in association with

high pay centre

CIPD

Championing better work and working lives

RESEARCH REPORT | *August 2020*

FTSE 100 CEO pay in 2019 and during the pandemic

The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

The High Pay Centre is an independent, non-partisan think tank focused on the causes and consequences of economic inequality, with a particular interest in top pay. It runs a programme of research, events and policy analysis involving business, trade unions, investors and civil society focused on achieving an approach to pay practices that enjoys the confidence of all stakeholders.

1 2 3 4 5 6 7 8 9 10 11

Research report

FTSE 100 CEO pay in 2019 and during the pandemic

Contents

Acknowledgements

This report was written by Louisa Shand, Governance and Risk Adviser, CIPD, and Rachel Kay and Luke Hildyard from the High Pay Centre.

We would like to thank the CIPD team who contributed to this research – Charles Cotton, Ben Willmott and Edward Houghton.

Publication information
When citing this report, please use the following citation:
CIPD. (2020) *FTSE 100 CEO pay in 2019 and during the pandemic*. London: Chartered Institute of Personnel and Development.

1
2
3
4
5
6
7
8
9
10
11

1 Foreword

The double whammy of a global health crisis and a lockdown of the world's economies has resulted in a deterioration in the financial wellbeing of UK workers. During this emergency, there has been widespread attention from the media and politicians about whether people are being paid enough for what they do, especially those carrying out essential and key tasks.

At the same time, there has also been a focus on workplace fairness and equality prompted by such factors as the Black Lives Matter campaign, gender pay gap disclosure and the publication of CEO pay ratios in large listed firms – all amplified through social media and websites where current and former employees can publicly rate firms for their employment practices.

With pay levels never before subject to such scrutiny, the time is ripe for organisations to justify their reward decisions and outcomes. Questions being asked include: why do chief executives deserve so much? Why can't workers share in the long-term incentive arrangements offered to senior employees? Should all workers, irrespective of grade, receive the same paid leave if they fall ill? Why can't large firms carry out a pay audit to check whether people doing similar jobs are paid similar wages, irrespective of such characteristics as ethnicity, gender or caring responsibilities? To what extent could pay currently accruing to top earners be used to support pay rises or protect jobs for lower earners?

That is why the CIPD and the High Pay Centre carry out an annual review of CEO pay across the FTSE 100 – to surface the issues and support our call for publicly listed firms to establish a formal people and culture committee in place of their remuneration committee (RemCo), or at least to broaden the remit of their RemCo to consider organisational culture, fairness and wider workforce reward policies rather than maintaining their narrow focus on pay for a small number of senior managers. By establishing such a committee, people issues become a board focus and impetus is created to ensure that people matters are regarded as highly as financial matters and customer experience. A broader focus would also be consistent with recent corporate governance reforms to ensure companies comply with the spirit of the requirements for directors in the Companies Act 2006, by having regard for the interests of all stakeholders (including workers, customers, suppliers and the wider community/environment) when carrying out their duties.

To help companies replace their remuneration committee with a formal people and culture committee, or at least broaden the remit of their RemCo, the CIPD and the High Pay Centre will be working together to develop guidance for companies and their RemCos.

In addition, we will also be furthering our research to support our call for FTSE 100 chief executive pay to be connected to how well they manage, develop and reward their employees. If people are a source of competitive value, as most companies assert, we would expect to see this reflected in CEO bonus and incentive plans, which currently are based overwhelmingly on financial metrics.

Furthermore, pay packages and performance targets provide effective insight into how boards view their responsibilities and priorities. In addition to generating profits and returns for shareholders, business leaders also have duties to their workers, their customers and the wider community. While the interests of these stakeholder groups can sometimes conflict with short-term profit maximisation, they can ensure that there is a stronger focus on what drives longer-term value creation. Where performance-related pay is applied, it should reflect this broader, more nuanced understanding of business performance.

Charles Cotton
CIPD Senior Adviser,
Performance and Reward

Luke Hildyard
Director, High Pay Centre

1
2
3
4
5
6
7
8
9
10
11

2 Our recommendations

- Companies should establish a people and culture committee in place of their remuneration committee (RemCo), or at least broaden the remit of their RemCo to consider organisational culture, diversity, environmental sustainability, investment in skills and wider workforce reward policies when making decisions on CEO and senior director pay. Evolving the role of the RemCo in this way would ensure people issues become more of a central board focus, and would be consistent with regulatory changes requiring directors to demonstrate regard for all their stakeholders.
- RemCos should ensure a greater proportion of CEO pay is linked to non-financial measures of performance, including, for example, measures on organisational culture, diversity, skills development and employee wellbeing. This will help ensure that CEOs are actively incentivised to consider the importance of the workforce to long-term performance when making decisions about investment in the business.
- Firms should link CEO reward packages to fewer, but more meaningful performance measures, such as how they manage their money, people, customers and the environment. Complex incentive plans can be just as confusing for CEOs as they are for shareholders. Smaller, simpler and more immediate bonuses could be both more motivational for CEOs and easier to understand for stakeholders.
- RemCos should ensure that the benefits that the CEO and other senior executives enjoy are fair in relationship to what the rest of the workforce receive, such as health benefits and pension contributions. The UK Corporate Governance Code states that *'the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce'*. However, our analysis shows that CEO pension contributions from employers are typically much higher than those paid to the wider workforce in the organisation.
- To ensure that stakeholders have confidence in pay practices and fair distribution of reward and incentivisation, the company's workforce should formally feed into the pay-setting process through a dedicated mechanism. This could be through a new consultation process established specifically for the purpose of setting executive pay, or via existing forums such as worker representation on the board or RemCo, works council meetings or discussions with trade unions.
- The Corporate Governance Code should be amended to require publicly limited companies to report on the ethnicity of their senior management teams and their direct reports. Under the current code, organisations only have to report on the gender of their senior management teams and direct reports.

3 Key findings

CEO pay responses during the COVID-19 pandemic

While the substantive review conducted for this report relates to CEO pay in 2019, the COVID-19 pandemic and economic shutdown have had an enormous impact across society and on organisations and must be acknowledged. The situation has forced companies to react and adjust. It has resulted in hardship for many, and in the context of widening inequalities, there has been an increased interest in the fairness of CEO pay awards, especially in comparison with what other staff are paid.

The High Pay Centre has monitored Regulatory News Service (RNS) announcements to the London Stock Exchange to estimate how many FTSE 100 companies have been making executive pay cuts as a result of the circumstances.[1]

1 2 3 4 5 6 7 8 9 10 11

As of 3 July 2020:

- Thirty-six firms have announced executive pay cuts.
- Measures range from temporary deferral to the reduction of salaries, as well as the cancellation of bonuses.
- Eleven firms have cancelled bonuses for executives, though in one case only cash bonuses have been scrapped.
- The most common reduction has been a 20% cut in executive directors' salaries and a 20% reduction in non-executive directors' fees.

CEO pay awards are particularly controversial where firms have drawn on government assistance, such as the Coronavirus Job Retention Scheme (JRS). The Bank of England has also offered more direct support to businesses via the Coronavirus Corporate Financing Facility (CCFF), which provides short-term loans to assist with disruptions to cash flow.

The High Pay Centre has found[2] that 19 companies in the current FTSE 100 cohort have taken advantage of the JRS and/or the CCFF. The mean CEO single figure pay for this group is £3.23 million.

CEO pay in 2019

Meanwhile, our review of FTSE 100 CEO reward for the financial year ending (FYE) 2019 shows:

- Both median and mean pay packages have dropped slightly since last year's report. Median pay is now at its lowest level since 2011 at £3.61 million.
- Fifty firms paid less to their CEOs in 2019 than in 2018, with the number of companies paying their CEOs more than £10 million dropping from eight to six.
- However, 49 companies paid more to their CEOs in 2019, with three firms paying their CEOs more than double than in 2018.
- The gap between the highest paid executives and the rest of the UK workforce has narrowed modestly since 2018. The median FTSE 100 CEO reward package is 119 times the median UK full-time worker salary of £30,353 and 145 times the median salary of all UK workers (£24,897).
- Women made up 7% of the FTSE 100 CEOs at FYE 2019, a slight increase from the previous year.
- Excluding Alison Rose, who served for the final two months of the Royal Bank of Scotland's FYE 2019, the six women who served as CEO for the duration of FYE 2019 earned 5.2% of the total pay, a modest improvement on last year when they received 4.2%.
- Mean pay of female CEOs is £4.02 million, lower than mean pay of male CEOs of £4.74 million.

The cohort of FTSE 100 companies for this FYE 2019 analysis was taken in June 2020 and last year's analysis for the FYE 2018 was taken in June 2019. There are nine companies in the FYE 2019 analysis that do not feature in the FYE 2018 analysis, and vice versa.

It should be noted that our analysis of CEO pay covers 99 of the FTSE 100 companies listed as at June 2020. Our analysis excludes Scottish Mortgage because it is an externally managed investment fund without a chief executive.

For more information, please see the section on **Our methodology**.

CEO median pay has decreased by 0.5%

- The median FTSE 100 CEO single figure pay is at its lowest since 2011, at £3.61 million.
- FYE 2019 median pay is 0.5% lower than that of median pay in FYE 2018[3] of £3.63 million. However, it is 4.4% higher than in FYE 2018 as calculated in last year's report before figures were amended.

1
2
3
4
5
6
7
8
9
10
11

CEO mean pay has decreased by 0.4%

In total, FTSE 100 CEOs received £465.89 million in the financial year ending 2019. If divided equally among the 99 chief executives covered by this report, the mean annual package is worth £4.71 million.

This represents a 0.4% reduction from the previous year, based on revised FYE 2018 pay figures stated in the FYE 2019 accounts, which gave a slightly higher mean figure of £4.72 million compared with the original £4.70 million reported in the FYE 2018 reports.

Tim Steiner was the highest paid FTSE 100 CEO

The highest paid CEO in FYE 2019 was Tim Steiner of Ocado, who received £58.73 million. This is 1,935 times the median salary of a full-time UK worker. At this rate, it would take an average full-time worker approximately eight years to earn what Tim Steiner could earn in one day.

However, a growth incentive plan (GIP) was largely responsible for the significant increase in Mr Steiner's total pay, which was £4 million in the previous year. The five-year performance period for the 2014 GIP awards expired on 8 May 2019 and was subject to a single performance condition: the share price growth of the company relative to the growth of the FTSE 100 Share Index over that same period. The GIP element of Mr Steiner's pay in 2019 was £54.12 million.

Some of the other biggest FTSE 100 pay climbers in 2019 include:

- Craig Hayman of AVEVA Group plc, whose total pay package of £7.35 million in the financial year ending in 2019 was roughly seven times the combined CEO pay package in FYE 2018
- Alison Brittain of Whitbread plc, whose total pay package more than doubled from £2.34 million in 2018 to £5.59 million in 2019
- Benoît Durteste of Intermediate Capital Group plc, whose pay package rose from £4.96 million in 2018 to £9.53 million in 2019.

Summary table of findings

Table 1 summarises the key findings from our analysis of FTSE 100 companies from the past four years. In almost all measures, the FYE 2019 pay figures for FTSE 100 companies are lower compared with the previous three years.

Table 1: Summary of findings from financial years ending 2016–19

Measure	FYE 2016 (revised)	FYE 2017 (revised)	FYE 2018 (revised)	FYE 2019
FTSE 100 companies as at June each year				
CEO median pay package	£3,623k	£3,970k	£3,630k	£3,613k
CEO mean pay package	£4,655k	£5,669k	£4,787k	£4,706k
CIPD calculation of pay ratios for all companies (CIPD's method of calculation)				
Median ratio of CEO pay to employee pay package	84:1	77:1	73:1	73:1
Mean ratio of CEO pay to employee pay package	130:1	144:1	116:1	110:1
Comparison of CEO pay with UK salaries (using revised CEO pay figures)				
Ratio of median CEO pay to median UK full-time worker	128:1	138:1	123:1	119:1
Ratio of median CEO pay to median UK full- and part-time worker	157:1	169:1	151:1	145:1
Ratio of mean CEO pay to mean UK full-time worker	135:1	159:1	131:1	126:1
Ratio of mean CEO pay to mean UK full- and part-time worker	165:1	194:1	161:1	154:1

1
2
3
4
5
6
7
8
9
10
11

Individual remuneration packages

Table 2 shows a list of the highest ten individual remuneration packages from FYE 2019 along with the calculated ratio of CEO single-figure pay to each company's mean staff package,[4] and the reported pay ratio where it has been disclosed.

Table 2: The ten highest-paid FTSE 100 CEOs in FYE 2019

Chief executive (2019)	Company	2019 pay	2019 calculated pay ratio	2019 reported pay ratio
Tim Steiner	Ocado	£58,727k	2,024:1	2,605:1
Pascal Soriot	AstraZeneca	£14,330k	200:1	190:1
Ivan Menezes	Diageo	£11,654k	225:1	199:1
Mark Cutifani	Anglo American	£11,255k	275:1	139:1
Bob Dudley	BP	£10,373k	105:1	188:1
Brian Cassin	Experian	£10,344k	156:1	n/a
Benoît Durteste	Intermediate Capital Group	£9,526k	22:1	63:1
Ben van Beurden	Royal Dutch Shell	£8,761k	75:1	87:1
Erik Engstrom	RELX	£8,681k	126:1	149:1
Emma Walmsley	GlaxoSmithKline	£8,369k	95:1	123:1
Mean of top ten		**£15,202k**	**330:1**	**416:1**

The mean of the top ten single figures this year is £15.20 million, 2% lower than that of last year's cohort, which was £15.49 million based on revised figures in the 2019 annual reports.

Shareholder votes

Seven FTSE 100 companies experienced 'significant' shareholder dissent over their 2019 pay award, with over 20% of the shareholder vote opposing the resolution to approve their remuneration report at the companies' AGMs. The companies in question were AVEVA, British American Tobacco, Ferguson, Homeserve, JD Sports, Kingfisher and Ocado.

Median CEO pay at these companies was £5.51 million – significantly higher than the median for the FTSE 100 as a whole. Our analysis has previously suggested that higher pay levels do correlate with higher shareholder dissent.[5]

No votes on 2019 pay awards were defeated, however, and this remains rare, with only one (advisory) vote on a 2018 FTSE 100 pay report being defeated last year. No binding votes on pay policy have been defeated at a FTSE 100 company since the binding votes were introduced in 2013.

Paying the Living Wage

Of this year's cohort of FTSE 100 companies, 40 are accredited with the Living Wage Foundation, slightly higher than last year's figure of 33 and 34 in 2017. Employers that are accredited pay both their directly employed staff and their contract workers an hourly rate of pay, which is independently determined every year to reflect the cost of living. Given the increased attention to the pay earned by low-waged essential and key workers during the COVID-19 pandemic and economic lockdown, we expect more FTSE 100 firms will want to become accredited Living Wage employers.

1
2
3
4
5
6
7
8
9
10
11

4 What happened to CEO pay during COVID-19?

The global pandemic and the resulting economic shutdown have brought increased public attention to how large firms distribute pay. As financial security for employees worsens, there has been an increased interest in the scale and structure of CEO pay awards, and questions raised regarding whether the pay rates for all the jobs that people do are fair.

In response to the moral pressure to demonstrate solidarity with workers and the economic pressure to make savings, several companies have taken measures to alter executive remuneration. To estimate how many FTSE 100 firms are making executive pay cuts of some kind as a result of the pandemic and the consequent economic downturn, the High Pay Centre has monitored Regulatory News Service (RNS) announcements to the London Stock Exchange.[6]

As of 3 July 2020, this analysis found that 36 companies had made cuts to CEO pay. The companies that have made pay cuts are, as is to be expected, predominantly in the sectors hit the hardest, such as retail, hospitality, construction and manufacturing, as well as banks and other financial services. The measures that have been taken range from temporary deferral of salaries (meaning that executives could still eventually be paid in full) to the reduction of salaries and the cancellation of bonuses.

Eleven FTSE 100 companies have cancelled bonuses for their chief executives, though in one case only cash bonuses have been scrapped, leaving open the possibility that bonuses could still be paid in shares.

The most common reduction has been a 20% cut to executive directors' salaries. Fourteen of the 36 companies have made this cut, which is often accompanied by a 20% decrease for the fees of non-executive directors. Given that most of the pay for CEOs is made up of performance-related remuneration (see Section 6 for more detail), a reduction of one-fifth in executive wages would appear insubstantial.

However, it is worth noting that performance-related pay is very often linked to company earnings or returns to shareholders. If these returns are significantly affected by the pandemic and the associated economic shutdown, this is likely to result in a fall in total pay. The combination of the CEO wage cuts undertaken by firms plus the economic impact of the pandemic suggests that executive remuneration could fall by the time we carry out our review of top pay in 2021.

High pay levels are particularly controversial in the case of companies that have drawn on government support. In response to the economic shutdown brought about by COVID-19, the UK Government offered assistance to companies through the Coronavirus Job Retention Scheme (JRS), which covers, up to a certain maximum, 80% of the wages of furloughed workers from March to August 2020, with more limited support available until October 2020.

Though payments are made to the workers of these employers, they also constitute a major subsidy for businesses in terms of savings on staff costs and potentially administrative costs relating to their own furlough processes or redundancy, training and recruitment procedures. The Bank of England has also offered more direct support to businesses via the Coronavirus Corporate Financing Facility (CCFF), which provides short-term loans to assist with disruptions to cash flow.

1
2
3
4
5
6
7
8
9
10
11

By examining RNS announcements and drawing on a prior survey of the FTSE 100,[7] the High Pay Centre estimates that 19 companies in the current FTSE 100 cohort have taken advantage of the JRS and/or the CCFF. However, of these 19, Bunzl and Taylor Wimpey have stated that they are now intending to repay furlough funds due to high revenues. Excluding Bunzl and Taylor Wimpey, the average 2019 CEO single-figure pay for the companies making use of government support is £3.27 million. Including these two companies, the average is £3.23 million.

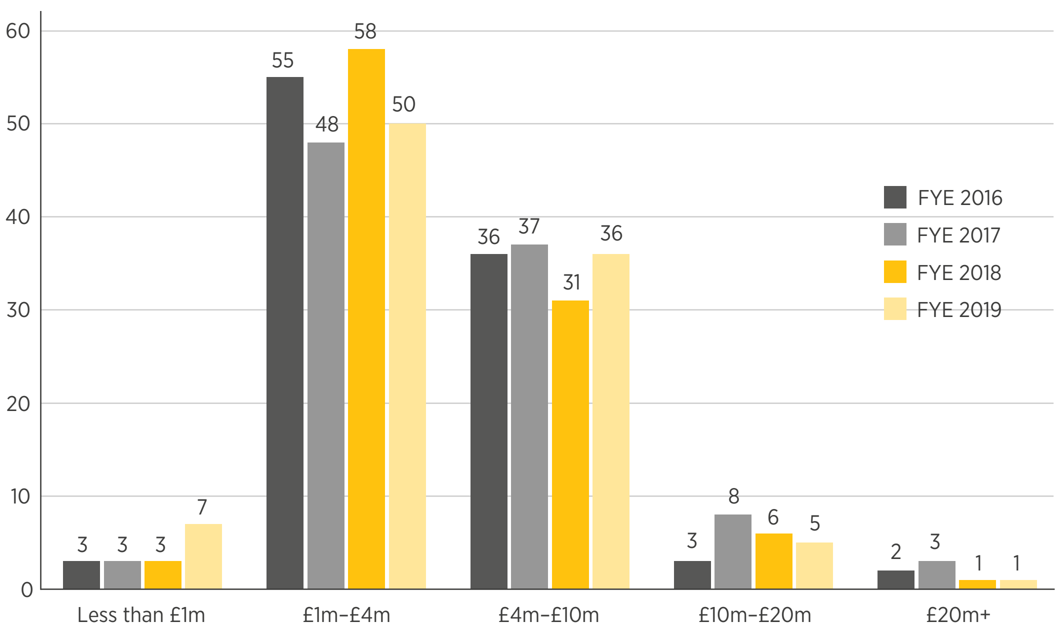
Most of the companies drawing on government support have also announced on RNS that they will be cutting executive pay. Those that have not – Burberry, International Airlines and Kingfisher – were reported in the media to be cutting pay.

5 What happened to CEO pay in 2019?

Distribution of CEO pay

Figure 1 shows that there has been a decrease in the number of CEOs whose single-figure pay is between £1 million and £4 million compared with last year. This means the overall range of remuneration packages is widening again to FYE 2017 levels, with 50 CEOs being paid between £1 million and £4 million compared with 58 last year, using revised 2018 figures from the FYE 2019 reports.

Figure 1: Distribution of CEO single-figure pay (%)



1 2 3 4 5 6 7 8 9 10 11

There is a small increase in the number of CEOs whose pay is above £4 million, from 38 CEOs in FYE 2018 to 42 CEOs in FYE 2019.

Exactly 49 FTSE 100 companies awarded their CEO a higher pay package compared with FYE 2018. The two largest increases in CEO pay were seen at Ocado (a rise of £55.41 million) and AVEVA Group (£6.26 million).

Some companies awarded significantly lower pay in FYE 2019 compared with FYE 2018, such as a reduction in pay of £38.97 million at Persimmon, a reduction in pay of £14.26 million at GVC Holdings, a reduction in pay of £9.01 million at Royal Dutch Shell and a reduction in pay of £8.78 million at Reckitt Benckiser Group.

In terms of pay increases, Table 3 shows the ten highest climbers in pay in absolute terms from 2018 to 2019, out of the current FTSE 100 cohort.

Table 3: Top ten FTSE 100 CEOs whose pay increased by the largest amount from 2018 to 2019

Chief executive	Company	2018 pay (revised)	2019 pay	2018–19 increase
Tim Steiner	Ocado	£3,317k	£58,727k	£55,410k
Craig Hayman*	AVEVA Group	£1,086k	£7,345k	£6,259k
Benoît Durteste	Intermediate Capital Group	£4,956k	£9,526k	£4,570k
Brian Cassin	Experian	£6,387k	£10,344k	£3,957k
Alison Brittain	Whitbread	£2,336k	£5,588k	£3,252k
David Sleath	SEGRO	£3,947k	£6,627k	£2,680k
Ivan Menezes	Diageo	£8,995k	£11,654k	£2,659k
Jes Staley	Barclays	£3,362k	£5,929k	£2,567k
Emma Walmsley	GlaxoSmithKline	£5,887k	£8,369k	£2,482k
Ross McEwan (10 months) and Alison Rose (2 months)	Royal Bank of Scotland	£3,578k	£5,467k	£1,889k

* Craig Hayman only served for six weeks during FYE 2018. The rest of the pay award in FYE 2018 went to James Kidd.

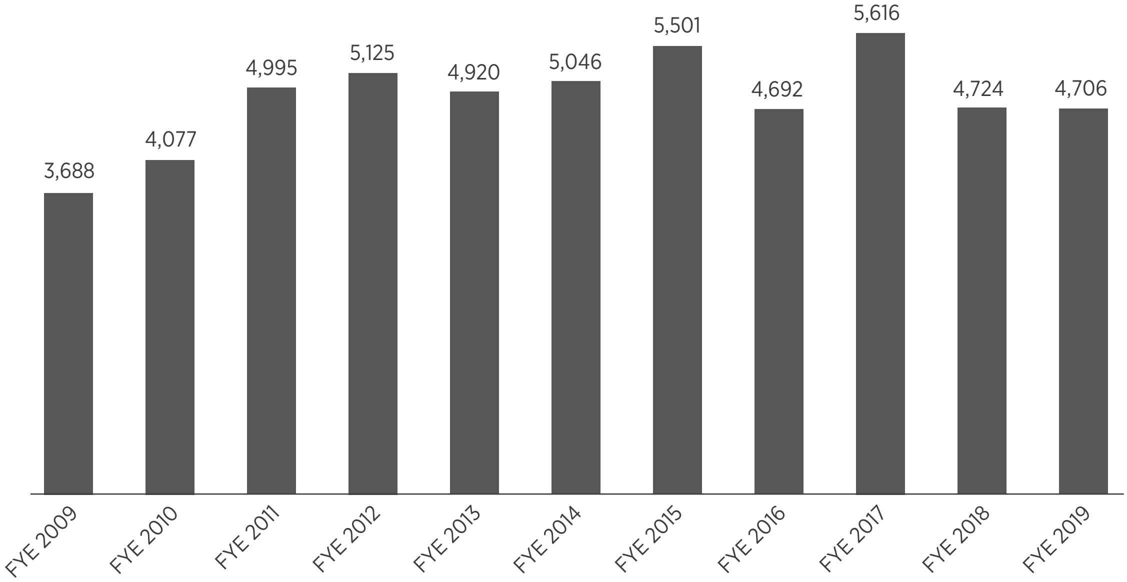
Historic single-figure pay trends

To understand longer-term trends in CEO pay, we recorded the single figures of companies that have been in the FTSE 100 during the past ten years, taking the June cohort each year and using data from each company's prior financial year.

Our dataset is complete from June 2014, but prior to that some companies did not report on single figures, so from June 2010 we had data from 50 companies reporting on their FYE 2009 and, from June 2011 to June 2014 (reporting on data from FYE 2010 to FYE 2013), we had data from between 89 and 98 companies in the FTSE 100. Mean pay of these companies since FYE 2013 has been around the £5.10 million mark, as can be seen in Figure 2.

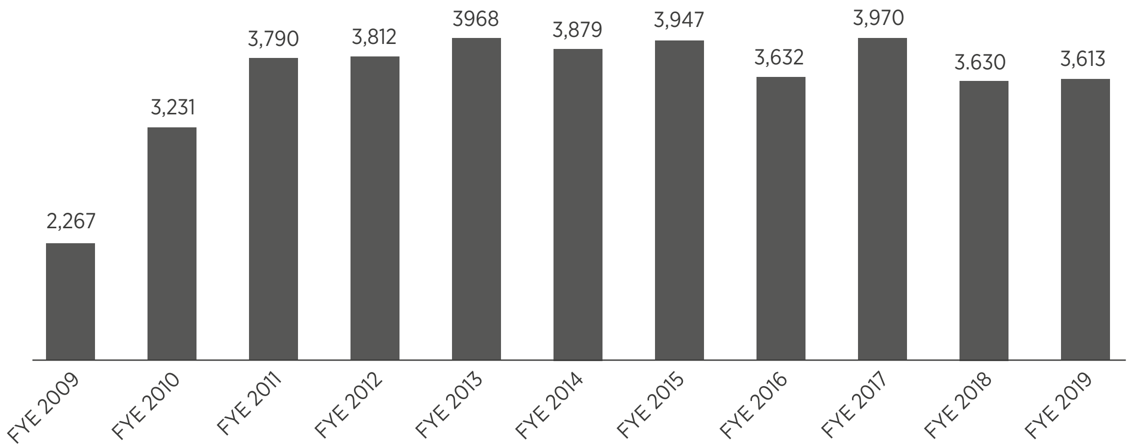
1
2
3
4
5
6
7
8
9
10
11

Figure 2: Mean single figure of all FTSE 100 company CEOs since 2009/10 (£'000)



Since FYE 2011, median pay of FTSE 100 companies has continued to oscillate around the £3.80 million mark and is at its lowest level this year since FYE 2011.

Figure 3: Historic median single figure of all FTSE 100 company CEOs (£'000)



Pay ratio reporting

Regulations introduced in 2018 now require UK-listed companies with more than 250 employees to report the pay ratio between their CEO and their median UK employees. However, because the regulations only apply to financial years beginning from 1 January 2019, many firms have not yet reported this ratio. Therefore, we have also continued to use the CIPD's method of calculating pay ratios, comparing the CEO's total remuneration package with the company's mean employee pay package.

As well as using a mean average, rather than median, our calculated ratios relate to the company's entire worldwide employee population, whereas the reported ratios cover full-time-equivalent UK employees only.

1
2
3
4
5
6
7
8
9
10
11

UK-listed reporting requirements

From 2020 onwards, the Companies (Miscellaneous Reporting) Regulations 2018 require all publicly listed companies with more than 250 UK employees to publish the ratio between the total remuneration of their CEOs and the full-time-equivalent remuneration of UK employees on the 25th, 50th (median) and 75th percentiles.

In other words, the firm must rank its UK employees from highest to lowest paid, identify the 25th, 50th and 75th highest remuneration, then compare this with the remuneration of its CEO. Companies can choose between three options for identifying this data:

- **Option A:** determine the total full-time-equivalent (FTE) remuneration for all the company's UK employees for the relevant financial year; rank those employees from low to high, based on their total remuneration; identify the employees whose remuneration places them at the 25th, 50th (median) and 75th percentile points.
- **Option B:** use existing gender pay gap report data to identify the employees at the 25th, 50th and 75th percentile.
- **Option C:** identify the employees at the 25th, 50th and 75th percentile using other existing pay data.

If an employer chooses Option A for calculating their pay ratio, total remuneration includes:

- all salary and fees
- all taxable benefits (gross value)
- any relevant performance-related pay or other assets
- pension-related benefits
- any other remuneration items.

These disclosure requirements apply to pay awarded for financial years beginning from 1 January 2019. Therefore, the first mandatory disclosures have started to appear in annual reports published in early 2020 for financial years ending on or after 31 December 2019.

See the CIPD's CEO Pay Ratio Reporting factsheet for more information.

In total, 70 companies disclosed their pay ratios for UK employees – 20 companies chose to report on their pay ratios voluntarily, ahead of the requirement to do so, while another 50 did so because they had a financial year that began on 1 January 2019 and ended on 31 December 2019. The rest did not report since they were not required to, either because of their financial year or because they employed fewer than 250 people. Last year, 43 of the FTSE 100 companies voluntarily disclosed their pay ratios.

Of these 70 companies, 44 companies (63%) calculated their pay ratios by applying the more accurate option A, 22 (31%) applied option B and four applied option C. The pay ratios are shown in Table 4, which also shows the pay ratios of the same 70 companies applying the CIPD's methodology, for comparison purposes.

1
2
3
4
5
6
7
8
9
10
11

Table 4: Summary of reported pay ratios from 2019 annual reports

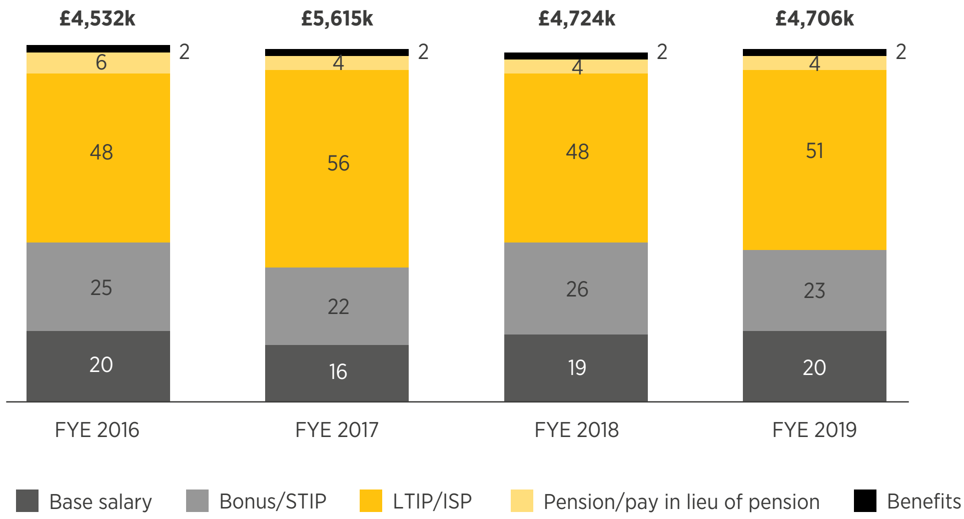
Number of companies reporting their pay ratio	70
Highest of the 70 reported pay ratios	2,605:1
Lowest of the 70 reported pay ratios	15:1
Mean of the 70 reported pay ratios	128:1
Median of the 70 reported pay ratios	84:1
Mean of the 70 companies' pay ratios using the CIPD's calculation, for comparison	110:1
Median of the 70 companies' pay ratios using the CIPD's calculation, for comparison	69:1

6 What makes up CEO pay packages?

The CEO single figure for remuneration consists of a base salary, bonus or short-term incentive plan (STIP), long-term incentive plan (LTIP), pension or pay in lieu of pension and benefits. It excludes National Insurance contributions, which are reported on for the whole company.

Most of the average (mean) CEO pay package continues to come from variable pay, with STIP and LTIP pay representing 76% of total FTSE 100 CEO pay. LTIPs represent 51% of total pay, by far the largest element. Figure 4 illustrates the proportion of components of FTSE 100 single-figure pay over the past four years. Note that these proportions are based on the original pay figures and not revised single-figure pay, but the total amount shown is based on revised figures.

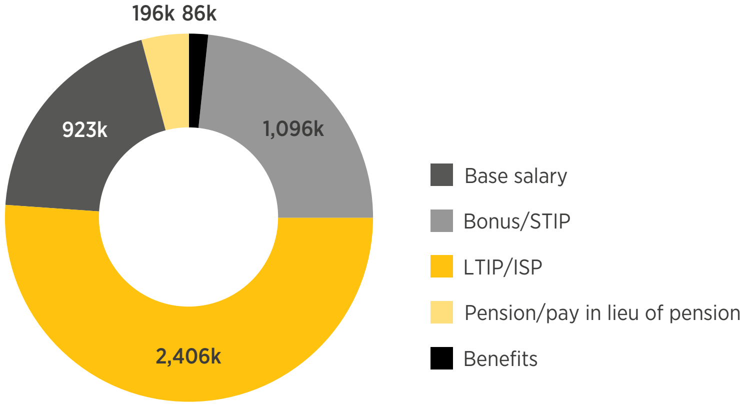
Figure 4: Year-on-year comparison of components of FTSE 100 single-figure pay (%)



Fixed pay covers salary, pension and benefits, and for every £10 received, typically around £2.40 is fixed pay. The rest is made up of variable STIPs and LTIPs.

Figure 5 shows the same breakdown of money awarded to FTSE 100 CEOs in 2019, but in absolute terms. It is important to note that the variable element of total pay has probably not been paid in full yet. The single-figure methodology counts remuneration that is paid or payable, and some of the CEO packages will include estimated pay from LTIPs that have yet to vest.

Figure 5: Mean components in FTSE 100 single-figure pay for FYE 2019 (£)



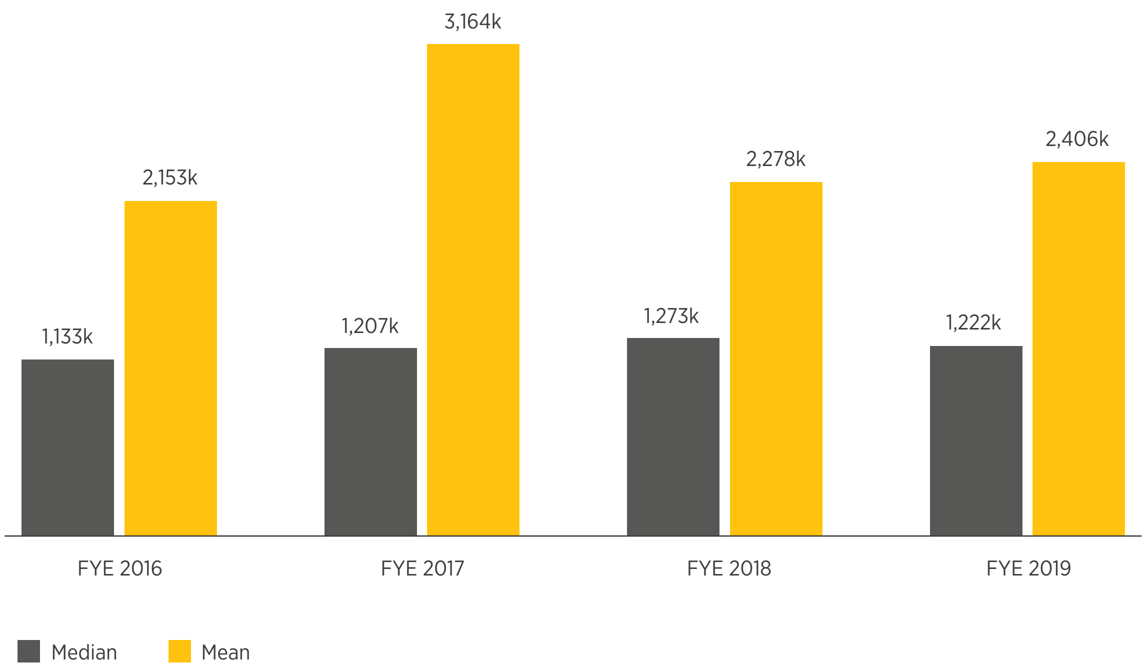
Long-term incentive plans (LTIPs)

An executive LTIP is a remuneration arrangement whereby an individual gets rewarded after a certain number of years, such as three years, for the achievement of a firm's long-term goals. LTIPs are the largest component of single-figure CEO pay, representing 51% of total pay, an increase compared with 48% last year. Among the FTSE 100, 81 companies paid an LTIP this year, compared with 83 in 2018.

The extensive use of LTIPs is surprising given the concern that they may not be appropriate in all circumstances. Behavioural economics[8] indicate that because of how these plans are designed in terms of the metrics used, or the form of the reward given, CEOs may not fully value them. Similarly, by focusing on financial measures, firms may be failing to recognise other drivers of performance, such as how people are managed, developed and rewarded, as well as how they treat their customers and the environment.

Figure 6 shows historic median and mean LTIPs paid to CEOs in the FTSE 100 over the past four years, using the single-figure data originally given rather than using single-figure data that has been revised the following year.

Figure 6: Historic median and mean LTIPs paid to FTSE 100 CEOs (£)



1
2
3
4
5
6
7
8
9
10
11

Short-term incentive plans (STIPs) or bonuses

Executive STIPs or bonuses are designed to reward executives for the achievement of short-term goals.

Just under a quarter (23%) of total FTSE 100 CEO pay comes in the form of a bonus or STIP, which is slightly lower compared with last year. Slightly fewer FTSE 100 companies awarded bonuses or STIPs in FYE 2019 (88) compared with in FYE 2018 (92), paying out a total of £108.48 million compared with £120.79 million in FYE 2018.

Pensions

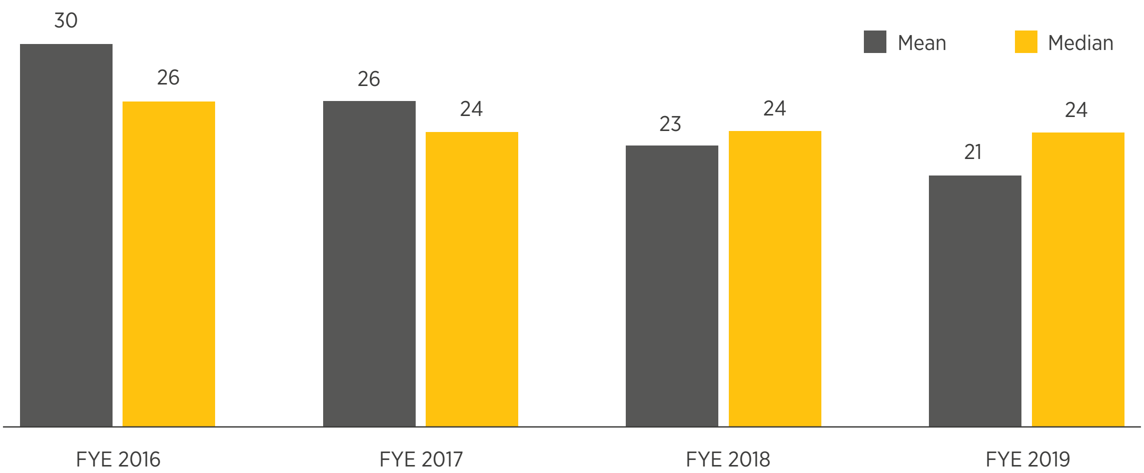
Our analysis finds that pension contributions, or payments in lieu of a pension contribution, represent just 4% of CEO pay, as they have for the previous two years. However, such payments have dropped in absolute terms from a total worth £23.85 million in FYE 2017 to £20.47 million in FYE 2018 and then to £19.36 million in FYE 2019. A total of seven CEOs received no pension contribution in FYE 2019 compared with six in FYE 2018 and five in FYE 2017.

In FYE 2019, the median pension contribution (or equivalent) given to a CEO is £189,000 and the mean is £195,583, suggesting a relatively even distribution of deferred pension pay. Both median and mean figures are lower than the figures recorded in FYE 2018, which were £202,000 and £206,804 respectively.

As seen in Figure 7, the median pension contribution as a percentage of base salary remains unchanged at 24% this year, as for the two previous years. However, mean pension contribution as a percentage of base salary has dropped steadily because of a reduction in the number of extremely large payments and an increase in the number of CEOs not receiving any types of pension benefits at all.

The fall in the mean probably reflects the warning from the Investment Association (the trade body that represents UK investment managers) that companies had to *'set a credible plan to pay all executive directors the same pension contributions as the majority of their workforce by the end of 2022 or risk further shareholder dissent'*. This followed changes in 2018 to the UK Corporate Governance Code and the Investment Association's Principles of Remuneration to align executive pension contributions with the workforce. Given that pension contributions for employees represent 7.2% of wages and salaries (see Figure 8), we would anticipate either further falls in pension contributions, and payments in lieu of a pension contribution for CEOs, and/or potentially an increase in the pension contributions that employers give to the rest of the workforce.

Figure 7: Pension contribution, or equivalent, as a proportion of FTSE 100 base salary (%)



1
2
3
4
5
6
7
8
9
10
11

Benefits

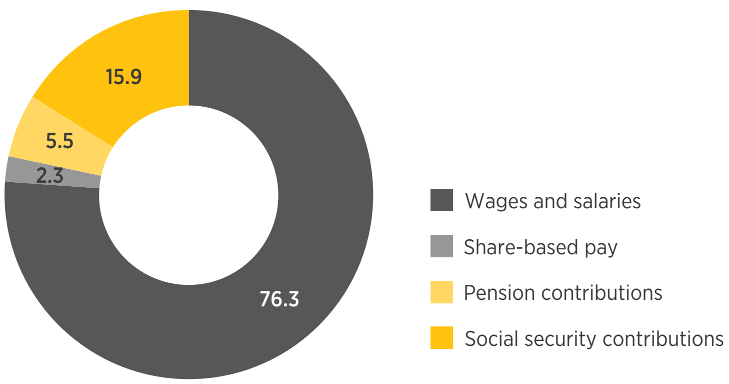
The value of the benefit package ranges from zero to £1.10 million, but the mean benefit package received by FTSE 100 CEOs in FYE 2019 is £86,810, slightly higher than that of FYE 2018, and the median benefits are £34,000, the same as for FYE 2018.

As with the previous two years, benefits represent 2% of total pay, the smallest piece of the CEO reward pie. They typically include items such as car allowance, health insurance, life insurance, financial advice and income protection, and sometimes include benefits such as security arrangements, private fuel allowance, a chauffeur, tax equalisation, the value of social security contributions, cost of living and foreign exchange rate adjustment, housing benefits, telephone costs and gym subsidies.

Breakdown of employee costs

Figure 8 gives a breakdown of what FTSE 100 firms spend on their employees in 2019. It shows that most expenditure relates to cash pay. By contrast, Figure 4 shows that just 19% of CEO remuneration is made up of base pay. The reason for this is because CEOs receive more variable pay compared with their workers. In addition to wages, employers also spend money on pension contributions and share-based pay for their workers.

Figure 8: Breakdown of all FTSE 100 employee pay, FYE 2019 (%)



7 Ethnic diversity

The Black Lives Matter protests across the world have raised awareness of the adversities – including a comparative lack of economic opportunity – facing black people in countries including the UK. As the senior roles at the UK's leading companies, executive posts at FTSE 100 companies are a good indicator of how successfully individual companies – and the UK economy as a whole – are maximising opportunities for people regardless of their background, and enabling all workers to fulfil their potential.

Presently, firms are not required to disclose the ethnicity of their senior management teams and their direct reports – as they must with gender – so it is not possible to map the level of under-representation of ethnic minorities from annual reports and accounts. But better awareness of the social, economic and cultural barriers that black people and other groups face in their professional lives mean that companies are likely to face continued scrutiny on this topic. Boards will need to demonstrate how they are addressing the ways in which gender, race, disability, sexual orientation and social class can affect pay levels and representation in senior roles at their organisation. We will continue to look at this subject in future years.

1
2
3
4
5
6
7
8
9
10
11

8 Conclusion

The small fall in median CEO pay in 2019, following another fall from the previous year, should be considered a positive development. Though there is no 'correct' level of executive pay, it is clear from public opinion surveys that there is wide scepticism about the need for very high levels of top pay. Given the economic inequality across the UK population, there is a view that reducing the gap between the top earners and everybody else can strengthen faith in business and the economic system more generally.

There are several possible reasons why both median and mean FTSE 100 CEO pay levels have not increased dramatically since 2011, but corporate governance reforms, increased transparency and heightened investor pressure have surely all played a part.

For example, the single-figure disclosures (introduced in 2013) on which this report is based and the new pay ratio reports that have appeared in annual reports for the first time in relation to 2019 pay awards, enable stakeholders to gain a better insight into executive pay levels and corporate pay practices. Initiatives undertaken by the Investment Association, the trade body for the UK investment industry, such as their public register of shareholder dissent or their campaign on CEO pensions, have undoubtedly exerted pressure to contain pay awards. If pay levels are being openly debated by all stakeholders and investors are scrutinising their investee companies more closely, we can be more confident that pay levels will become fairer and more proportionate.

Despite this, CEO pay remains very high. As the single-figure disclosures have been a regulatory requirement for less than a decade, it remains difficult to make longer-term comparisons, but other sources have, for example, estimated that mean FTSE 100 CEO pay was £1.23 million in 1999, 58 times the mean full-time UK worker.[9] Our calculations suggest that mean CEO pay is now 126 times the mean full-time worker in 2019 – a fall from a ratio of 131:1 the previous year, but still clearly high by historic standards.

Similarly, it remains questionable whether flaws we had identified with the pay-setting process have been fully addressed. The use of supposedly performance-related pay policies remains prevalent, but our findings show that 88 FTSE 100 companies paid a CEO bonus in 2019, down from an even higher 92 in 2018. Eighty-one companies paid an LTIP, down from 83 in 2018. When a 'bonus' is paid to almost everybody every year, it cannot really be called a bonus – and its value as a reward or incentive is greatly diminished. Guaranteed incentive pay-outs also suggest that boards may not be applying sufficient scrutiny of the impact of individual executives on company performance, as opposed to other factors such as the wider economic context or the contribution of the workforce as a whole.

Research by the CIPD and High Pay Centre[10] highlights the need for remuneration committees to be reformed so that they are informed by a broader range of expertise and have a wider remit to consider CEO pay in the context of the pay and performance of the workforce as a whole and the company's culture and diversity.

This shift would support recent corporate governance policy reforms incorporating greater worker voice into governance structures through worker directors, stakeholder committees or directors with responsibility for stakeholder relations. Both absolute and relative executive pay levels are of clear interest to stakeholders beyond the board, and many different stakeholder groups – particularly the company's workforce – can also feed in useful insights with regard to company performance and how to allocate rewards for success.

1 2 3 4 5 6 7 8 9 10 11

Limited corporate reporting of top pay beyond the board, or of pay distribution across companies' wider workforces (beyond the upper quartile, median and lower quartile thresholds for the pay distribution of the UK employee populations published as part of the pay ratio disclosures), make it difficult to say to what extent pay for top earners comes at the expense of those in the middle or at the bottom, or the potential to fund pay rises for others from executive pay reductions. But High Pay Centre analysis of the pay ratio figures does suggest there is clear potential in this respect. The analysis found that a 3% reduction to the upper quartile pay level recorded across the first FTSE 350 companies to report their pay ratios could fund a median pay rise of £2,000 for the lowest-earning quartile of employees in the same companies.

Given the economic uncertainty resulting from the COVID-19 pandemic, more equitable pay distribution is likely to become increasingly important to maintaining incomes and living standards – or more simply protecting jobs – in the likely absence of rising incomes for many companies. In this respect, the different approaches to executive pay taken by companies in the initial stages of the pandemic are of considerable interest. We expect these to show up in the pay figures for the 2021 iteration of this report, which will likely be lower than this year. In the face of rising unemployment, precarity and poverty, with many of the businesses covered by our analysis benefitting strongly from support provided by public funding, it remains to be seen whether the action taken on top pay will be deemed sufficient. Despite some recent promising signs in relation to corporate pay practices, the issues of top pay and economic inequality will continue to be a source of much debate for the foreseeable future.[11]

9 Our methodology

Summary of our approach

We focused our research on the top 100 FTSE companies as at June 2020 and analysed the information published in their annual reports for the financial year ending in 2019.

All our calculations are based on actual figures rather than rounded figures. However, we sometimes present the numbers in this report as rounded.

We excluded Scottish Mortgage from our analysis as it is an externally managed investment trust and not relevant to the study of CEO and employee pay as it has a different business model from normal trading companies and is obliged by regulation to have non-executive boards that are independent of the management. Our cross-company analysis of the FTSE 100 is therefore based on the remaining 99 firms.

Previous detailed analysis that we refer to in this report is based on the FTSE 100 list from June 2018, June 2017, March 2016 and May 2015, unless otherwise stated. Nine companies left the FTSE 100 list between June 2019 and June 2020. They were: Carnival, Centrica, Direct Line, EasyJet, Hiscox, Marks & Spencer Group, Micro Focus, NMC Health, and TUI Group. They were replaced by the following nine companies: Avast, AVEVA Group, GVC Holdings, Homeserve, Intermedia Capital Group, JD Sports, M&G, Pennon Group, and Polymetal International.

Where 2018 CEO pay has been restated in the 2019 accounts, we have used the restated figures based on FYE 2019 accounts. Out of the FTSE 100 companies in last year's cohort, 57 revised their 2018 single figure in the FYE 2019 accounts, though only 26 companies adjusted their single-figure calculation by more than 5% in either direction.

1 2 3 4 5 6 7 8 9 10 11

Where there has been a change of CEO during the financial year, we have added up the total remuneration awarded to both individuals that relates to their role as CEO, which in some cases may include one-off costs such as transfer costs and golden handshakes.

Averages (mean and median)
Both the mean and the median are single values that describe the middle or average value of a range of values. The mean is calculated by adding up all the numbers in a dataset and then dividing the result by how many numbers are in the dataset. To find the mean pay received by CEOs working in the FTSE 100, we have added all the CEO single figures together and then divided the total by the number of FTSE 100 CEOs in our sample (99 excluding Scottish Mortgage, as discussed).

The median is the numerical value that splits the top 50% of the population from the bottom 50%. To find the median, we have listed all the data in numerical order. If there is an odd number of values, our median is the number in the middle; if there is an even number of values, the median is the mean of the two central numbers.

Both the mean and median figures are useful in exploring the spread of remuneration enjoyed by FTSE 100 CEOs. If the mean and median single figures for remuneration were the same, this would indicate that there was no skew in how pay has been distributed. If the mean and the median are widely different, the dataset is skewed, either by the presence of very low earners (where the mean is below the median) or by a group of very high earners (where the mean is above the median).

Foreign exchange rates
All pay figures have been converted to sterling before making comparisons. We have applied weighted average exchange rates for the 12 months prior to each company's year-end. These are taken from government sources.[12]

Ratio analysis
When calculating the pay ratios, we have compared the CEO single figure with various employee or UK average pay packages.

The CEO single figure includes base pay, benefits, pensions, short-term bonuses or incentive plans and long-term incentive plans (LTIPs). The employee pay package includes wages and bonuses, pension costs and share-based pay but excludes social security costs.

When calculating the mean employee pay package, we have divided the total employee pay package by the 12-month average headcount (or full-time equivalent if average headcount is unavailable). We are aware that many firms will employ some part-time staff, which is not reflected in the headcount numbers. It would have been preferable to use the full-time-equivalent headcount in all cases to reflect any part-time workers, but this is not usually available. In some cases, the CEO may be based in a different country from some of their employees, but adjustments were not able to be made for different costs of living in the different countries because of insufficient available information.

Where pay ratios have been published by companies, they are based on median (and upper and lower quartile) pay and usually based on UK employees; this is why they are different from our pay ratio calculations, which are based on mean pay and the whole workforce, which can include non-UK staff, who may earn more, or less, than their British-based colleagues.

1
2
3
4
5
6
7
8
9
10
11

Comparison with UK average pay

When comparing CEO pay with UK employee averages, we sourced UK wage data from the ONS Annual Survey of Hours and Earnings (ASHE).[13] The ASHE is based on a 1% sample of employee jobs, drawn from HM Revenue and Customs Pay As You Earn records. The ASHE collects information on the levels, distribution and make-up of earnings and hours paid. Results are produced by gender and by various industrial, occupational and geographic breakdowns, as well as by public and private sectors and age groups.

The numbers we used from this source are as shown in Table 5.

Table 5: UK earnings data used in this report

Full-time UK worker comparison	2017 (revised)	2018 (revised)	2019
Median of UK full-time gross pay (£)	28,759	29,559	30,353
Mean of UK full-time gross pay (£)	35,398	36,593	37,428

UK all-worker comparison	2017 (revised)	2018 (revised)	2019
Median of UK all-worker gross pay (£)	23,484	24,003	24,897
Mean of UK all-worker gross pay (£)	29,002	29,817	30,629

10 Appendix

Table 7: Full list of FYE 2019 and FYE 2018 single figures (SF), by company

Chief executive (2019)	Company	Revised single figure FYE 2018	Δ	Single figure FYE 2019	Calculated pay ratio	Reported pay ratio
Simon Borrows	3i Group	£6,847k	↑	£7,877k	26:1	n/a
David Stevens	Admiral Group	£404k	↑	£414k	12:1	15:1
Mark Cutifani	Anglo American	£15,636k	↓	£11,255k	275:1	139:1
Iván Arriagada	Antofagasta	£1,874k	↑	£2,142k	38:1	n/a
Geoffrey Drabble	Ashtead Group	£5,144k	↑	£5,621k	100:1	224:1
George Weston	Associated British Foods	£3,843k	↑	£4,146k	233:1	238:1
Pascal Soriot	AstraZeneca	£12,868k	↑	£14,330k	200:1	190:1
Trevor Mather	Auto Trader Group	£2,929k	↓	£1,910k	30:1	42:1
Vincent Steckler (6 months) then Ondrej Vlcek	Avast	£5,593k	↓	£5,390k	77:1	n/a
Craig Hayman*	AVEVA Group	£1,086k	↑	£7,345k	92:1	118:1
Maurice Tulloch (10 months)	Aviva	£1,836k	↑	£3,001k	53:1	63:1
Charles Woodburn	BAE Systems	£2,416k	↑	£3,934k	58:1	72:1
Jes Staley	Barclays	£3,362k	↑	£5,929k	93:1	140:1
David Thomas	Barratt Developments	£2,720k	↑	£3,613k	60:1	88:1
Rob Perrins	Berkeley Group	£7,806k	↑	£7,809k	94:1	109:1
Andrew Mackenzie	BHP Billiton	£3,461k	↓	£2,723k	25:1	n/a
Bob Dudley	BP	£11,374k	↓	£10,373k	105:1	188:1

Chief executive (2019)	Company	Revised single figure FYE 2018	Δ	Single figure FYE 2019	Calculated pay ratio	Reported pay ratio
Nicandro Durante (3 months) then Jack Bowles	British American Tobacco	£8,651k	↓	£6,536k	207:1	86:1
Chris Grigg	British Land Co	£2,279k	↓	£1,977k	9:1	27:1
Gavin Patterson (10 months) then Philip Jansen	BT Group	£2,307k	↑	£2,444k	53:1	59:1
Frank van Zanten	BUNZL	£2,829k	↓	£2,731k	66:1	110:1
Marco Gobbetti	Burberry Group	£7,421k	↓	£3,965k	86:1	127:1
Zoran Bogdanovic	Coca-Cola HBC	£3,274k	↓	£2,266k	86:1	29:1 (not UK)
Dominic Blakemore	Compass Group	£4,568k	↑	£4,659k	283:1	n/a
Albert Manifold	CRH	£7,262k	↑	£8,187k	167:1	207:1
Steve Foots	Croda International	£3,312k	↓	£1,800k	4:1	46:1
Donal Murphy	DCC	£4,357k	↓	£2,727k	67:1	86:1
Ivan Menezes	Diageo	£8,995k	↑	£11,654k	225:1	199:1
Alexander Frolov	EVRAZ	£4,022k	↓	£2,083k	155:1	n/a
Brian Cassin	Experian	£6,387k	↑	£10,344k	156:1	n/a
John Martin	Ferguson	£3,952k	↑	£5,512k	86:1	n/a
Peter Jackson	Flutter Entertainment	£1,664k	↑	£2,099k	45:1	89:1
Octavio Alvidrez	Fresnillo	£661k	↑	£912k	53:1	n/a
Emma Walmsley	GlaxoSmithKline	£5,887k	↑	£8,369k	95:1	123:1
Ivan Glasenberg	Glencore	£1,121k	↑	£1,178k	46:1	n/a
Kenneth Alexander	GVC Holdings	£19,100k	↓	£4,843k	200:1	229:1
Andrew Williams	Halma	£3,687k	↓	£3,448k	73:1	n/a
Chris Hill	Hargreaves Lansdown	£2,454k	↓	£648k	11:1	n/a
Sigurdur Olafsson	HIKMA	£3,923k	↓	£3,231k	75:1	n/a
Richard Harpin	Homeserve	£9,166k	↓	£4,749k	112:1	n/a
John Flint (8 months) then Noel Quinn	HSBC Holdings	£6,969k	↓	£4,899k	93:1	105:1
Alison Cooper	Imperial Brands	£3,893k	↓	£2,137k	74:1	37:1
Stephen Carter	Informa	£4,125k	↓	£3,725k	65:1	89:1
Keith Barr	Intercontinental Hotels	£3,143k	↑	£3,317k	76:1	119:1
Benoît Durteste	Intermediate Capital Group	£4,956k	↑	£9,526k	22:1	63:1
Willie Walsh	International Consolidated Airlines Group SA	£3,030k	↑	£3,198k	71:1	72:1
André Lacroix	Intertek	£6,316k	↓	£5,397k	207:1	164:1
Carolyn McCall	ITV	£3,695k	↑	£3,839k	56:1	80:1
Peter Cowgill	JD Sports	£2,303k	↑	£2,552k	198:1	n/a
Robert Macleod	Johnson Matthey	£2,013k	↑	£2,784k	62:1	n/a
Jitse Groen	Just Eat	£585k	↑	£720k	19:1	16:1
Veronique Laury	Kingfisher	£1,583k	↑	£1,771k	94:1	97:1
Robert Noel	Land Securities Group	£1,693k	↓	£1,624k	17:1	25:1
Nigel Wilson	Legal & General Group	£3,398k	↑	£4,592k	52:1	112:1

1
2
3
4
5
6
7
8
9
10
11

Chief executive (2019)	Company	Revised single figure FYE 2018	Δ	Single figure FYE 2019	Calculated pay ratio	Reported pay ratio
António Horta-Osório	Lloyds Group	£6,544k	↓	£4,727k	96:1	128:1
David Schwimmer	London Stock Exchange Group	£2,153k	↑	£2,456k	25:1	21:1
John Foley	M&G plc	£3,796k	↓	£3,737k	58:1	58:1
Simon Peckham	Melrose Industries	£1,049k	↓	£976k	22:1	24:1
Peter Oswald	MONDI	£3,897k	↓	£3,342k	110:1	98:1
David Potts	Morrison (WM) Supermarkets	£5,957k	↓	£4,609k	270:1	n/a
John Pettigrew	National Grid	£3,648k	↑	£4,562k	45:1	76:1
Lord Simon Wolfson	Next	£1,153k	↑	£1,327k	92:1	n/a
Tim Steiner	Ocado	£3,317k	↑	£58,727k	2,024:1	2,605:1
John Fallon	Pearson	£3,094k	↓	£1,857k	31:1	47:1
Chris Loughlin	Pennon Group	£1,153k	↑	£1,408k	35:1	n/a
Dave Jenkinson	Persimmon	£38,967k	↓	£673k	17:1	20:1
Clive Bannister	Phoenix Group	£2,567k	↑	£2,976k	43:1	62:1
Vitaly Nesis	Polymetal International	£764k	↓	£722k	33:1	40 (not UK)
Mike Wells	Prudential	£7,571k	↓	£6,719k	105:1	67:1
Rakesh Kapoor (8 months) then Laxman Narasimhan	Reckitt Benckiser Group	£14,314k	↓	£5,536k	143:1	120:1
Erik Engstrom	RELX	£9,141k	↓	£8,681k	126:1	149:1
Andy Ransom	Rentokil International	£4,962k	↓	£4,558k	165:1	173:1
Peter Brooks-Johnson	Rightmove	£1,490k	↑	£2,156k	35:1	45:1
Jean-Sébastien Jacques	Rio Tinto Group	£4,551k	↑	£5,796k	77:1	66:1
Warren East	Rolls-Royce Holdings	£4,075k	↓	£3,159k	47:1	56:1
Ross McEwan (10 months) then Alison Rose	Royal Bank of Scotland	£3,578k	↑	£5,467k	113:1	118:1
Ben van Beurden	Royal Dutch Shell	£17,771k	↓	£8,761k	75:1	87:1
Stephen Hester	RSA INSURANCE	£3,996k	↑	£4,060k	79:1	120:1
Steve Hare	Sage Group	£1,788k	↑	£2,515k	38:1	62:1
Mike Coupe	Sainsbury (J)	£3,630k	↑	£3,881k	234:1	n/a
Peter Harrison	Schroders	£6,735k	↓	£6,483k	39:1	72:1
n/a	Scottish Mortgage	n/a	↓	n/a	n/a	n/a
David Sleath	SEGRO	£3,947k	↑	£6,627k	42:1	70:1
Liv Garfield	Severn Trent	£2,424k	↓	£2,395k	54:1	n/a
Namal Nawana (10 months) then Roland Diggelmann	Smith & Nephew	£3,928k	↓	£3,727k	56:1	81:1
Miles Roberts	SMITH(DS)	£4,220k	↓	£3,017k	78:1	89:1
Andy Reynolds Smith	Smiths Group	£3,251k	↑	£4,130k	96:1	97:1
Tony Smurfit	Smurfit Kappa	£2,976k	↑	£3,227k	97:1	68:1 (not UK)

1
2
3
4
5
6
7
8
9
10
11

Chief executive (2019)	Company	Revised single figure FYE 2018	Δ	Single figure FYE 2019	Calculated pay ratio	Reported pay ratio
Nicholas Anderson	Spirax-Sarco	£2,323k	↑	£2,788k	59:1	74:1
Alistair Phillips-Davies	SSE	£2,719k	↓	£1,656k	56:1	n/a
Andrew Croft	St James's Place	£1,867k	↓	£1,554k	23:1	28:1
Bill Winters	Standard Chartered	£6,287k	↓	£5,932k	105:1	46:1
Keith Skeoch and Martin Gilbert as co-CEOs	Standard Life Aberdeen	£2,178k	↓	£1,472k	15:1	23:1
Pete Redfern	Taylor Wimpey	£3,272k	↓	£3,023k	61:1	73:1
Dave Lewis	Tesco	£5,113k	↓	£4,600k	306:1	n/a
Alan Jope	Unilever	£10,347k	↓	£4,303k	128:1	69:1
Steve Mogford	United Utilities Group	£2,167k	↑	£2,269k	43:1	n/a
Vittorio Colao	Vodafone Group	£7,389k	↓	£2,864k	69:1	n/a
Alison Brittain	Whitbread	£2,336k	↑	£5,588k	360:1	n/a
Mark Read	WPP	£4,050k	↓	£2,594k	66:1	55:1

* Craig Hayman only served for six weeks during FYE 2018. The rest of the pay award in FYE 2018 went to James Kidd.

11 Notes

1 Our analysis focuses on RNS statements only – there are a number of other companies where pay reductions have been reported in the media who are not included in the figures. Anecdotally, some cases of CEO pay reductions have been reported but not announced to the stock exchange appear to involve voluntary charitable donations by the individual executive.

2 High Pay Centre. (2020) *How are listed companies responding to the economic shutdown?* London: High Pay Centre.

3 Using amended figures from the FYE 2019 annual reports.

4 This figure includes all employee wages and bonuses, pension costs and share-based pay but excludes social security costs. When calculating the mean employee pay package, we divided the total employee pay package by the 12-month average headcount (or full-time equivalent if average headcount is unavailable).

5 CIPD and High Pay Centre. (2019) *Executive pay in the FTSE 100: is everyone getting a fair slice of the cake?* London: Chartered Institute of Personnel and Development, p19.

6 Our analysis focuses on RNS statements only – there are a number of other companies where pay reductions have been reported in the media that are not included in the figures. Anecdotally, some cases of CEO pay reductions that have been reported but not announced to the stock exchange appear to involve voluntary charitable donations by the individual executive.

7 High Pay Centre. (2020) *How are listed companies responding to the economic shutdown?* London: High Pay Centre.

1
2
3
4
5
6
7
8
9
10
11

8 CIPD. (2014) *Executive reward: a review of the drivers and consequences*. London: Chartered Institute of Personnel and Development; CIPD. (2016) *The power and pitfalls of executive reward: a behavioural perspective*. London: Chartered Institute of Personnel and Development.

9 MM&K. (2012) *MM&K Manifest executive director total remuneration survey*. London: MM&K, p78.

10 CIPD and High Pay Centre. (2019) *RemCo reform: governing successful organisations that benefit everyone*. London: Chartered Institute of Personnel and Development.

11 High Pay Centre. (2020) *Re-thinking reward: analysis of 2020 pay ratio disclosures.* London: High Pay Centre, p6.

12 HMRC exchange rates for 2019: monthly.

13 Office for National Statistics. Earnings and hours worked, all employees: ASHE Table 1.

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

Incorporated by Royal Charter
Registered as a charity in England and Wales (1079797)
Scotland (SC045154) and Ireland (20100827)

Issued: August 2020 Reference: 8039