GECN™ GROUP
GLOBAL
STRATEGIC
INDEPENDENT

UNDER PRESSURE: GLOBAL CEO PAY TECTONICS

U.S. leads in capital, talent, and returns—others race to catch up

INTRODUCTION

GECN Group conducts annual research on global trends in executive compensation and governance across leading economies on five continents. This year's research considers how CEO compensation and incentive structures are shaped by both local and global forces.

Our analysis recognizes that attracting, retaining, and motivating the world's better leaders is fundamental to long-term value creation and corporate sustainability.

Competition for executive talent is increasingly international, as companies and their leaders seek to compete in a global marketplace. This persists even as geopolitical headwinds – such as tariffs and immigration restrictions –threaten to disrupt traditional talent flows.

Navigating these challenges requires globally experienced and adaptable leadership, underscoring the need for compensation strategies that are competitive and responsive.

Meanwhile, governance standards are influenced by capital flows, institutional investors, and shifting political norms. Despite convergence in some areas, there remain significant opportunities for CEO pay arbitrage. Some talent is not globally mobile and some companies are not yet fully accessing the worldwide talent pool. Yet, it stands to reason that capital follows opportunity created by leaders attracted and retained to create value for shareholders.

DATA UNIVERSE AND METHODOLOGY

Universe: This year's analysis covers large-cap companies in the U.S., U.K., Canada, Germany, France, Switzerland, South Africa, and Australia. Data was culled from the universe of large-cap companies listed on major indexes (*see list next page*). Where appropriate, the U.S. market is split further to provide greater comparability across markets.

Currency: Values cited throughout this report are in U.S. dollars (USD) with conversion rates as of December 31, 2024, the last full fiscal year for disclosures in most of the coverage universe.

Pay Definition: The analyses on CEO target pay is based on reporting available for the last full fiscal year. Target pay includes annual base salary, target short-term incentives (STI), and target long-term incentives (LTI). For equity awards, the grant date value has been used. Please note that for markets where companies disclose incentive opportunities as a maximum of annual salary, rather than target, the target incentive was calculated or inferred based on a typical market practice.

Around the globe, GECN Group is deeply engaged in helping companies and their boards navigate the complexities of often parochial local standards, the reality of a leadership talent shortage, and the need to attract and retain top leaders proven to deploy investors' capital for world-class returns.

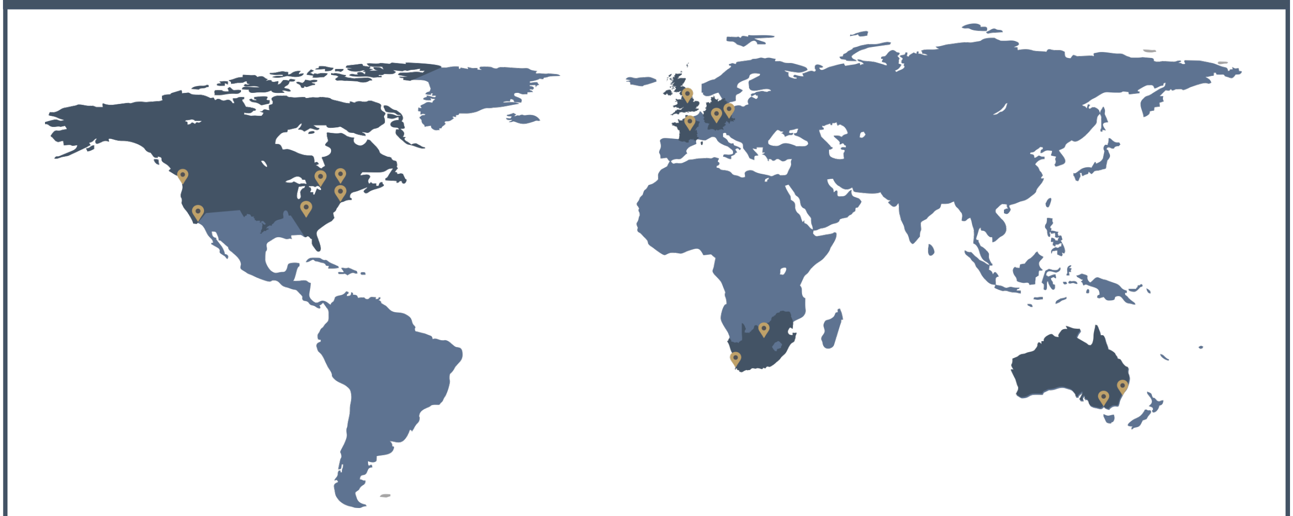
GECN Group utilizes its collective intelligence to sort and analyze our global CEO compensation data by industry, size, and geography and from local, regional, and global perspectives. This publication serves as a preliminary report — a snapshot of the trends and developments that have captured our attention and raised compelling questions for boards and practitioners.

The insights are intended to spark dialogue and inform decision-making as organizations and their boards navigate the complex and increasingly competitive global talent landscape. We will follow up in early 2026 with a more comprehensive report that delves into the many compelling questions raised throughout this preliminary report.

COUNTRIES & INDICES COVERED

- Australia – ASX 100
- Canada – TSX 60
- France - CAC 40
- Germany – DAX 40
- Switzerland – SMI 20
- South Africa – JSE Top 40
- United Kingdom – FTSE 100
- United States – S&P 500

GECN GROUP LOCATIONS

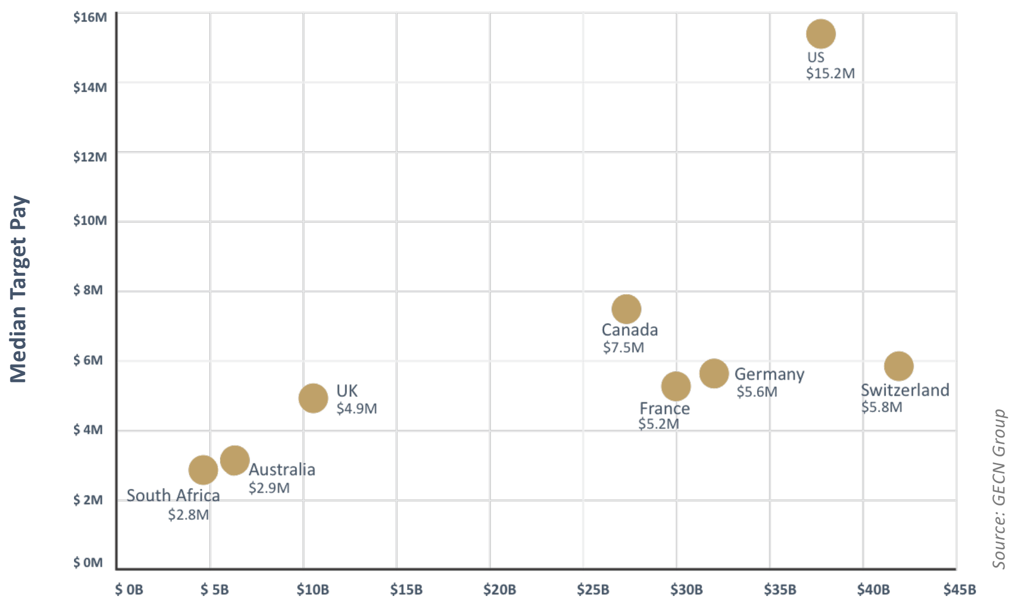


U.S. PAY LEVELS CONTINUE TO DOMINATE

Greater compensation yields better returns

CEO pay levels are highest in the U.S, far exceeding the other countries, even when comparing to companies of similar size. Before jumping to the conclusion that global investors therefore get better CEO pay value per investment dollar outside of the U.S., consider the incremental value that CEOs deliver across each country in the form of returns. In the five years ending in 2024, the U.S. S&P 500 Index delivered total shareholder return of 97% compared to between 8% and 50% for the remaining indices covered in this report. So, while U.S. CEOs cost more, they deliver higher returns. This is what you would expect if paying more for talent.

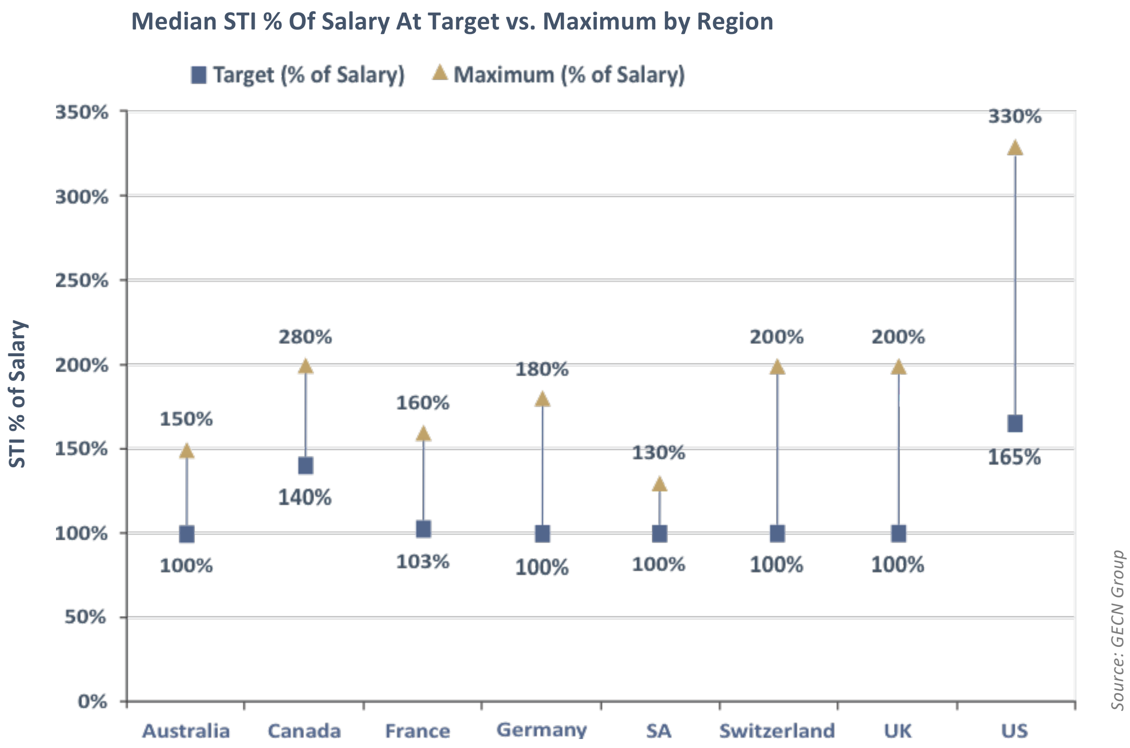
Median Target Pay vs. Median Market Cap by Region



Incentive opportunities also differ across regions, with the U.S. again the highest. The median short-term incentive (STI) target opportunity in the U.S. is 165% of salary, compared to 100% in nearly all other markets except for Canada where the median target is 140% of salary. Maximum opportunities are also higher in the U.S. where the median package gives the CEO the opportunity to earn up to 330% of their salary, representing two times the target opportunity. Upside leverage is also two times the target opportunity in Switzerland and the U.K.; hence, the median maximum STI opportunity is 200% of salary. At the lower end, Australia, South Africa, and France have median maximum opportunities ranging from 130% to 160% of salary.

These observations suggest that factors beyond company size are influencing how CEOs are compensated in different countries. The report will further explore what elements of executive pay structures may be responsible for these significant differences, providing a deeper understanding of the forces shaping global pay practices.

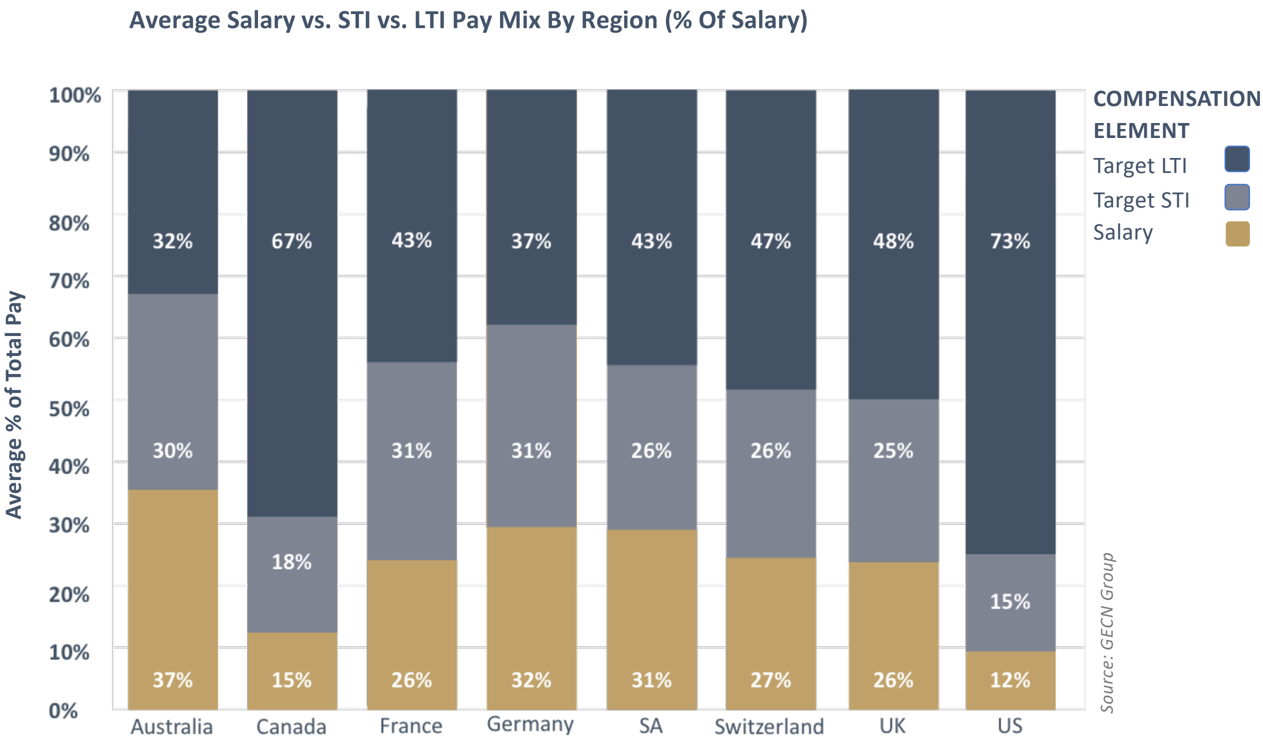
SALARY AND INCENTIVE PAY MIX VARY BY REGION



Pay mix and compensation structures for CEOs show significant regional variation, driven by differences in regulations, tax systems, governance norms, and cultural factors. In the U.S. and Canada, long-term incentives (LTIs) account for approximately 70% of CEO pay, whereas in countries such as France, Germany, Switzerland, and the U.K., LTIs make up only about 50% of compensation. Australia stands apart for having salary as the largest portion of pay. This may reflect the unintended consequence of greater regulatory influence over increases in both salary and incentive opportunity because of Australia's "two-strikes" law, crippling its ability to keep pace in the global competition for talent.

QUESTIONS FOR FURTHER EXPLORATION IN FULL REPORT

- Does the correlation between company size and target pay differ by geography?
- How much cross-border executive talent movement is there, and do these global pay comparisons really matter?

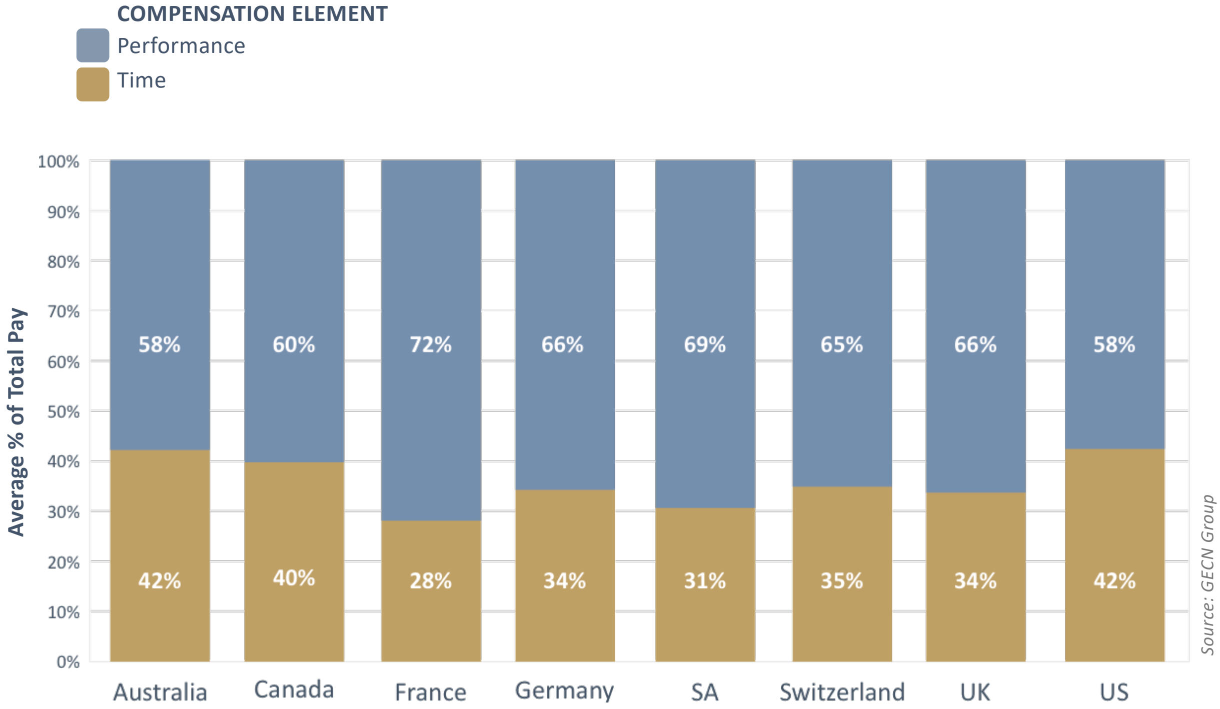


Market practices tend to cluster by region. The U.S. and Canada share similar compensation profiles, while among themselves European countries exhibit comparable approaches. Notably, U.S. companies have a pay mix dominated by performance-based, or "at-risk," compensation. Despite frequent criticism of U.S. companies for focusing on short-term results, the data suggests that their CEO pay packages are structured with a strong emphasis on long-term value.

Interestingly, when accounting for all performance-based STI and LTI, France and South Africa lead with 75% of total pay being performance based in both countries. This reflects these countries' heavy use of incentive and performance-based awards. Other countries make heavier use of time-based equity awards, which lowers their performance-based pay mix *(more on that topic in the next section)*.

On a sector basis, LTIs constitute the majority of CEO compensation packages. Median salary and STI levels are relatively consistent, with the median CEO salary ranging from $1.0 million to $1.4 million, and median STI ranging from $1.6 million to $2.0 million. The biggest differences are LTI values which range from $3.2 million at the low end for Materials companies to $15.3 million at the high end for Information Technology firms. These LTI totals also reflect the dominance of high pay among U.S. tech companies.

Average Time vs. Performance Mix by Region (% Of Total Direct Pay)

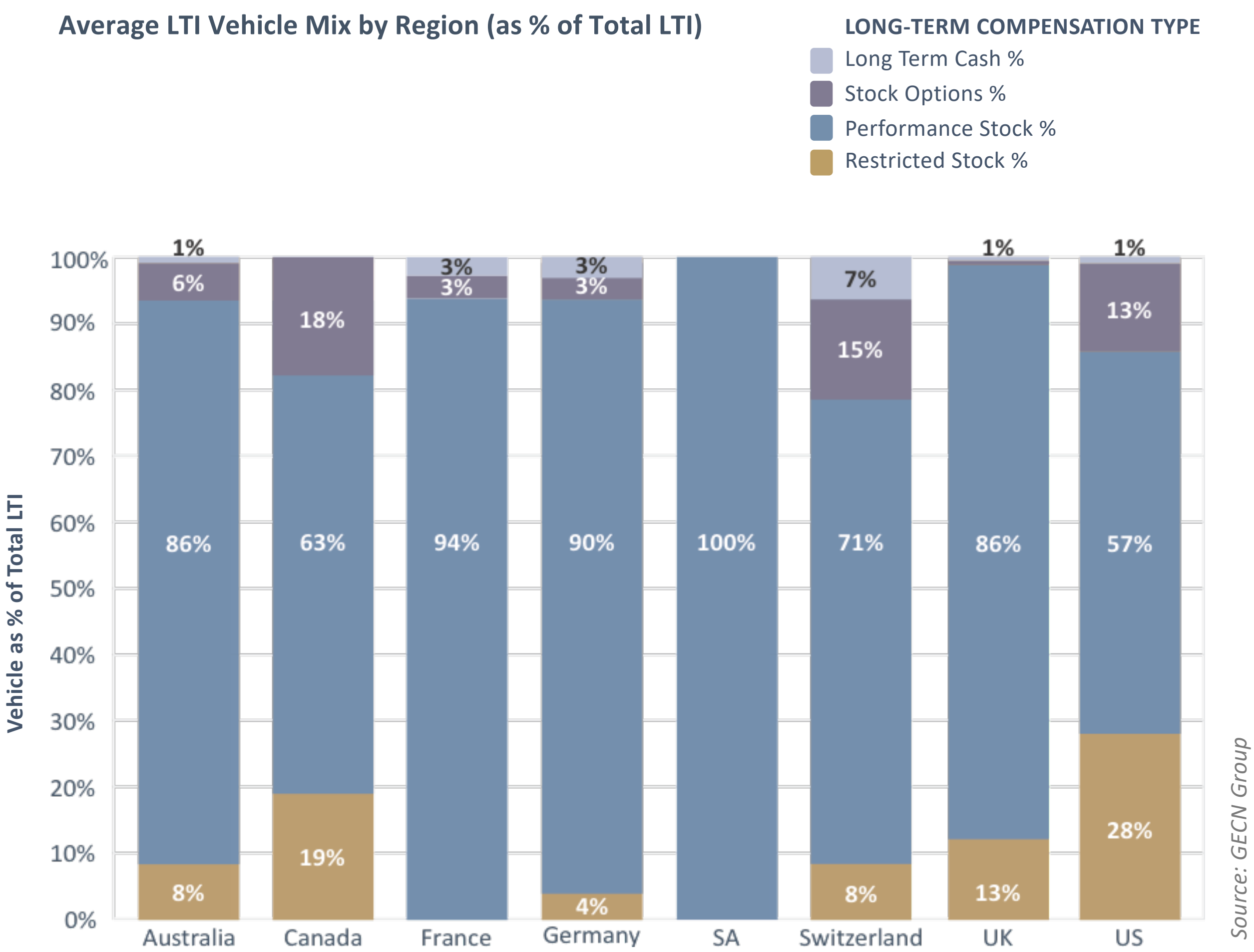


QUESTIONS FOR FURTHER EXPLORATION IN FULL REPORT

- Do extreme differences in the mix of short-term vs. long-term pay or fixed vs. variable pay opportunities influence executive performance or decisions where they want to work?
- How should boards and management design packages for executives who move to other geographies, or for global executive teams? What are the considerations?

PERFORMANCE-BASED EQUITY REIGNS GLOBALLY

Performance stock is the dominant form of equity in LTI packages in all markets and accounts for the largest share of LTI compensation everywhere. In Switzerland, 78% of companies use performance stock, which represents the lowest prevalence among the markets covered; nearly all (90% or above) companies grant performance stock to their CEOs. While time-based equity awards are common in the U.S., their use is significantly less prevalent in other countries, where they are often met with disfavor from investors and regulators. This pay practice continues to defy logic, as stock is a more shareholder-aligned vehicle of guaranteed pay than cash salary. Stock options are uncommon, especially among larger, more mature companies in all markets.



The U.S. demonstrates the greatest diversity of LTP mix, with the average pay comprised of 57% performance stock, 28% restricted stock, 13% stock options, and 1% LTI cash. The least diverse LTP mix exists in South Africa where LTI packages are comprised of 100% performance stock.

The U.K., where 89% of companies grant performance stock and only 18% grant restricted stock, appears to be gravitating to a more diverse mix inclusive of time-based awards, with many firms recently adopting hybrid LTI schemes that blend performance-based and time-based awards. Influential proxy voting advisors such as Institutional Shareholder Services (ISS) and Glass Lewis have weighed in, proposing new policies to gauge investor acceptance of increased time-based award usage, even in the U.S. where majority performance-based LTIs have been the standard.

QUESTIONS FOR FURTHER EXPLORATION IN FULL REPORT

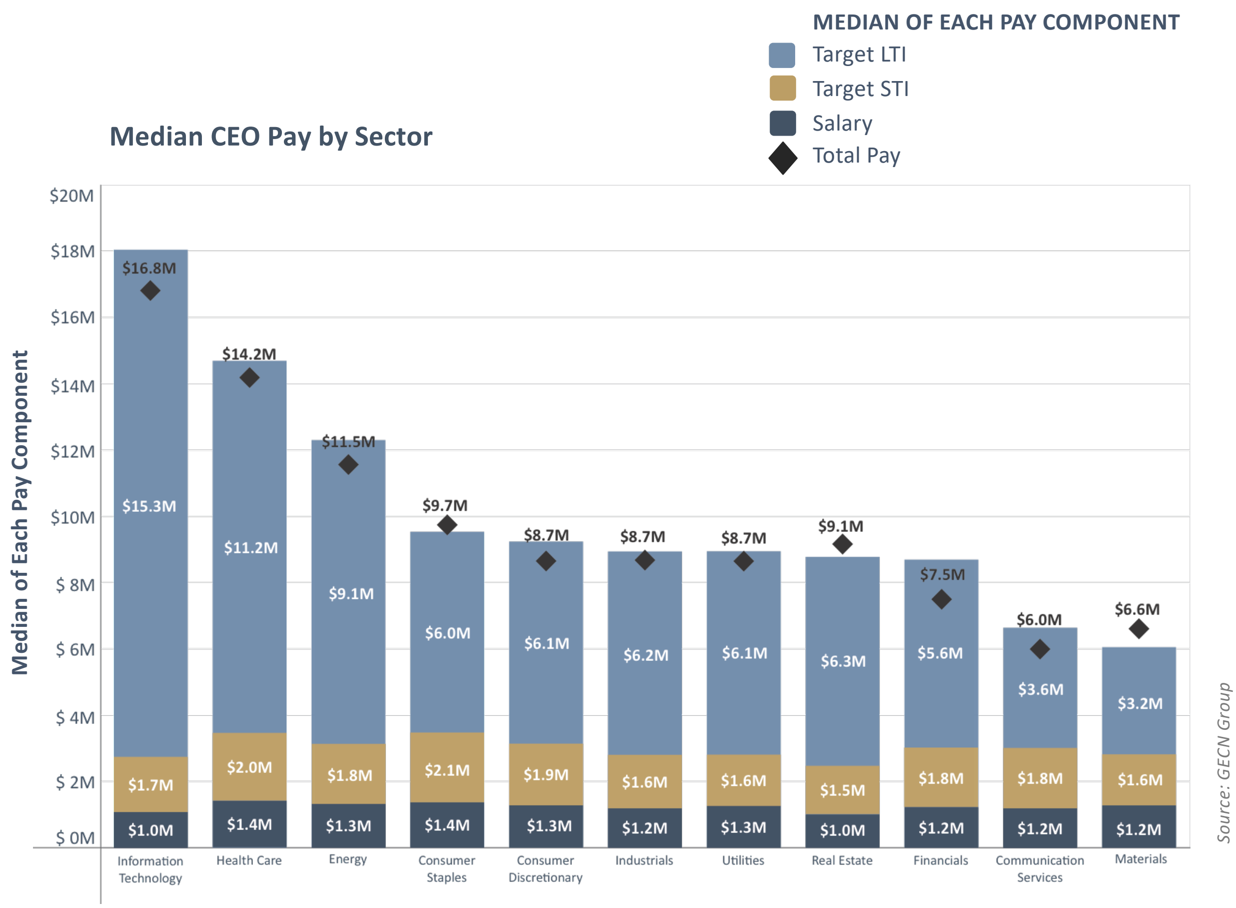
- How do these different pay structures influence pay decisions and company performance?
- Do executives care and look at the equity mix schemes in competitive markets when they make the decision to move across countries?
- How might the changing perspectives in the UK around RSUs impact talent competition vs. the U.S.?

TECH CEO'S TAKE HOME THE LARGEST PAY PACKAGES

CEO compensation levels and design differ by industry — companies globally benchmark their pay programs against sector-based peers, and the dynamics of each industry influences design choices, such as which financial performance measures (e.g., revenue vs. cash flow) to use in an incentive plan.

Information Technology stands out globally as the sector with the highest median CEO pay at $16.8 million, a trend driven by rapid growth, huge inflows of capital, a shortage of talent, and the prominence of U.S. tech companies. Health Care and Energy also rank among the top sectors for CEO compensation, with median CEO pay of $14.2 million and $11.5 million, respectively, reflecting their global reach and size.

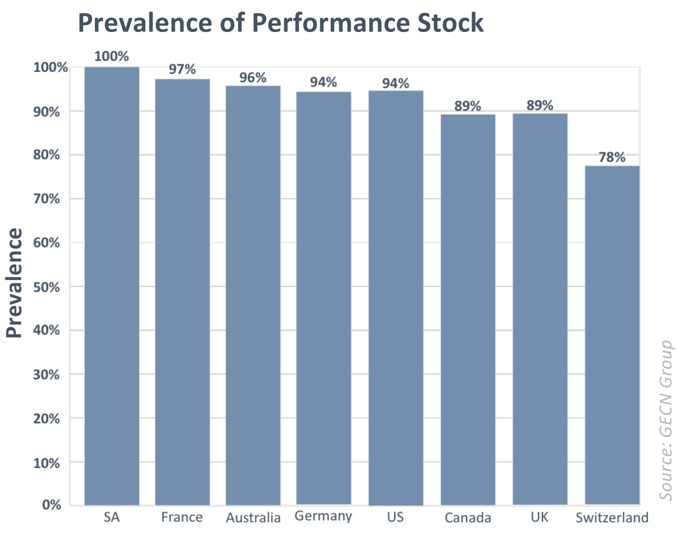
Tech companies often operate in fast-moving, highly competitive environments. A visionary CEO or executive can dramatically influence a company's trajectory — e.g., such as Satya Nadella at Microsoft or Jensen Huang at NVIDIA. Their decisions can lead to billions of dollars in market value, which boards and shareholders often use to justify high compensation. In contrast, Communication Services and Materials tend to have lower CEO pay, possibly due to a prevalence of more localized firms in these industries.

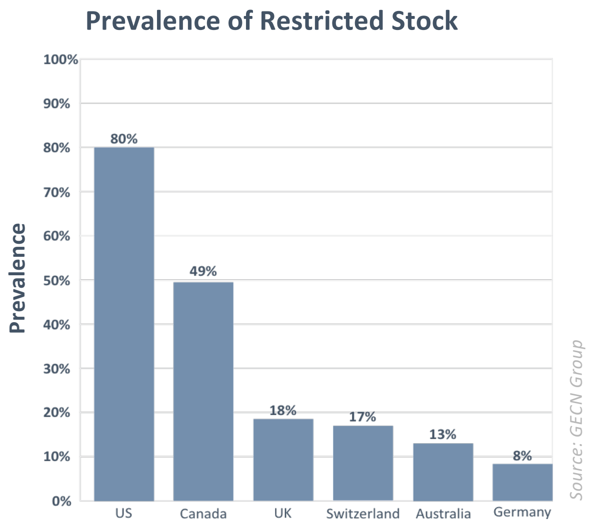


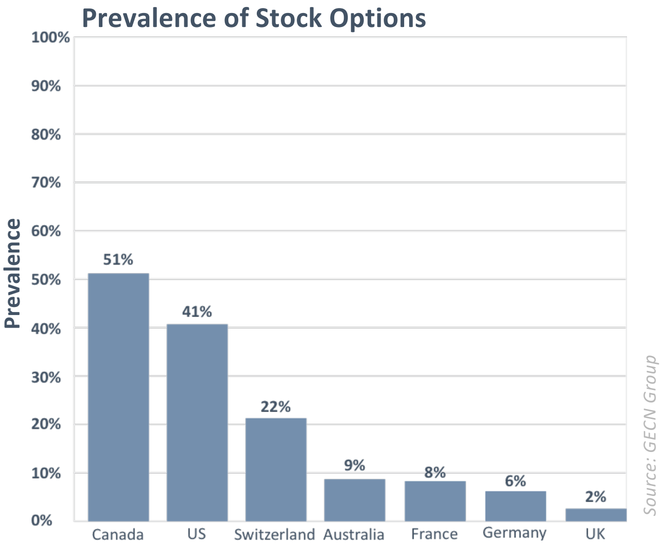
QUESTIONS FOR FURTHER EXPLORATION IN THE FULL REPORT

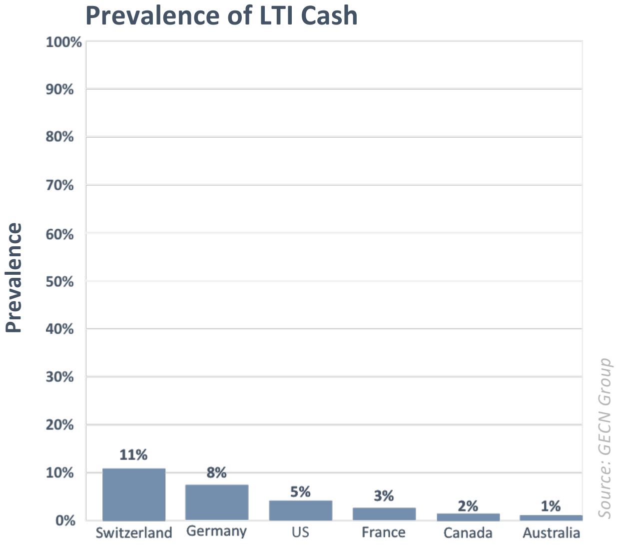
- How do these trends look when excluding the U.S. market? Are comparisons to U.S. pay levels more relevant for certain industries?
- Are regulated industries like financials or communication services tamping down pay? How does that impact cross-country talent competition?
- How does performance compare across these sectors?

THE ELEMENTS OF PAY BY COUNTRY









QUESTIONS FOR FURTHER EXPLORATION IN THE FULL REPORT

- How does actual performance compare across markets? Over short term vs. long term?
- How might the changing perspectives around RSUs in the U.K. impact talent competition vs. the U.S.?
- Will we see an increase in the use of time-based equity in non-U.S. markets? Or, conversely, a decline in the prevalence of time-based equity in the U.S.?

THE FUTURE OF GLOBAL CEO PAY

TALENT WILL BE WON BY THE HIGHEST BIDDER

This analysis of global CEO pay has uncovered some expected and unexpected trends:

- **U.S. pay levels continue to dominate:** U.S. CEOs continue to outpace their global peers in compensation, largely due to the scale and influence of American corporations and the competitive pressures in attracting top executive talent
- **Salary and incentive pay mix vary by region**: Chief executive pay mix and compensation structures vary significantly by region, with U.S. and Canadian CEOs receiving predominantly long-term incentive-based pay, European CEOs having a more balanced mix, and Australian packages emphasizing salary and pension contributions
- **Performance-based equity reigns globally:** Performance share units, which more closely align pay with company performance and thus shareholder interests, have become the primary vehicle for long-term CEO incentives globally and not just in the U.S or U.K.
- **Tech CEOs now take home the largest pay packages:** The Technology and Health Care sectors stand out for offering the highest executive pay packages, reflecting their global reach, rapid growth, the high impact of leadership decisions in these industries — and the impact of U.S. titans dominating sectors like tech

Ultimately, both micro and macro forces are shaping CEO pay practices. Evolving market dynamics, stakeholder activism, and regulatory interventions continue to influence how companies design executive pay plans and incentives. These differences are influencing trends in global capital flows and demand for top executives, forcing company boards to take a global perspective when seeking new talent and determining how and how much to pay them.

Questions and uncertainty abound. How will increasing demand for executive talent and the pull of capital across borders influence pay levels and executive moves? What does the future hold as companies respond to geopolitical, social, economic, and regulatory shifts on local, regional, and global levels?

The full GECN Group report on CEO pay, to be published in Q1 2026, will delve further into these details. The publication will provide deeper analysis, robust answers to the questions raised in this summary, and expanded insights into executive compensation practices, plan design, and talent issues in global markets.

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