

2025 Annual Review of the Effectiveness of the Code of Conduct

December 2025

Introduction

Chair's letter

Dear all

The role of the Remuneration Consultants Group (the RCG) is the stewardship and development of a voluntary Code of Conduct (the Code) which sets out the role of executive remuneration consultants and the professional standards by which they should advise their clients.

We review the Code every three years and undertake a review of its effectiveness every year. This report sets out the results of the review of its effectiveness for 2025. The process for the triennial review is more probing, as set out later in this report.

In common with previous years, the effectiveness review for 2025 has involved a survey of all the consultants employed across our member organisations and completion of a questionnaire by each Practice Head. This is supported by an analysis of the disclosures relating to Remuneration Committee advisers in the Directors Remuneration Reports for FTSE All Share companies and AIM 100 companies. We record the number of companies which name their Remuneration Committee adviser and those which state that their adviser is a signatory to the Code.

I am pleased to say that the results indicate strong awareness of the Code. The results also give us confidence, in that completion rates were very high at over 90%, with about 30% of those surveyed acting as lead advisor and around 50% involved personally in providing advice to and attending Remuneration Committees.

This year, some changes were made to the structure and wording of the questionnaire to clarify some of the questions.

As set out in more detail in the Report:

- Awareness of the Code remains very high.
- All firms provide training on the Code with most providing formal training at least once a year. 80% of consultants thought that the training they received was very effective, an increase from last year. However, there was a clear message to the effect that a practical 'on-the-job' element to training was especially useful, with a preference for real-life examples. Consultants also appreciated the training being delivered by colleagues who were well informed about the Code.
- Member firms communicate their obligations under the Code to clients in various ways, reflecting the diversity of our member organisations.
- No barriers to effective implementation of the Code were identified.

The results of the survey will assist us in framing the review of the Code which will take place in 2026. For the review, we have decided to expand the number and range of those interviewed to include a broader sample of Remuneration Committee Chairs and Company

Secretaries. We feel that this additional input will help to support the rigour of the review. We will also invite investor bodies and proxy agencies to contribute to the review.

Members will recall that we widened the criteria for membership of the RCG at the last AGM, to include firms that provide advice beyond the listed company environment. We now welcome other firms to apply for membership, provided they advise organisations of similar standing and are a credible provider of executive remuneration services.

I would like to thank my board colleagues for their advice and support, and in particular welcome Hilary Ross-Smith who succeeded David Tankel as Company Secretary from January 2025 and Annette Kelleher who joined as an Independent NED on the same date. Along with Pamela Coles and our Member Directors, they bring significant capability and experience to the RCG.

We were delighted to accept AON's application for membership on 1st August 2025.

Alun Griffiths

Chair

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The RCG and its activities in 2025

Background

The Remuneration Consultants Group was formed in 2009 and represents an overwhelming majority of executive remuneration consultancy firms advising UK listed companies. As explained in the above letter from the Chair, other companies of similar standing are now also able to apply for membership.

The responsibility of the RCG is the stewardship and development of a voluntary Code of Conduct which sets out the role of executive remuneration consultants and the professional standards by which they advise their clients.

The RCG reviews the Code regularly, responding to changes in regulation and governance practice as necessary. This process ensures the Code remains relevant for the profession and that high professional standards are maintained.

The Board reviews the Code every three years and also carries out a review of the effectiveness of the code annually

Members

The RCG currently has 13 members. The Member firms are:

Alvarez & Marsal	AON	Deloitte LLP
Ellason LLP	Farient	FIT Remuneration Consultants
h2g Remuneration Advisory LLP	Korn Ferry	KPMG
Mercer	MM&K Limited	PwC
wtw		

Notes:

- At the December 2024 AGM, members agreed to widen the criteria for membership of the RCG beyond firms acting for listed companies, to allow remuneration consultancy firms to apply for membership if:
 - they provide executive remuneration advice to the remuneration committee of at least one company or organisation of similar standing (in the opinion of the RCG Board) to a FTSE All Share listed company; and
 - they are a credible provider of executive remuneration services to remuneration committees.
- AON re-applied for membership on 1st August 2025 and, due to the date of admission, did not participate in this year's survey.
- Remuneration Associates, a long-standing member of the RCG, is now known as Farient, after merging with Farient Advisors.

The Board

The Board comprises an independent Chair, two independent non-executive directors and four directors who have been nominated and elected by the Member firms.

We met four times in the last 12 months. The directors' attendance record is summarised below.

We will meet for the last meeting of 2025 on 10th December 2025.

Annette Kelleher joined the Board as an independent non-executive director, on 1st January 2025.

RCG Board attendance Dec 2024-Oct 2025				
	12.12.24	13.03.25	10.07.25	16.10.25
Alun Griffiths Independent Chair	✓	✓	✓	✓
Pamela Coles Independent director	✓	✓	✓	✓
Sally Cooper Member director	✓	✓	✓	✓
Lorna Dodson Member director	✓	✓	✓	✓
Annette Kelleher Independent director	n/a	✓	✓	✓
John Lee Member director	✓	✓	✓	✓
Andrew Udale Member director	✓	✓	✓	✓

Activity

The beginning of 2025 marked three new appointments:

- **Alun Griffiths** (as Chair, previously RCG Independent director)
- **Annette Kelleher** (as an independent director)
- **Hilary Ross-Smith** (as Company Secretary)

This year, apart from facilitating this annual review, we have focused on increasing the opportunities for engagement with those firms which are not currently represented on the Board.

How are we doing this?

The Chair and Company Secretary are meeting with all the Practice Heads individually, to understand better how the Code is applied in the context of each individual firm. We are making good progress with this, and hope to repeat this exercise annually.

We are also offering Member firms the presence of one or more of our independent directors at client events or webinars, wherever this would be helpful.

Extending our consultation

We are looking ahead to the 2026 review of the Code. As previously, we will be consulting with various stakeholders to ensure we understand which aspects of the Code are working well and which may need revisiting in the light of the changes we are seeing in corporate governance including simplification, less regulation and wider industry developments. We will be extending our discussions to include more Remuneration Committee Chairs, but also other senior executives such as HR Directors and a small sample of Company Secretaries. We will continue to engage with Proxy Advisory bodies and hold focus groups for remuneration consultants working in Member firms.

We look forward to all these conversations and the insights they will bring.

The Review of the Effectiveness of the Code

The process for 2025

There were three main components of the assessment:

- An anonymous online survey of employees engaged in executive remuneration consulting in the Member firms. The survey is split so that some questions are asked of consultants at all levels of experience and seniority, and other questions are asked of those consultants who have at least six years' experience of advising on executive pay.
- A questionnaire completed by Practice Leaders in all of the Member firms. The aim of this element of the review is to discover and share examples of helpful practice in relation to the Code which may be useful across all Member firms, and to identify areas for improvement for better implementation of the Code.

The emphasis of the Practice Leaders' survey is on the processes used in Member firms to embed the Code within their work, whereas the emphasis of the Consultant Survey questionnaire is to provide assurance about how well this works in practice.

- A summary of the number of FTSE All Share companies and AIM 100 companies which disclosed in their Directors' Remuneration Report:
 - the name of their Remuneration Consultant; and
 - that their Remuneration Consultant was a signatory to the Code.

The Remuneration Consultants' survey

Thank you to all consultants who completed the survey. The completion rate was very good with more than 90% of the eligible consultants engaging with the survey.

We are pleased to say that the awareness of and compliance with the Code remains very high throughout the Member firms. Compliance is well supported by the training given, often bolstered by in-house Codes of Conduct which support similar objectives to those of the Code. This shows that the high standards of professional practice reflected in the Code, are strongly embedded in the industry.

The survey results were very similar to those of 2024. There were no significant shifts in the statistics indicating no noticeable change in practice. The biggest change was an increase of 10% in the number of respondents who rated their training experience as 'very effective'.

It is not surprising that the method for delivering training varies between firms, but all firms are providing training at least annually; some formal and some informal ('on the job') training. Each firm will, of course, determine which method of delivery works best within the structure and size of their firm. The aim is that through detailed training on the Code and regular reminders, consultants retain a deep understanding of how the principles of the Code play out in practice.

As in previous years, several respondents to the survey mentioned the value of seeing the Code applied to real life scenarios. Referencing the Code regularly as client matters are discussed is an effective way of doing this.

We would also direct consultants to the Good Practice Guidelines (starting on page 9 of the Code) which set out in some detail the application of each of the principles.

A few points of interest drawn from the survey responses:

- Q.3 We asked: Are you are the lead adviser on at least one Remuneration Committee Appointment? 180 replied to this question and 55 said 'yes'.
- Q.7 We asked: Do you personally provide advice to and attend Remuneration Committee meetings? 179 replied to this question and 94 said 'yes'.

The answers to these two questions show that around a quarter of those responding were lead advisers and half were experienced consultants. We can be reassured by this ongoing commitment to the Code from these senior consultants.

- Q.11 asked about the effectiveness of the training consultants had received. We had a good amount of feedback on this question, the vast majority of which was positive. 80% thought the training they had received was very effective (up from 70% last year). The Feedback included appreciation of: clear and concise training, regular reinforcement of the Code 'on the job' and the involvement of the senior team in the training.
- Q.29. This year we changed the wording of the survey question on unsolicited benchmarking to clarify the question. We are pleased to report that we had a 100% compliance against that question this year.
- Q. 31 reminded consultants that the Code prohibits them from acting as client relationship manager for non-remuneration advice, whilst advising the Remuneration Committee. We had two responses to this question out of over 100 which led the Board to conclude that it should reiterate this requirement to members. As the Chair meets with Practice Heads, he will take that opportunity to remind them of their obligations under the Code.

You can access the full results of the Remuneration Consultants' Survey 2025 in the Appendix.

The Practice Heads' Survey

All questions asked for a written response to help us understand better how the Code's provisions have been implemented by Member firms. We also seek to gain insights into training practices on the Code and other areas of good practice, which might be helpful to other Member firms. In addition, we hope to identify any barriers or problems experienced by practice leaders when implementing the Code.

All 12 Practice Heads returned the survey and confirmed that they complied with the requirement of the Code to provide training and professional development on the Code, for all consultants.

The Practice Heads' responses

The survey responses reflect the established nature of the processes in place for ensuring high levels of awareness of and compliance with the Code.

Most Member firms deliver formal training once a year, with informal 'on the job' training throughout the year. Most also provide training for new recruits on induction. The Code may also be referenced when discussing a client matter involving some aspect of the Code.

A few Member firms have used interactive surveys, a multiple-choice test and, as mentioned in previous years, one firm has developed a bespoke online training module.

Member firms monitor internal adherence and implementation of the Code through supervision from the lead consultant on the assignment, general oversight from practice leaders, peer review, leading by example, aligning the firm's Code of Conduct with the principles of the Code, ongoing training both for consultants and for incoming Remuneration Committee Chairs and others.

Member firms communicate their obligations under the Code to clients in various ways. An annual meeting with the remuneration committee chair and on appointment of a new chair, is desirable and typically takes place. However, Practice Heads have reported that it has not always been possible to do this. In this case, the annual dialogue with clients around remuneration report disclosures (which can include reference to disclosure of their membership of the RCG) or annual confirmation of adviser independence, may be an appropriate opportunity to refer more broadly to the Code. Other ways by which Member firms communicate the Code to their clients include referring to it in each proposal for new work, Terms of Business and on the firm's website.

There was a suggestion in the survey responses that increased contact between the RCG and Company Secretaries and Remuneration Committees, may help to raise awareness of the Code. As mentioned above, wider discussions will take place during the Review of the Code in 2026.

Member firms do not think there are any barriers to implementation. One response reported that there is sometimes resistance from clients to a discussion on the Code. We have taken this to suggest that the principles set out in the Code are embedded in everyday practice and hence do not require discussion, rather than resistance to the Code itself. We will be looking at this more closely as part of our review of the Code in 2026.

Member firms did not indicate that they had made any changes in the last year to ensure and/or increase adherence to the Code and generally considered that the processes in place are working well.

Member firms provided a few interesting practical examples of how the Code has helped to resolve difficult situations.

The requirement to write to the RCG Chair confirming compliance is satisfied by confirmation given in the Practice Heads' survey.

Disclosure

Based on the Directors' Remuneration Report disclosures in FTSE All Share companies with a year-end between 1 June 2024 and 31 May 2025 and disclosures in AIM 100 companies as at 31 August 2025:

FTSE All Share

- Of the 349 companies in the analysis, 337 have disclosed a named remuneration committee adviser. Of these, 336 companies have a lead adviser that is a signatory to the RCG Code of Conduct.
- Of these 336 companies, 309 companies (92%) disclose that the adviser is a signatory to the Code (2024 – 92%). In terms of the index split:
 - Of the 95 FTSE 100 companies that disclose a named Remuneration Committee adviser, all are signatories to the Code and 93% of these disclose as such (2024 – 95%).
 - Of the 157 FTSE 250 companies that disclose a named Remuneration Committee adviser, all are signatories to the Code and 94% of these disclose as such (2024 – 94%).
 - Of the 85 FTSE Small Cap companies that disclose a named Remuneration Committee adviser, 84 advisers are signatories to the Code and 88% of these disclose as such (2024 – 87%).

This analysis excludes investment trusts.

AIM 100

- Of the 42 companies in the AIM 100 that disclose a named Remuneration Committee adviser, all of the lead advisers are signatories to the RCG Code and in 55% of those cases are disclosed as such (2024 survey - 64%)

The year-on-year change is considered to be primarily down to changes in the composition of the index.

Appendix | Review of the Effectiveness of the RCG's Code – Survey of Consultants

This survey is about how consultants at RCG's Member firms advise Remuneration Committees of UK FTSE All Share Listed companies and AIM listed companies.

A FTSE All Share Listed company is a company with shares listed on the London Stock Exchange's Main Market and complies with the UK's highest standards of regulation and corporate governance. This includes FTSE 100, FTSE 250 (together the FTSE 350), Small Cap and some other listed companies. It does not include AIM listed companies. Consultants were asked to answer the survey questions in the context of their current employer and in relation to advising UK FTSE All Share or AIM listed companies, whichever type of company is more typical of the clients they advise.

The survey for all consultants splits questions into those for senior consultants and those for consultants of all grades, to ensure relevance.

Total responses: 191 (197 in 2024), but a small number answered 'Neither (a) or (b)' to Question 1 and were excluded from completing the rest of the survey.

Q.1 In your current role do you work on:

ANSWER CHOICES	RESPONSES	
▼ a. at least one FTSE All-Share company Remuneration Committee appointment	52.88%	101
▼ b. at least one AIM Listed company Remuneration Committee appointment	1.57%	3
▼ c. both a. and b. (at least one FTSE All-Share and at least one AIM Listed Remuneration Committee appointment)	42.41%	81
▼ d. neither a. or b.	3.14%	6
TOTAL		191

Q.2 Does your practice (the clients you advise) relate more to:

ANSWER CHOICES	RESPONSES	
▼ a. FTSE All-Share companies or	97.78%	176
▼ b. AIM listed companies	2.22%	4
TOTAL		180

Q.3 Are you the lead advisor on at least one Remuneration Committee appointment?

ANSWER CHOICES	RESPONSES	
▼ a. Yes	30.56%	55
▼ b. No	69.44%	125
TOTAL		180

Q.4 Which member firm do you work for?

We have not provided a breakdown of the answers to this question, for reasons of commercial sensitivity.

Q.5 How many years have you been at your current employer?

ANSWER CHOICES	RESPONSES	
a. Less than 1 year	12.85%	23
b. 1 to 3 years	24.58%	44
c. More than 3 years	62.57%	112
TOTAL		179

Q.6 How many years of executive pay consulting experience do you have?

ANSWER CHOICES	RESPONSES	
a. Less than 1 year	9.44%	17
b. Between 1 and 3 years	20.56%	37
c. More than 3 and up to 6 years	13.33%	24
d. More than 6 and up to 9 years	11.67%	21
e. More than 9 years	45.00%	81
TOTAL		180

Q.7 Do you personally provide advice to and attend Remuneration Committee meetings?

ANSWER CHOICES	RESPONSES	
a. Yes	52.51%	94
b. No	47.49%	85
TOTAL		179

Q.8 Prior to this survey, were you aware that a Code of Conduct governing the activities of remuneration consultancies existed?

ANSWER CHOICES	RESPONSES	
a. Yes	98.33%	177
b. No	1.67%	3
TOTAL		180

Q.9 Have you read the Code of Conduct?

ANSWER CHOICES	RESPONSES	
a. Yes	96.09%	172
b. No	3.91%	7
TOTAL		179

Q.10 What training have you received during the year?

ANSWER CHOICES	RESPONSES	
a. Formal (any organised learning opportunity focused on the Code)	33.89%	61
b. Informal (any 'on the job' learning about the Code)	20.00%	36
c. Both	44.44%	80
d. None	1.67%	3
TOTAL		180

Q.11 Do you think the training you received on the use of the Code was effective?

ANSWER CHOICES	RESPONSES	
a. Very effective	79.66%	141
b. Quite effective but could be improved	18.64%	33
c. Not effective	1.69%	3
TOTAL		177

Comments:

Those who answered (a) above were asked to say what made the training particularly effective. Those who answered (b) or (c) above were asked to explain their answer and how training could be improved. There were 75 responses:

Effective training included formal training with real-life examples followed up by regular reference to the Code in the context of client work.

Suggestions for improvements reflected the elements of good practice where training was effective i.e. formal training (where formal training is not currently given); real life examples; more regular training opportunities.

Q.12 When you are working for a client, are you always clear for whom you are doing the work and whether it is for the Remuneration Committee or for management?

ANSWER CHOICES	RESPONSES	
a. Yes	97.74%	173
b. No	2.26%	4
d. Never	0.00%	0
TOTAL		177

Q.13 Are there any ethical issues which arise in providing executive remuneration advice which are not addressed through the Code?

ANSWER CHOICES	RESPONSES	
a. Yes (please specify in the box below)	1.11%	2
b. No	98.89%	178
TOTAL		180

Only one comment was recorded, flagging that there was no objective standard against which to assess compliance.

Q.14 Do you think the Code needs further improvement?

ANSWER CHOICES	RESPONSES	
a. Yes (please specify in the box below)	1.11%	2
b. No	98.89%	178
TOTAL		180

Comments: Only one comment was recorded for this question and it related to the administration required for compliance.

Q.15 Do you have any other comments on the Code?

Comments:

40 participants answered this question and 3 comments were made: One reflected the comment made under Qu.14. One concerned the need for the Code to keep pace with wider changes in corporate governance. One asked if the Code could be adapted to non-UK companies.

Q.16 In general, does your firm have periodic one-to-one meetings with client Remuneration Committee Chairs without management present?

ANSWER CHOICES	RESPONSES	
a. Yes - at least annually	87.13%	88
b. Yes - less often than annually	8.91%	9
c. No	0.00%	0
d. Don't know	3.96%	4
TOTAL		101

Q.17 Does your firm have periodic meetings with the Remuneration Committee in which the RCG Code of Conduct is discussed?

ANSWER CHOICES	RESPONSES	
a. Yes - at least annually	31.37%	32
b. Yes - less often than annually	38.24%	39
c. No	10.78%	11
d. Don't know	19.61%	20
TOTAL		102

Q.18. Do you, in cases where you are the lead adviser, feel able to challenge the views of management at Remuneration Committee meetings (when circumstances call for it)?

ANSWER CHOICES	RESPONSES	
a. Always	86.96%	60
b. Mostly	13.04%	9
c. Sometimes	0.00%	0
d. No	0.00%	0
e. Not applicable	0.00%	0
TOTAL		69

Q.19 Do you encourage your clients to ensure that pay is properly linked to the long-term performance of the business?

ANSWER CHOICES	RESPONSES	
a. Always	95.10%	97
b. Mostly	4.90%	5
c. Sometimes	0.00%	0
d. No	0.00%	0
TOTAL		102

Q.20 Do you encourage your clients to consider fully the implications of complex design both on the motivation of executives and on the transparency of arrangements to shareholders and other stakeholders?

ANSWER CHOICES	RESPONSES	
▼ a. Always	97.06%	99
▼ b. Mostly	2.94%	3
▼ c. Sometimes	0.00%	0
▼ d. No	0.00%	0
TOTAL		102

Q.21 When advising a company on its remuneration arrangements generally, do you ensure that your advice is suitably linked to the client's strategy?

ANSWER CHOICES	RESPONSES	
▼ a. Always	95.00%	95
▼ b. Mostly	4.00%	4
▼ c. No	0.00%	0
▼ d. I am only involved in a limited aspect, such as the provision of data	1.00%	1
TOTAL		100

Q.22 When advising a Remuneration Committee, do you ensure it is mindful of pay in the wider organisation?

ANSWER CHOICES	RESPONSES	
▼ a. Always	85.29%	87
▼ b. Mostly	13.73%	14
▼ c. Sometimes	0.98%	1
▼ d. No	0.00%	0
TOTAL		102

Q.23 Do you encourage clients to consider the risks, including reputation, created by what could be judged excessive rewards?

ANSWER CHOICES	RESPONSES	
▼ a. Always	95.05%	96
▼ b. Mostly	3.96%	4
▼ c. Sometimes	0.99%	1
▼ d. No	0.00%	0
TOTAL		101

Q.24 Where you are advising the Remuneration Committee, do you make the Remuneration Committee aware of the likely views of shareholders and proxy advisors on your client's executive remuneration?

ANSWER CHOICES	RESPONSES	
▼ a. Always	100.00%	101
▼ b. Mostly	0.00%	0
▼ c. No	0.00%	0
TOTAL		101

Q.25 Do you ensure that your reports are clear on the types of companies comprised within the comparator group(s) used and the rationale for their selection and summarise the methodology used to value different elements of the remuneration package?

ANSWER CHOICES	RESPONSES	
▼ a. Always	97.03%	98
▼ b. Mostly	2.97%	3
▼ c. No	0.00%	0
TOTAL		101

Q.26 Do you ensure that your reports clarify where information is provided by management or from other consulting firms?

ANSWER CHOICES	RESPONSES	
▼ a. Always	95.05%	96
▼ b. Mostly	3.96%	4
▼ c. Sometimes	0.00%	0
▼ d. No	0.99%	1
TOTAL		101

Q.27 Do you ensure that you are clear in your report what is your firm's opinion and what is management's opinion?

ANSWER CHOICES	RESPONSES	
▼ a. Always	96.04%	97
▼ b. Mostly	3.96%	4
▼ c. No	0.00%	0
TOTAL		101

Q.28 Do you ensure that your written advice is capable of being read and understood by the Remuneration Committee without your presence?

ANSWER CHOICES	RESPONSES	
▼ a. Always	96.04%	97
▼ b. Mostly	3.96%	4
▼ c. No	0.00%	0
TOTAL		101

Q.29 The Code prohibits sending of unsolicited benchmarking to clients and non-clients. Unsolicited benchmarking is: Sending companies, on an unsolicited basis, bespoke benchmarking reports or analysis, or generic reports which have been modified to refer to the recipient in some way. Unsolicited benchmarking does not include: Generic surveys, such as a FTSE 100 or pharmaceutical surveys which have not been modified for the recipient; Bespoke benchmarking included as part of a response to a request for a proposal. Have you been involved in sending unsolicited benchmarking in the last 12 months?

ANSWER CHOICES	RESPONSES	
▼ a. Yes	0.00%	0
▼ b. No	100.00%	101
TOTAL		101

Q.30 Are you clear that reasonable steps have been taken to ensure that potential conflicts of interest are appropriately managed in accordance with Paragraph 13 of the Good Practice Guidelines appended to the Code?

ANSWER CHOICES ▼	RESPONSES ▼
▼ a. Yes	98.99% 98
▼ b. No	1.01% 1
TOTAL	99

Q.31 The Code prohibits consultants from adopting the role of their firm's client relationship manager for the provision of non-related services while also advising the Remuneration Committee. On any of your accounts where you are advising the Remuneration Committee are you the client's relationship manager for the provision of services not related to remuneration?

ANSWER CHOICES ▼	RESPONSES ▼
▼ a. Yes	1.98% 2
▼ b. No	98.02% 99
TOTAL	101

