration Policy should be made advisory in nature. Companies should have flexibility to operate remuneration arrangements outside of the policy in exceptional circumstances. Potential changes: • Maintain separate vote on Remuneration Policy but make vote advisory in nature. • Expectation that any pay decisions outside of the policy would be made in exceptional circumstances only. Provide grace period for new hires (e.g. if approach for new hire is outside of policy, expectation to return to shareholders for approval of new Remuneration Policy at first AGM 12-months following appointment). • Transparency – where companies operate outside of the normal Remuneration Policy this should trigger a website announcement (i.e. similar to the current requirements requiring disclosure of remuneration terms for departing Board directors). • Best practice safeguards – there would need to be safeguards in best practice guidance to guard against deliberate misuse of the provision. For example, the exceptions provision cannot be used to make ongoing changes to award levels or structure. • Investors would also retain the ability to vote against both remuneration proposals and re-election of non-executives where discretion has been poorly exercised.
Recommendation 6 Transition arrangements for newly listed companies	Consider simplification of rules for newly listed companies to ease transition to listed market. Make administrative burden associated with pay disclosure and governance proportionate to the desires of investors. Potential changes: • Newly listed companies should be only required to seek approval for a Remuneration Policy three years after listing. The requirement to publish a remuneration report will apply from the outset as is currently the case. • Disclosure requirements could also be scaled back during this initial transition period.

Simplification of disclosure

Key themes from interviewees

- Desire for more proportionate approach to disclosure and governance while maintaining transparency for investors and other stakeholders.
- Recognition of cost implications of lengthy disclosure requirements, particularly for companies in the FTSE 250 and FTSE SmallCap.
- Strong view that companies should be trusted to evolve disclosure in response to concerns of investors and other stakeholders – this will vary by nature of the company and does not need a one-size-fits-all approach defined by legislation.

Length of disclosures

Across the FTSE 100 the average length of the Directors' Remuneration Report during the 2026 AGM season was 26 pages, with the longest report coming in at 47 pages. Typically the Remuneration Report represents c.10% of the whole Annual Report & Accounts.

This raises a number of questions:

- Is the current level of disclosure proportionate to the relative importance of the topic?
- Are these disclosures fit for purpose? Do they address the key areas of shareholder and stakeholder interest?
- Is there scope for simplification while maintaining appropriate stakeholder oversight?
- Can the market be trusted to dictate evolution and improvement in disclosure practices?
- Is the disclosure fit-for-purpose given the manner in which data and information is consumed in the modern world?

During engagement, a number of Remuneration Committee Chairs raised the challenge of producing extensive disclosures that were rarely referenced during engagement with investors.

The UK Government has also acknowledged the issue. Under its current consultation on Modernising Corporate Reporting,[29] it is proposing to remove some of the remuneration reporting requirements from the regulations, where these are not considered to provide financially material or decision-useful information and/or where they duplicate the provisions of the UK Corporate Governance Code. These are:

- CEO to employee pay ratio
- Relative importance of spend on pay
- Details of executive directors' pay prior to listing
- Remuneration committee activities and advisor information
- Illustration of LTIP outcomes in the event of 50% share price appreciation
- Malus and clawback provisions and any application in the prior year*
- Remuneration committee engagement with shareholders and employees on pay proposals*
- Response to significant shareholder vote dissent*
- Historic shareholder vote results*

(* denotes items to be removed on the basis that they overlap with the UK Corporate Governance Code provisions or other existing legislative disclosure requirements which would continue to apply)

Although there might be some differences in opinion in which elements of the current disclosure regime should be retained, simplified or removed, we are generally supportive of the Government's proposed direction of travel on this matter.



[29] See note 2.

In any case, in practice, legislative change is not required in order to drive improvements in disclosure practices. There are multiple examples where recent improvements in disclosure practices have been dictated by the market rather than through legislation. For example:

- Executive summaries – in the FTSE 100 c.90% of companies now provide a user-friendly executive summary of key remuneration decisions in order to make information more digestible for readers.
- Expanded disclosure on wider employee pay – multiple examples of companies with a large UK employee base or significant retail offering providing voluntary disclosure on pay in the wider organisation and how principles of pay equity are delivered.
- Talent market benchmarks – as noted above, the vast majority of new policies in the FTSE 100 have been accompanied by expanded disclosure of market reference points used to set pay levels.

Companies have a self-interest in explaining the basis for key decisions therefore the market should be trusted to innovate and improve disclosure over time – this does not necessarily always require additional legislation.

Where technical disclosure requirements are removed, the onus should be on companies and shareholders to determine whether additional disclosure is required in order to explain decisions and maintain investor support. These practices would be expected to evolve and adapt over time.

Simplification of disclosure

Recommendation 7 Simplify disclosure requirements	Reduce length of remuneration disclosures while maintaining clear and transparent disclosure on areas which are most relevant to shareholders. At the very least some elements of disclosure should be optional, with companies able to expand disclosure based on actual investor feedback. Potential changes: • Simplify technical disclosure requirements – reduce administrative burden to remove elements of disclosure which rarely impact shareholder voting. • Market-led approach – in future years allow the market to dictate how disclosure can improve by trusting companies to respond to investor concerns and interests, rather than seeking to change technical disclosure rules for all companies.

Supporting effective dialogue with investors on executive pay

Key themes from interviewees

- Recognition that quality of engagement had generally become more constructive over the last three years.
- Desire for UK market to be more mindful of global competitiveness when developing governance frameworks.
- A disproportionate amount of time is invested into investor engagement on pay matters relative to other elements such as corporate strategy or stewardship
- Mixed experience of getting airtime with investors
- Proxy agencies not providing clear feedback during the engagement process, resulting in surprises and AGM voting risk when proxy reports are published, given the ongoing influence of proxy agencies on voting trends.

AGM support across all investors voting will not always be unanimous.

As noted earlier, shareholder voting on remuneration resolutions remains strong across the market with 86% of FTSE 350 companies securing support in excess of 90% during the 2026 AGM season.

Despite this headline support, a number of interviewees flagged that there was increasing divergence in the views of individual shareholders across the investor community when discussing more detailed aspects of executive pay.

Many interviewees noted that on points of detail it was not uncommon for different large shareholders to take opposing positions on remuneration matters. Often this is in circumstances where remuneration committees are considering issues where there is no single ‘right’ answer or solution. Rather remuneration committees are considering issues where judgement is required.

In cases where there are differences of opinion amongst investors, Boards inevitably reflect on the feedback provided. However, many interviewees noted that where investors had contrary views landing on a consensus was not always possible.

As noted above, there was a growing view amongst interviewees that remuneration committees increasingly needed to make a judgement on what represents an appropriate level of support in a given set of circumstances. There was consensus that the appropriate level of support would vary depending on the specific circumstances at play.

Voting turnout at the AGM was a further complicating factor. In cases where, say, only 70% of the register votes the 'voting power' of individual shareholders increases. For example, loss of support from 14.1% of the register could result in an overall voting result below 80%. Therefore, it is often possible for remuneration committees to conclude a consultation process where the balance of feedback is very positive but still have a "low" level of AGM support.

Where investors have differing views, Boards should feel empowered to make judgements about the most appropriate route forward and act in line with their overall fiduciary duty rather than simply seek to maximise voting outcomes at the AGM.

Building on the decision in late 2025 to cease operation of the Investment Association's Public Register of companies receiving votes below 80%, we consider that there is scope to reform the UK Corporate Governance Code expectations that apply in circumstances where more than 20% of votes are cast against a resolution. While this provision applies to all resolutions, in practice it is most commonly triggered for resolutions relating to either re-election of directors or votes relating to the Remuneration Report.

Under the Companies Act the remuneration policy and remuneration report require a simple majority in order to be approved. There is no legal requirement for the level of support to exceed a further threshold.

In practice, most interviewees continued to approach lower voting outcomes with caution given that they continue to carry significant reputational risk for both companies and individual non-executive directors. Companies and non-executive directors have a self-interest to ensure strong support and to further engage with major investors who are not supportive of a given resolution. Given this self-interest, it is arguable that further guardrails on how companies respond to a lower vote are largely unnecessary.

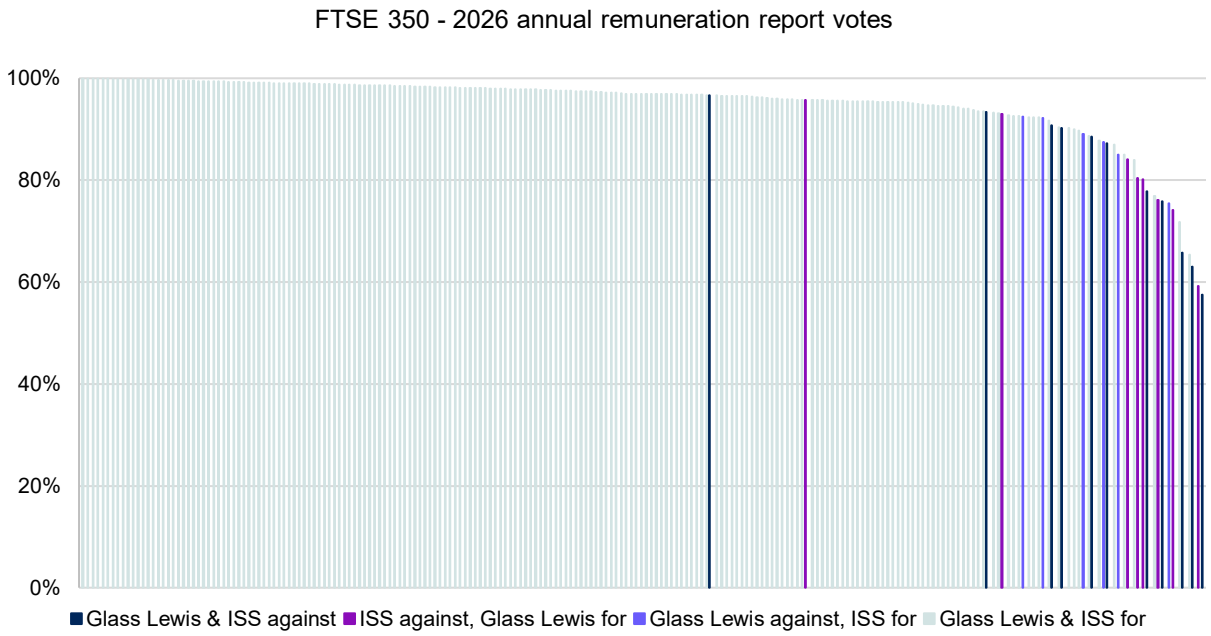
Removing the threshold for a 'low vote' from the UK Corporate Governance Code would provide Boards with agency to determine the appropriate level of support for a given proposal. It would also trust companies and Boards to respond as appropriate in cases where a significant proportion of the register is unsupportive of a resolution.

In addition, where the 'low vote' threshold is triggered, we recommend removing the expectation under the UK Corporate Governance Code to update the market within six months of the meeting. A market standard approach has been established of providing relatively boilerplate statements to satisfy this reporting requirement. This disclosure rarely provides any meaningful insight to investors.

Instead, companies should be trusted to determine appropriate engagement with investors to understand the reasons for the low vote, where this is not already clear from earlier consultation in advance of the AGM, and should disclose their response in the next Annual Report.

Proxy agency engagement

While there is some evidence of greater divergence between proxy agency recommendations and voting patterns compared to prior years – partly reflecting the divergence of investor views noted above – at this stage proxy agencies continue to have a material impact on voting patterns and investor views.



Many interviewees positively noted that proxy agencies had appeared to adapt their recommendations to the evolving views of investors more generally. For example, there is now a greater willingness to consider the impact of global talent markets when assessing levels of pay. During the 2026 AGM season there were multiple examples of proxy agencies supporting proposals that would have likely received negative voting recommendations in prior years. This development was uniformly welcomed.

However, given the continued influence of ISS and Glass Lewis, a number of interviewees sought to identify ways to improve the process of engaging with the proxy agencies on executive pay, especially at the stage when proposals were being developed.

While the proxy agencies are generally open to taking part in early-stage consultation on pay proposals, the feedback provided was often limited to high level principles. A common concern from interviewees was that there was rarely any transparency on whether a given proposal was likely to receive their support at AGM. This was in contrast to early-stage consultation with other larger shareholders who would typically provide a clear view on whether a proposal was likely to be supported or not.

Interviewees generally concluded that it would be helpful for remuneration committees to have a better steer on the likely voting recommendation from proxy agencies during consultation. Without this, committees are unable to react and adapt their proposals as necessary, leading to ‘surprises’ at the time proxy reports are published a few weeks before the AGM.

The proxy agencies’ reluctance to commit to a position during engagement partly reflects a desire to consider ‘all relevant facts’ and proposals ‘in the round’ at the time of AGM. While this is not unreasonable, we consider there is scope to provide better indication on likely voting during the consultation phase.

Proxy agencies could potentially provide clearer feedback during early-stage consultation using a ‘four-point scale’. While this would not equate to confirmation of subsequent AGM support, it would provide clearer guidance on whether or not a given proposal was likely to receive support at the time of the AGM.



Example – potential framework for proxy agency feedback?

The following four-point scale could provide an indication of response based on proposals presented in consultation. While this would not be a binding commitment from proxy agencies, it could potentially allow remuneration committees to better assess subsequent AGM risk.

A	• Support very likely • Structure in line with market norms and pay quantum proportionate against peers
B	• Support more likely than not • Proposed structure and/or pay quantum may have one or more sensitive aspects, but on balance appear to be justified by business context, supporting narrative, and / or performance story
C	• Support unlikely • Proposed structure and/or pay quantum have one or more sensitive aspects, and / or business context, supporting narrative and performance story not seen as sufficiently compelling • Current proposal would require some refinement in order to attract a positive voting recommendation
D	• High risk of proposals attracting an 'against' recommendation without significant changes to proposal • Proposals are considered egregious

While interviewees welcomed the opportunity to review draft recommendations from proxy agencies ahead of the AGM, many expressed frustration with the process for providing feedback and response to the analysis. In some cases the turnaround time for companies to check reports for accuracy and respond to any areas of concern highlighted is less than 48 hours, which is challenging to meet given the number of stakeholders (remuneration committee members, Chair, company secretariat, HR, external advisors) that typically input into that process.

Companies should have the opportunity to provide a thoughtful and considered response to any proxy pushback, which would be facilitated by a longer timeframe of, say, 3-5 days in which to submit a response.

Proportionate engagement

Securing investor support for remuneration proposals is a complicated and time-consuming process for many FTSE companies. Although this dialogue and engagement is a key feature of good governance practices, there is also an acceptance that the engagement process incurs significant investment (both time and cost) for companies and investors.

Illustration - typical investor engagement programme

- Initial communication to major shareholders and proxy agencies setting out proposed approach and inviting investors to meetings (often initiated 6-9 months before the AGM)
- Preparation of materials to facilitate discussions – often sent before meetings to enable prior review by investors
- Meetings with 10-20 larger investors and up to three proxy agencies
- Follow-up response to investor queries
- Further communication to detail outcomes from initial engagement
- Further calls and meetings with larger investors to discuss revised proposals
- Communication of final proposals / publication of Remuneration Report
- Investor reach out ahead of AGM
- Engagement with proxy agencies
- Engagement at AGM

While many stakeholders mentioned the challenges of investor engagement, we should also recognise the challenges faced by investors. For a large institutional investor with a global portfolio, in many cases the costs of engagement with hundreds of companies on executive pay can be significant. This is especially true in cases where companies are seeking to engage on relatively small points of detail.

Clearly the consultation process is a valuable and important step in the policy review process. It provides shareholders with the opportunity to influence the direction of travel, and the remuneration committee can gain an understanding of any concerns and assess the risk of a lower vote before the AGM.

To ease the burden on Boards, investors and the proxy agencies, it would be more efficient for consultation to be limited to cases where substantial changes to pay are being proposed.

For all other matters, remuneration committees should be empowered to make commercial decisions and clearly explain these decisions in subsequent disclosures. In recent years, investor support levels for matters such as salary increases and modest increases to policy headroom have in the main been very high, suggesting that not all these matters require extensive consultation prior to implementation.

We therefore recommend that best practice guidance from proxy agencies, institutional investors, and representative bodies should be updated to include language that empowers remuneration committees and discourages the need for engagement on minor matters. For example, guidance could set out an indicative list of areas where consultation is not generally required (which could be kept under review by investor representative bodies). This would then give investors more time to engage with companies making more material changes.

These matters would be intending to capture issues where, while there may be differing investor views on a topic, there is very limited risk of a company actually losing the vote.

Illustration - circumstances in which consultation on pay is not required?

- Renewing Remuneration Policies with no substantive changes?
- One-off salary increases of less than 10%?
- Discretion to vary incentive outcomes by less than 10%?
- Decision to reduce annual bonus deferral once shareholding guidelines have been met?

The quid pro quo for this is that remuneration committees should provide robust disclosure of decisions in the Remuneration Report, including strategic rationale and supporting data where appropriate, to ensure investors can make an informed decision.

Remuneration committees will also need to accept that high AGM support of 90%+ will not always be guaranteed. However, on balance, there is a strong argument that the reduced cost of engagement (for all parties) and the ability for non-executive directors to repurpose time for more value accretive activities (e.g. relating to corporate strategy) outweighs the disadvantages of a slight drop in overall levels of AGM support across the market.

Supporting effective dialogue with investors on executive pay

Recommendation 8 Enable companies to determine appropriate levels of support for proposals	Building on the decision to discontinue the Investment Association Public Register of companies receiving votes below 80%, simplify the UK Corporate Governance Code expectations that apply in circumstances where more than 20% of votes are cast against a resolution. While this provision applies to all resolutions, in practice it most commonly captures votes relating to either re-election of directors or votes relating to the Remuneration Report. Potential changes: • Greater recognition that there can be instances where there can be differences of opinion amongst investors, and in such circumstances, Boards should act in line with their overall fiduciary duty rather than simply seek to maximise voting outcomes at the AGM. • Remove the threshold of 80% and allow boards to assess the appropriate level of support, taking account of shareholder concerns. • Remove the expectation to update the market within six-months of the meeting. Companies should be able to determine appropriate engagement with investors and should disclose their response in the next Annual Report.
Recommendation 9 Encourage proxy agencies to provide clearer feedback during engagement	Given their influence on voting patterns, proxy agencies should provide greater clarity regarding their support for proposals during any engagement prior to the publication of the Report & Accounts. While it is accepted that proxy agencies will want to reserve the right to change their view based on a holistic review at the time of the AGM, where there is a substantial risk of pushback this should be clearly indicated to companies during consultation. Potential changes: • Proxy agencies to provide clearer indication of likely voting recommendations during engagement. • For example, this should be based on a four-point scale, where the bottom two ratings indicate a “high risk of proposals attracting an against recommendation” at the time of the AGM.

Recommendation 10

Limit consultation on executive pay to material changes only

Reduce the substantial time and costs incurred by both issuers and investors on pay governance, by changing best practice guidance to encourage investor engagement only in cases where substantial changes are proposed.

Instead remuneration committees should be empowered to make commercial decisions and clearly explain these decisions in subsequent disclosures.

Potential changes:

- Best practice guidance from proxy agencies, institutional investors, and representative bodies should seek to empower remuneration committees and discourage the need for engagement on minor matters.
- The circumstances when investors and their representative bodies would not expect prior engagement could be kept under review.
- Equally, remuneration committees should be encouraged to provide robust disclosure of decisions in the Remuneration Report, with greater acceptance that AGM support across all investors voting will not always be unanimous.



Modernise all-employee share plans

To support sharing wealth creation with wider workforce

Key themes from interviewees

- A review of the governance framework around executive pay to support competitiveness should also consider the wider employee experience
- Broad based employee share ownership can drive engagement levels, improve performance and share wealth across the workforce. Therefore, modernising these plans should be viewed as a priority.

All-employee plans are a powerful vehicle to promote share ownership, improve performance and share value creation

During our conversations with non-executive directors, several interviewees commented on the importance of creating a governance environment that supports the broader workforce as well as executive directors.

The two most-commonly operated all-employee share plans in the UK are the Share Incentive Plan ('SIP') and Save As You Earn ('SAYE' or 'Sharesave'). These plans enable eligible employees to build a growing stake in their company and share in its success when it performs well, on a tax-efficient basis. According to ProShare, the non-profit organisation set up to promote employee share plans and wider participation, around 1.4 million UK employees participate in a workplace SIP or SAYE plan.[30]

Such plans can effectively drive engagement, productivity and retention, and payout levels can be significant where companies perform well.

[30] https://constituency-map.proshare.org/

Case Study: Next – 2026 Annual Report[31]

- c. 6,500 employees participated in SAYE and Company Share Option Schemes
- Total gains of £137m
- Equivalent to £21,000 per person

Case Study – Pets at Home – 2022 Annual Report[32]

- Over 500 employees shared a potential profit of £11.8m under the SAYE
- Equivalent to around £23,600 per person

Such positive events encourage employees to invest further, giving them an interest in the company and fostering good financial habits and helping them to build wealth.

Reflecting the modern workforce

While these plans are well understood, the structures have been in place for more than 25 years, and do not always reflect the working patterns of the modern workforce.

According to ProShare, in recent years, participation levels have also fallen.

Under an SAYE, participants can opt for a three- or five-year savings contract (with the three-year option being more popular), while under a SIP, individuals can only benefit from the full tax advantages if awards are held for five years.

This five-year SIP holding period in particular is no longer aligned with current working patterns, where employees are more agile and move jobs more readily. The five-year time commitment can also be a deterrent to signing up, particularly for younger employees who may not be comfortable locking their savings away for such a long period. This is especially relevant in the context of concerns regarding the cost of living where financial flexibility is a key consideration for many employees. Research from ProShare has previously found that 24% of eligible non-participants who did not join their employer's SIP cited the length of the holding period as the reason.

[31] Next Annual Report, 2026

[32] Pets at Home Annual Report, 2022

ProShare have campaigned for the SIP holding period to be reduced from five years to two years, to make the scheme more appealing and tangible to employees and improve take-up rates. This would in turn build employees' sense of ownership in their employer and help strengthen attraction, retention and motivation levels.

We recommend that the Government adopts ProShare's proposed reduction to the SIP holding period to two years, for the reasons outlined.

Another area in need of modernisation is the categories of employees that are considered eligible to participate in such plans. Currently, full-time and part-time employees must be invited to participate and there is no minimum working hours requirement.

However, the proportion of the workforce with alternative working structures has increased in the last 25 years. A particular trend is the rising gig economy, where workers are classified as self-employed or atypical workers rather than employees. According to ProShare, c. 5 million people work through informal arrangements, zero-hours contracts or within the gig-economy; it is clear that the conventional model of all workers being employed by one single company at a time is becoming outdated.

The scope of all-employee share plans should be widened to capture the evolving UK workforce, to enable rollout to a broader set of people.

Increasing eligibility limits in line with inflation

Under the current rules, the limits for all-employee plans are:

- **SAYE** – Participants can save between a minimum of £5 and a maximum of £500 per month under either a three-year or five-year scheme.
- **SIP Free Shares** – Employers may give each employee up to £3,600 of Free Shares per tax year under the SIP which is not subject to employment taxes.
- **SIP Partnership Shares** – Employees can contribute up to £1,800 from their gross salary per tax year (capped at a maximum of 10% of salary) to buy Partnership Shares and earn Matching Shares from their employers.

These limits were last increased in 2014 (the previous limits were £250 per month under the SAYE, £3,000 per year of SIP Free Shares and £1,500 per year of SIP Partnership Shares).

Since 2014, aggregate UK inflation has been over 40%.[33] The purchasing power afforded by these contribution limits has therefore significantly reduced over that time. After a period of stagnation, UK wages are now growing more in line with inflation, and it follows that the eligibility limits for all-employee plans should also be similarly aligned.

We therefore recommend that the Government commits to increase eligibility limits for all-employee plans in line with inflation.

[33] Based on CPI data sourced from www.ons.gov.uk

Other changes

More holistically, the existing SIP and SAYE rules should also be reviewed to ensure they are fit for purpose in 2026. Further changes could include:

- Modernise detailed rules that do not currently always offer the best outcomes for participants in certain scenarios (e.g. participants can be unintentionally penalised in corporate transactions such as rights issues or capital raises).
- Modernise and simplify reporting requirements (e.g. removing areas of unnecessary duplication).
- Consider global practice to make portability for global companies more straightforward (a simpler model would be easier for companies to replicate in countries other than the UK).

We recommend that a wholesale review and refresh of the rules is undertaken.

Modernise all-employee share plans to support sharing wealth creation with wider workforce

Recommendation 11

Modernise HMRC approved all-employee share plans to better support sharing of wealth with employees

The UK currently has two HMRC approved all-employee share plans that are commonly operated by FTSE-listed companies – Sharesave and SIPs. While these plans are well understood, the structures have been in place for more than 25 years, and do not always reflect the working patterns of the modern workforce.

These plans should be modernised to better support a culture of share ownership across the workforce and allow all workers to benefit from the value created by companies in line with shareholders.

Potential changes:

- Modernise and simplify the SIP structure – in particular enable tax benefits to arise after two years rather than five years to make awards more tangible for employees and better reflect modern working patterns.
- Review eligibility for employee share plans to enable broader participation recognising that the modern “workforce” can capture other employee relationships (e.g. gig economy).
- Commitment to increase eligibility limits for all-employee plans in line with inflation.
- Modernise detailed rules that do not currently always offer the best outcome for employees in certain scenarios (e.g. ‘good leaver’ scenarios).
- Modernise and simplify reporting requirements.
- Consider global practice to make portability for global companies more
- straightforward.

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