

# First 100 DRRs

March 2026

ALVAREZ & MARSAL



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# 'First 100' DRRs – Initial Trends from 2026 AGM Season



**James Harris**  
Managing Director



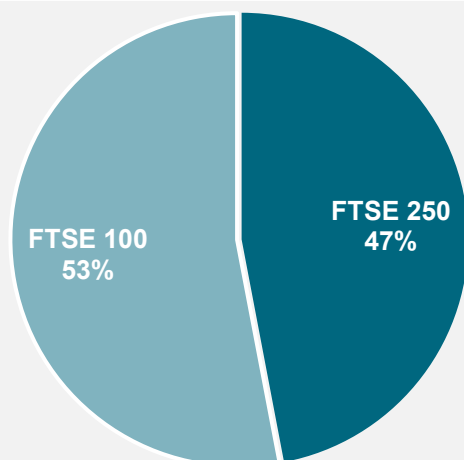
**Alex Gardner**  
Senior Director

- ▶ *Salary trends*
- ▶ *Incentive outcomes*
- ▶ *Policies / structures*
  - *Incentive opportunities*
  - *Long-term structures*
  - *Bonus deferral*
- ▶ *ESG*
- ▶ *Voting analysis*

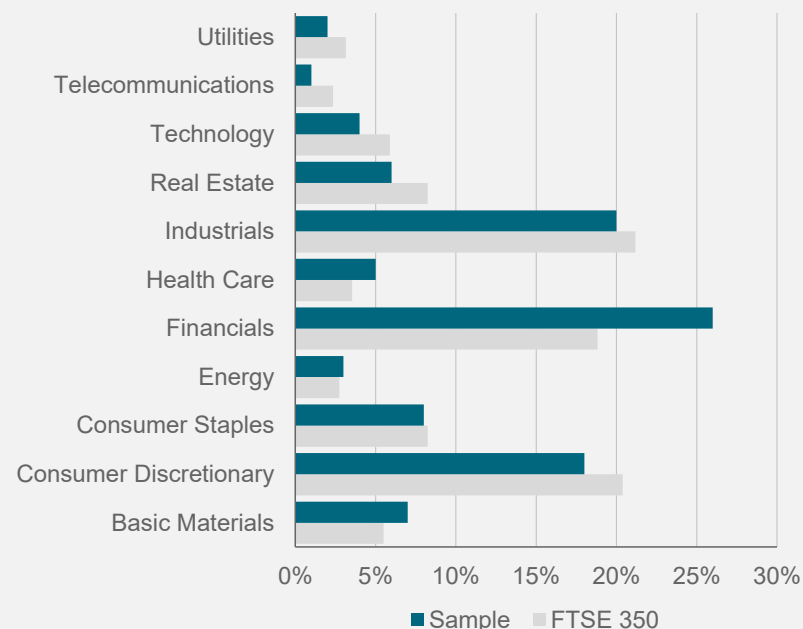
# 'First 100' DRRs in the 2026 AGM season

Sample is representative of the FTSE 100 and FTSE 250

Sample broadly evenly split between FTSE 100 and FTSE 250...



Similar sector balance to the FTSE 350...



Median market caps in the sample broadly aligned to the overall market

	FTSE 100	FTSE 250
Actual median	c.£10bn	£1.2bn
Sample median	c.£11bn	£1.4bn

New Policies submitted...

**42 out of 100 companies**

# Context for this AGM season....

June 2023  
The 'Big Tent'  
discussion



AGM season



AGM season



November 2025

Updated IA guidance

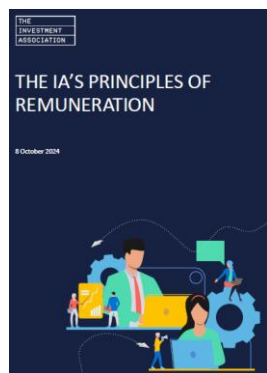


AGM season



October 2024

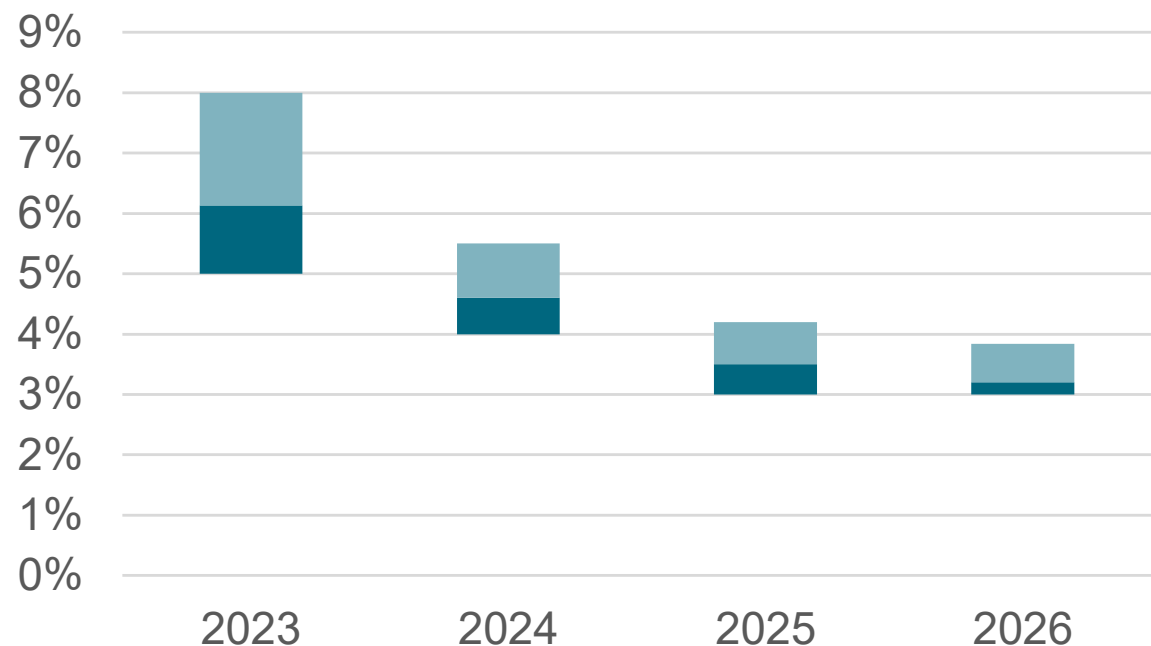
Refreshed IA  
Principles



# Base salary

*Average employee increase continue to reduce*

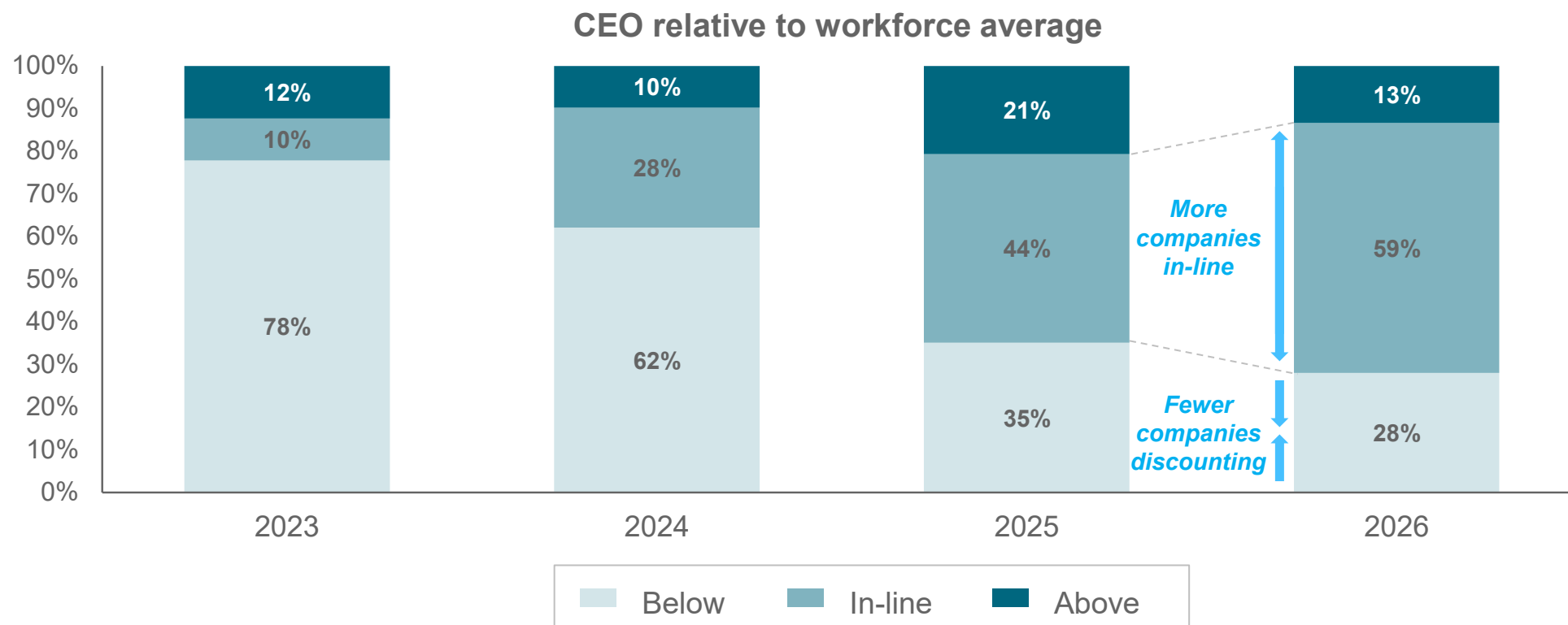
- ▶ *Around two thirds of companies set employee increases lower than the previous year*
- ▶ *Median workforce increase now at **3.2%**, closer to long-term UK average*



# Base salary

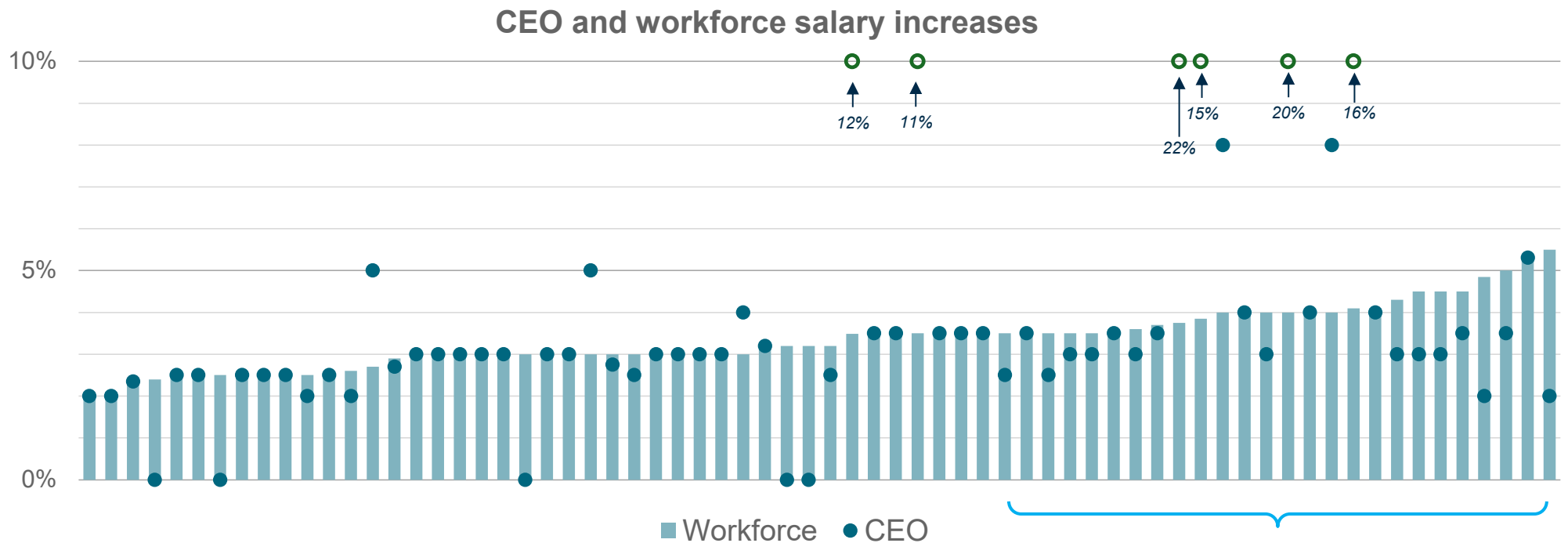
## Executive Directors relativity to employee average

- ▶ Continued trend away from 'discounting' (ED increase below employee average)
- ▶ More companies opting for increases in-line with workforce



# Base salary

*Discounting more likely with larger employee increases*

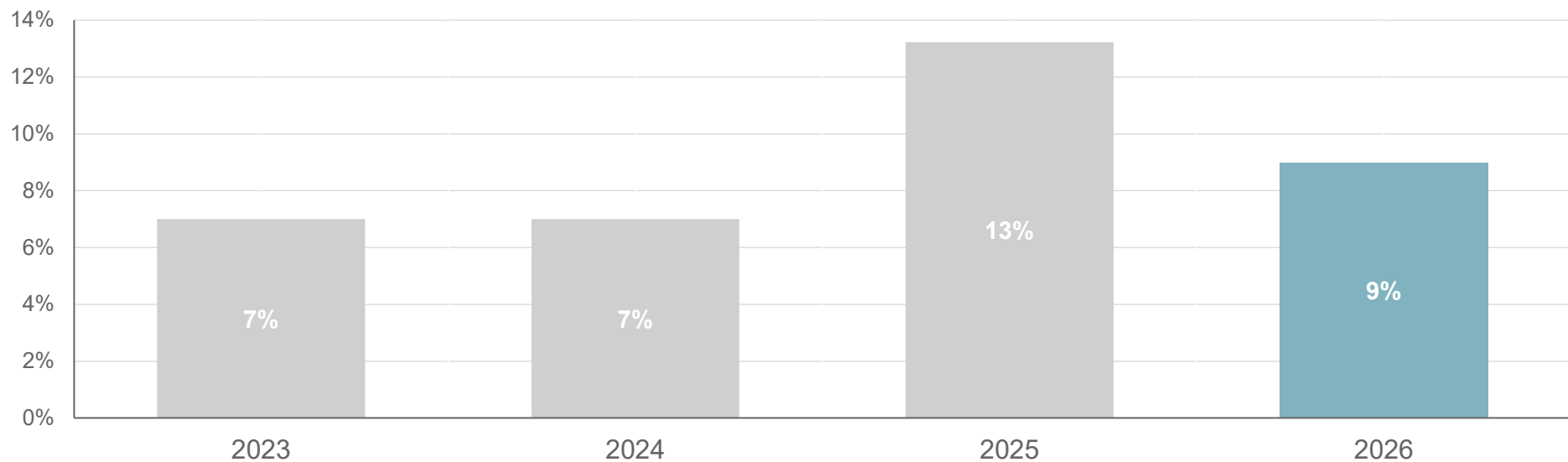


*Discounting most common where employee increases are above c.3.5-4%.*

# Base salary

*Fewer companies awarding large salary increases (>10%)*

**% of FTSE 350 awarding salary increases to CEO or CFO of 10% or more**



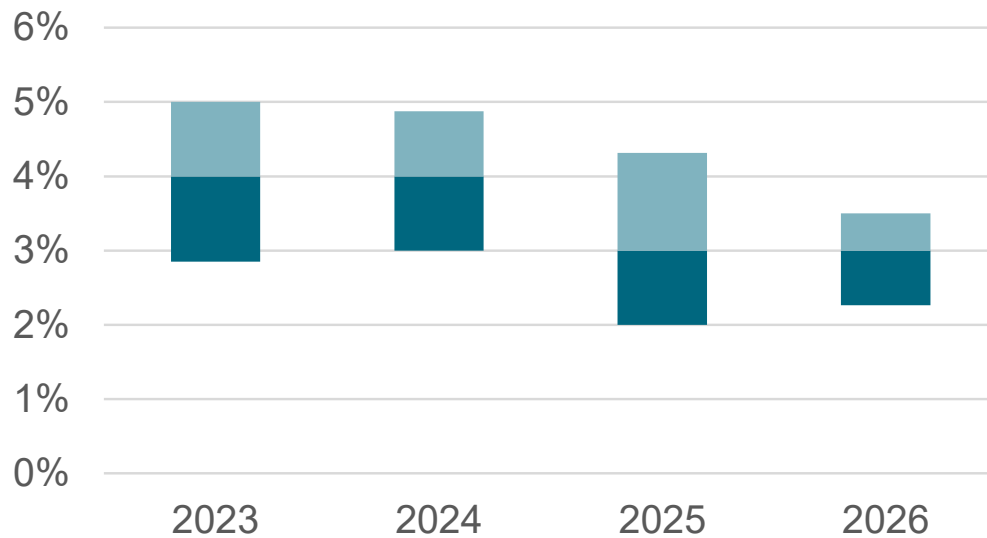
***Last year***  
*Number of increases above 10% almost double the prior year*

***This year***  
*Return to historic levels*

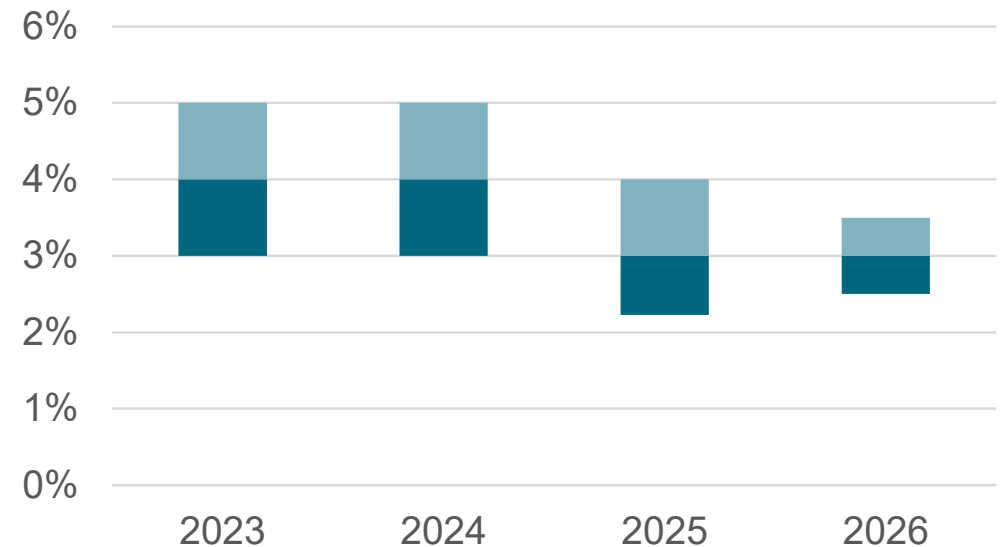
# Base salary

*Executive directors market range – median remains 3%*

CEO



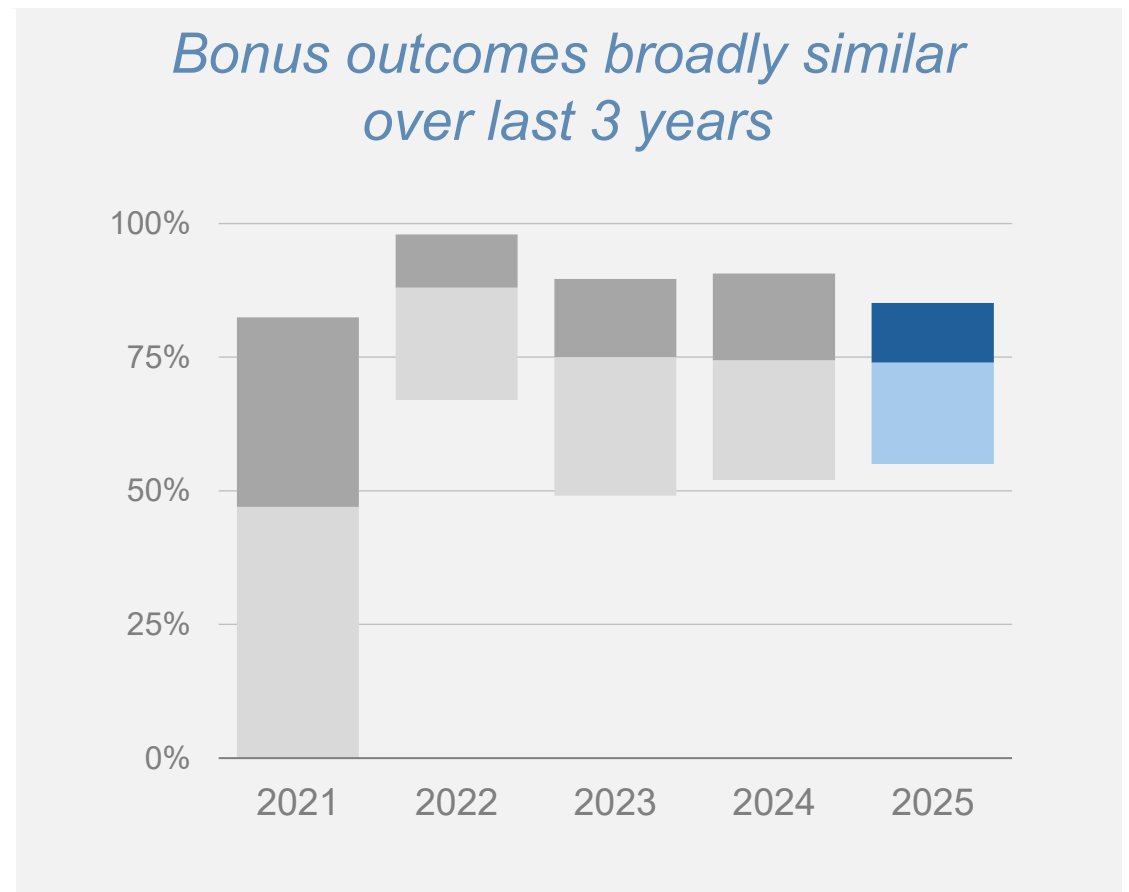
CFO



# Incentive outcomes

## Bonus

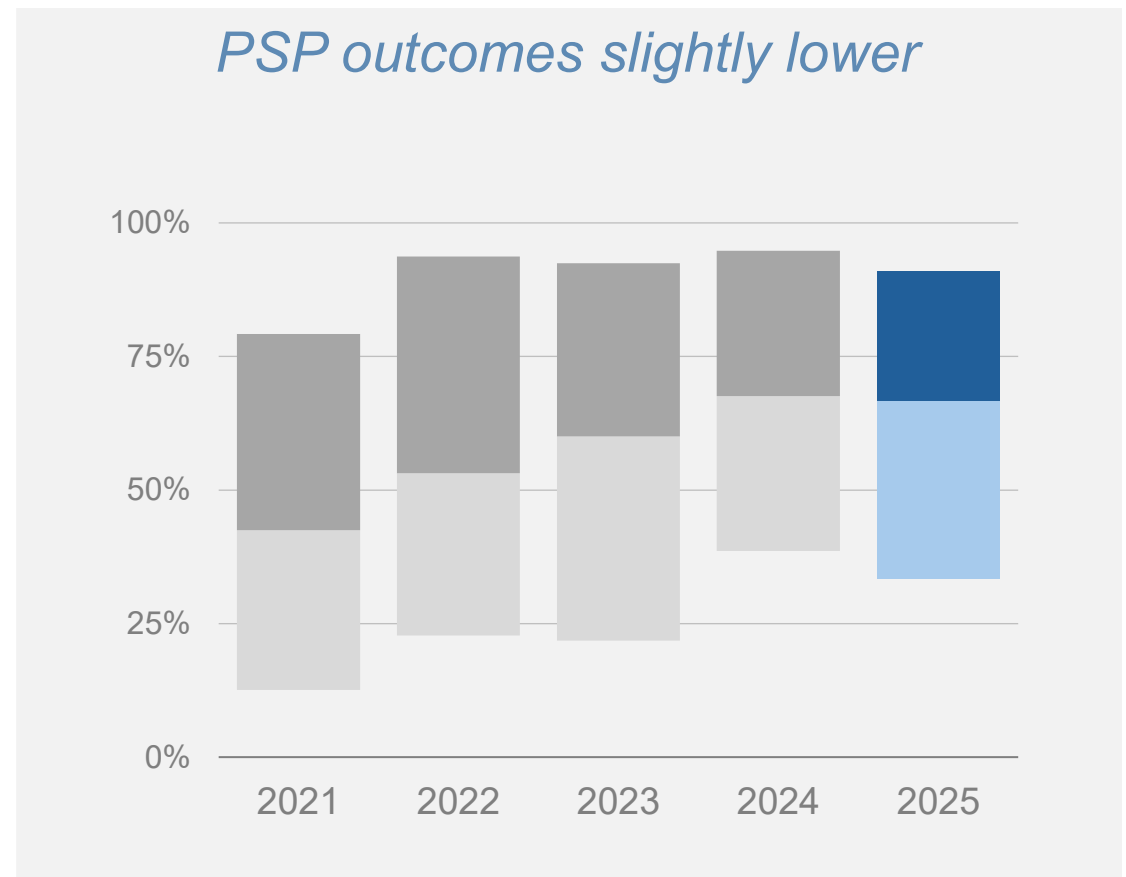
- ▶ Fewer high and low bonus outcomes



# Incentive outcomes

## LTIP

- ▶ **PSP** outcomes slightly lower year-on-year
- ▶ **FTSE 100** outcomes down, but **FTSE 250** outcomes up
- ▶ **RSU** underpins resulted in reductions in 20% of cases



# Discretion

*More balanced between positive and negative*

- ▶ *Overall use of discretion is broadly unchanged*
- ▶ *Excluding safety-related, now more closely balanced between negative and positive*
- ▶ *Two examples of the use of discretion for LTIPs*

2025  
(FTSE 350)

10%



2026  
(First 100)

11%

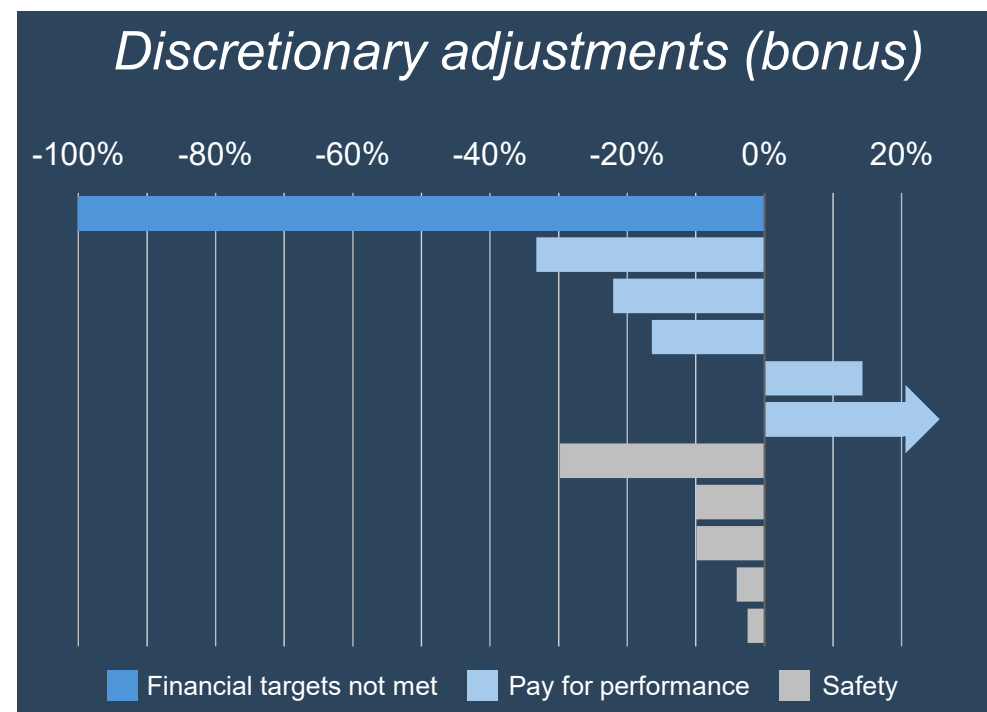


Chart shows relative reduction

# Increase to incentive opportunities

*Continued trend towards increasing incentives, often via the LTIP*

# 62%

of new Remuneration Policies increased incentive opportunities  
*(vs 40% last year)*

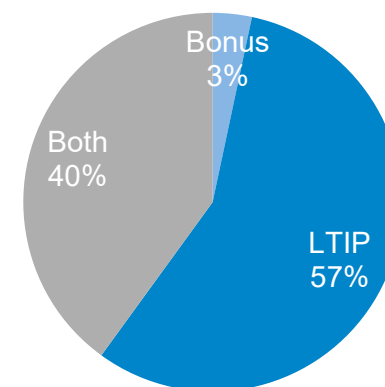
# 28%

of the market overall is increasing opportunities for 2026  
*(22% vs last year)*

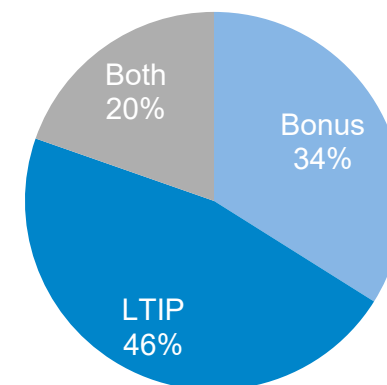
# 40%

of increases were 200% of salary or more  
*(22% vs last year)*

*Almost all via the LTIP:*



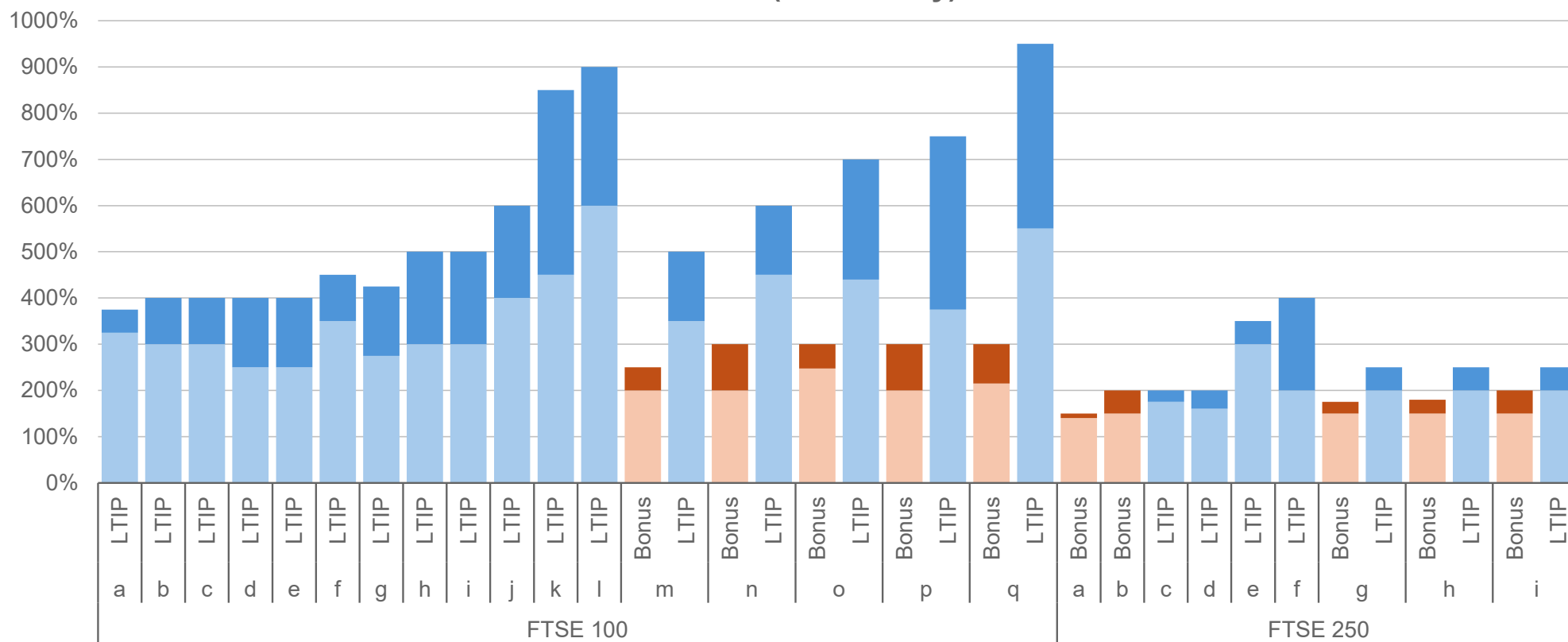
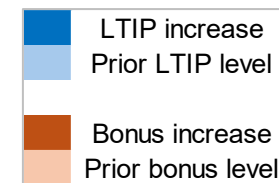
*Vs more balanced mix in 2025:*



# Increase to incentive opportunities

*Larger increases in the FTSE 100*

CEO (% of salary)



# Significant incentive increases

*How are companies building their case?*

*All companies with increases above 200% of salary, ranked in order of increase to quantum*

	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11
New strategy	✓			✓				✓	✓		✓
US exposure	✓		✓	✓		✓	✓		✓		
Global peer group benchmarking (incl. ED-1 comparison)	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Performance track record	✓	✓				✓	✓			✓	✓
<b><i>Other remuneration changes:</i></b>											
Increased shareholding guideline	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fixed pay adjustment	✓		✓	✓							
Increased target stretch			✓				✓	✓			✓

*Companies in alphabetical order: Aviva, Beazley, Drax, Intertek, Pearson, RELX, Rolls-Royce, Shell, Smith & Nephew, Unilever, and WPP*

# Incentive Structures

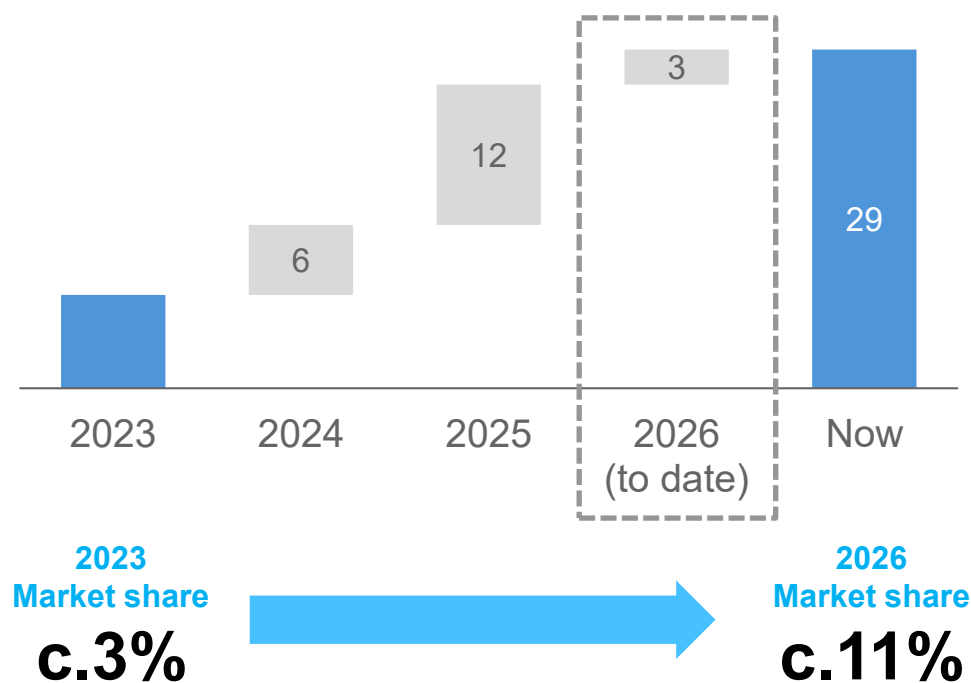
More 'hybrids' introduced, but is the pace of adoption slowing?

Changes to structure in the First 100...

Company	Previous structure	New structure
Future	PSP	Hybrid (RSU + PSP)*
WPP	PSP	Hybrid (RSU + PSP)
MONY Group	RSU	Hybrid (RSU + PSP)*
Shaftesbury Capital	PSP	RSU*

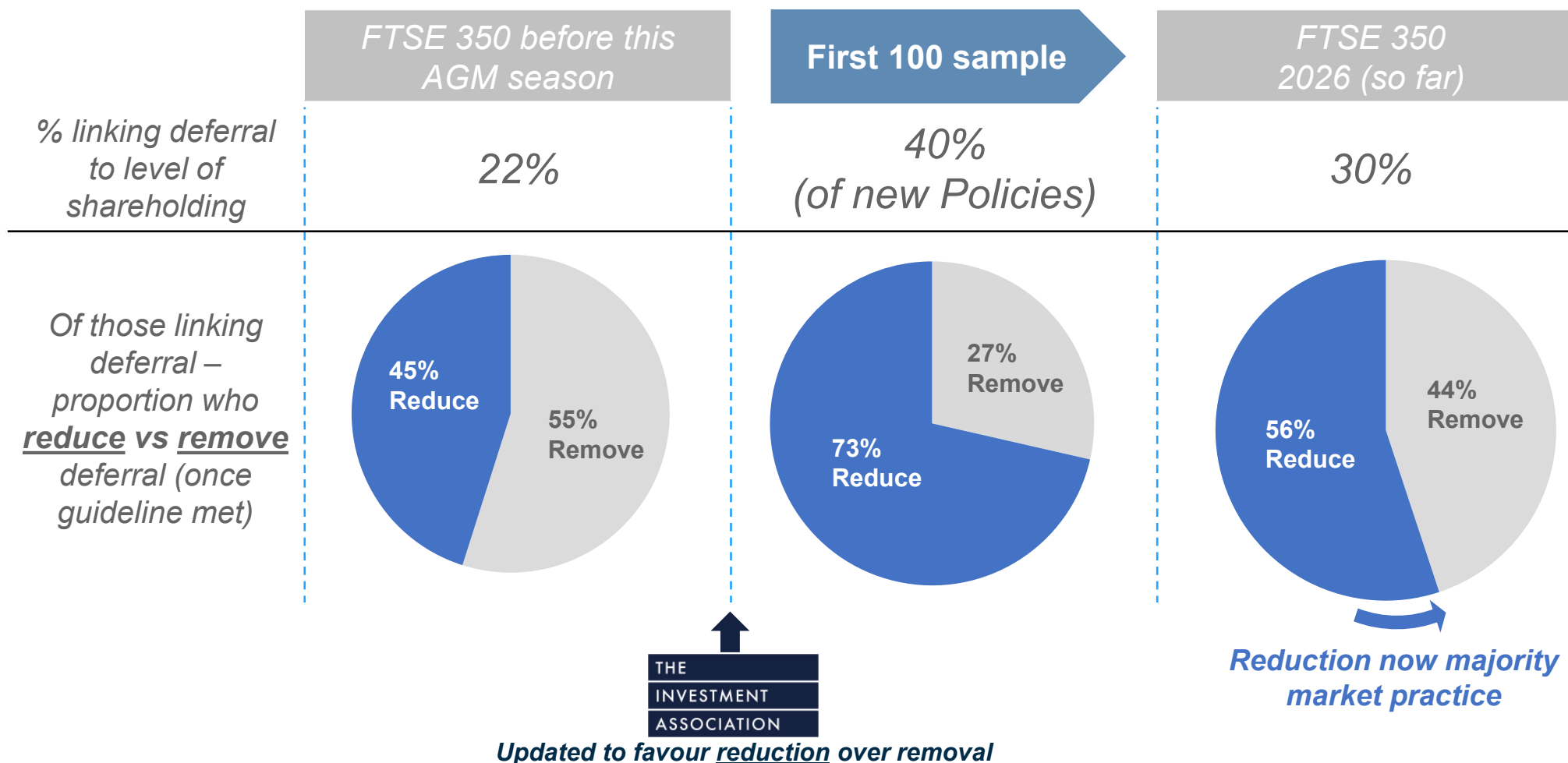
\* No change to LTIP 'target' level (i.e. a discount of 50% has been applied)

Number of hybrids introduced



# Bonus deferral

When linking to shareholding, majority now reduce rather than remove

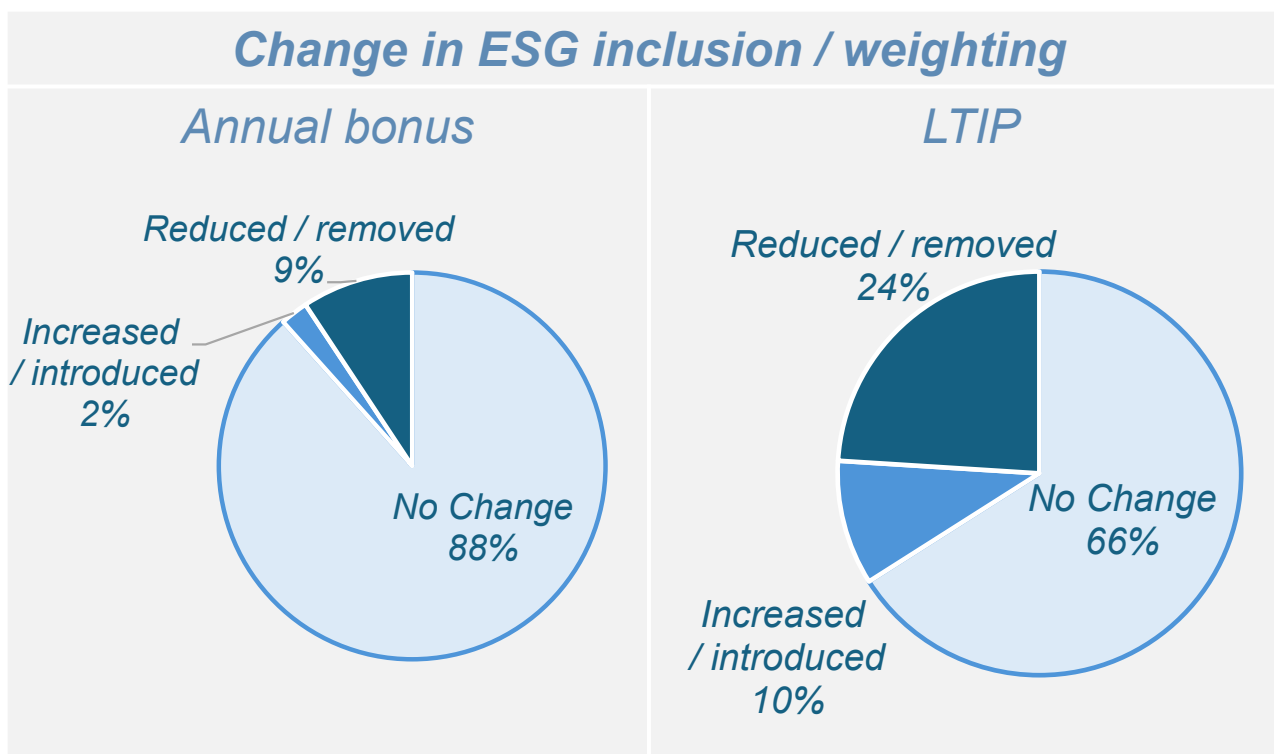


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# ESG

## Slowing adoption of ESG, more pronounced in LTIP than bonus

- ▶ Overall, more companies are reducing or removing ESG than increasing
- ▶ Most companies that removed or reduced ESG have done so in the LTIP



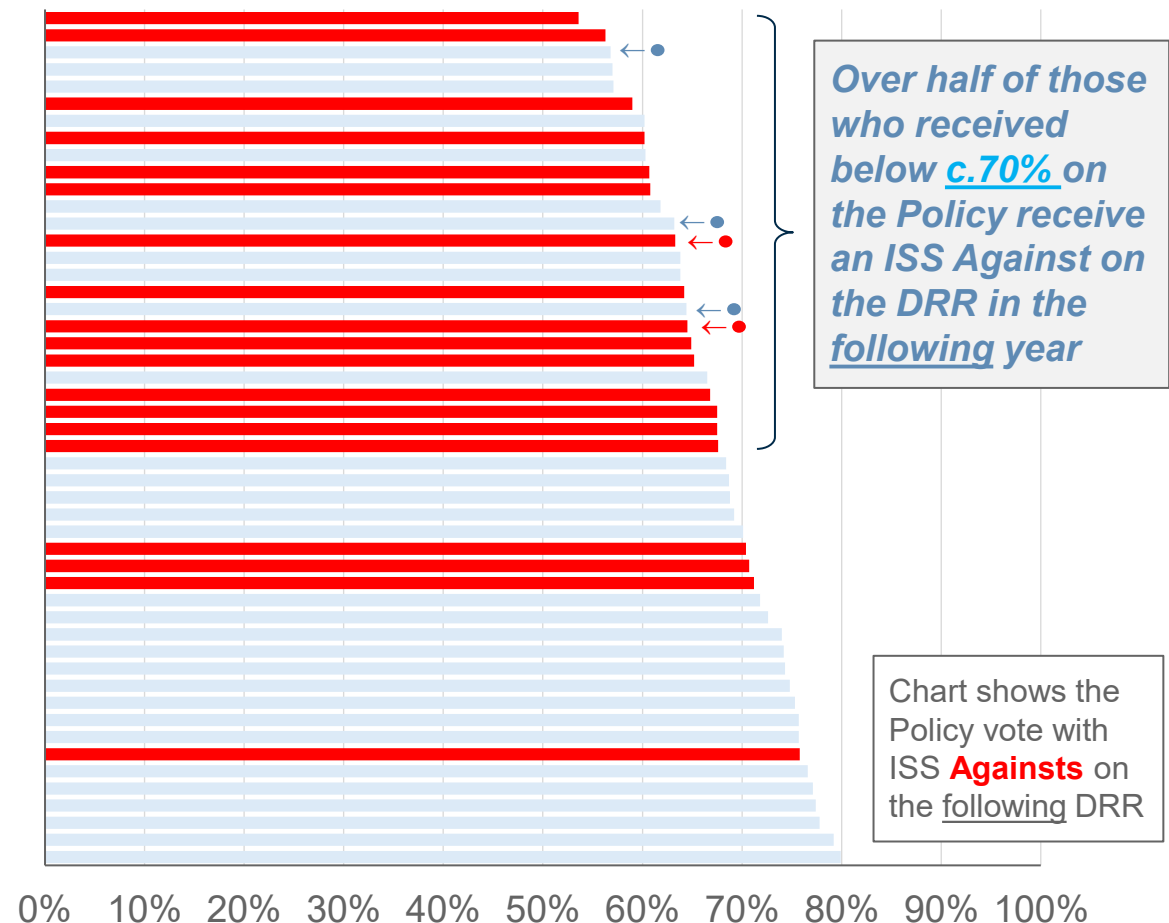
# The 'hangover' from a contentious Policy vote

## Latest update heading into 2026

Of all low Policy votes with an ISS 'Against' since 2019, if the vote was below c.70%, there was a reasonable chance ISS would recommend against the DRR for the following year

- Updated for 2025 AGMs (markers on chart) shows a mixed picture
- Recommendations continue to be influenced by an assessment of the full DRR (not just response to dissent)

Low Policy votes since 2019



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# Q&A

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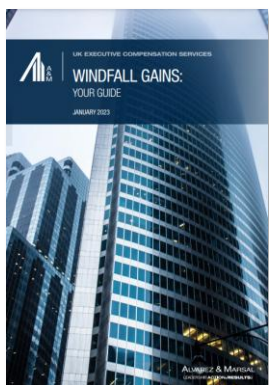
# A&M Executive Compensation Services

*Distinctive thought leadership – a selection of our publications*

## Thought leadership

### Windfall gains

*Our comprehensive guide on 'windfall gains', looking at the perspective of all stakeholders and setting out an assessment framework.*



### 'Big Tent' discussion

*In 2023, we were the first UK advisory firm to publish a contribution to the 'big tent' debate on executive pay in the UK – analysing the problems and proposing solutions*



### 'Big Tent' – 2 years on

*In 2025, we re-evaluated the UK-listed market against our 2023 recommendations to consider how the market had continued to evolve*



## Market data reports

### FTSE 350 report (2025)

*Comprehensive analysis of all key trends and data points across the FTSE 350 from analysis of the 2025 AGM season*



### NED fees report (2025)

*The latest version of our annual report provides all the latest data across the FTSE as well as commentary on changes to FRC guidance*



### Target setting toolkit (2026)

*The fourth edition of this report, unique in the market, provides the latest market data on bonus and LTIP performance target calibration across the FTSE*

