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## **FTSE-100 NEDs receive inflation busting 5.1% pay rises over the last year**

- Non-executive chairmen receive 6.7% rises
- Banks lead on high pay for chairmen (tables below)
- 14.6% boost for remuneration committee chair fee

The average basic fee for non-executive directors (NEDs) in the FTSE-100 has risen by 5.1% over the last year to £58,595, reveals Incomes Data Services' (IDS) most recent non-executive director fees review<sup>1</sup>.

Meanwhile, the non-executive chairmen of FTSE-100 companies received average pay increases of 6.7% boosting their average fees to £334,463.

The rises are the latest in a line of inflation busting pay increases for NEDs. The 5.1% average basic pay rises for NEDs was more than double the going rate of inflation during the period.

Comments Nasreen Rahman, Principal Researcher of Executive Compensation Review, at IDS: "These pay rises come in a year when many workers have had their pay frozen."

"Shareholders have been promised for years that increased NED fees are part of the process of building a more robust corporate governance regime where NEDs devote more time to the job. However, shareholders might soon be tempted to start asking whether these pay rises are really delivering better governance and better shareholder returns."

"The recommendations in the Walker review mean that being a NED in the financial services sector is likely to require greater time commitments than in the past, particularly in banking and financial institutions. It will be interesting to see if there is an increase in NED remuneration in response to this."

### **Banks lead on chairman fees**

IDS' research also found that banks still lead the way in fees for chairmen in the FTSE-100, with the chairmen of Barclays and Royal Bank of Scotland in joint first place, receiving £750,000 each.

Royal Dutch Shell has the highest paid NEDs at £111,550 a year and also the third highest paid chairman.

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<sup>1</sup> Covering financial year ends from March 2008 to September 2009

Nasreen Rahman comments: “Banks have been under a lot of public and political pressure to show restraint in their remuneration packages, but these results show that chairmen have remained top of the pay tree in 2009.”

### Top 10 chairman fees

	Company	Chairman basic fee £pa
1	Barclays	750,000
2	Royal Bank of Scotland	750,000
3	Royal Dutch Shell	727,500*
4	Rio Tinto	693,000
5	British American Tobacco	620,000
6	Tesco	610,000
7	BP	600,000
8	Unilever	574,000*
9	Vodafone	560,000
10	GlaxoSmithKline	540,000

### Top 10 NED fees

	Company	NED basic fee £pa
1	Royal Dutch Shell	111,550 *
2	Vodafone	110,000
3	Eurasian Natural Resources	100,000
4	Experian	98,723*
5	Kazakhmys	84,000
6	BG	75,000
7	GlaxoSmithKline	75,000
8	BP	75,000
9	British American Tobacco	75,000
10	Man Group	75,000
(11)	Standard Chartered	75,000

\* converted from Euros using exchange rate at the end of the company’s financial year

### Higher fees for chairing committees

IDS’ report on NED pay also shows that there was significant growth in fees for chairing committees. Remuneration committee chairmen received an average fee increase of 14.6% with the average median fee running at £12,000 on top of their basic fees. Meanwhile, audit committee chairmen received slightly lower increases averaging 12.8% with an average median fee of £15,000.

Comments Nasreen Rahman: “Chairing an audit committee can bring an average 25.6% pay boost while just being a member of a committee can potentially boost a NED’s total remuneration by about 11%. This makes committee membership a hugely important part of NED remuneration. Committees are integral to good governance in leading companies and it’s only right that they should receive an adequate compensation, however, very large increases of this type are open to question.”

The report was published in the IDS Executive Compensation Review, February 2010

**ENDS**

**Note to editors:**

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