

### Summary of key findings

- The median FTSE 100 CEO was paid £4.19 million in 2023. This is the highest level of median pay on record, and is an increase of 2.2% on the median FTSE 100 CEO pay in 2022, which stood at £4.1 million.
- The median FTSE 100 CEO pay of £4.19 million is 120 times the median earnings of a UK full-time worker in 2023 (£34,963)[1]. This represents a slight decrease from 124:1 last year.
- Mean FTSE 100 CEO pay was likewise higher than the previous year, at £4.98 million, up from £4.44 million in 2022 – a 12.2% increase and the highest level since 2017.
- The highest paid FTSE 100 CEO received a total of £16.85 million, at AstraZeneca. This is 482 times the pay of the median UK full-time worker.
- Nine FTSE 100 CEOs were paid over £10 million in 2023, compared to just four in 2022.
- 93% of FTSE 100 companies paid their CEO a bonus in 2023, a decrease from 96% in 2022. However, the mean bonus payment increased from £1,407k in 2022 to £1,483k in 2023.
- 81% of FTSE 100 companies paid their CEO a Long Term Incentive Payment (LTIP), an increase on the 74% who did in 2022. The mean LTIP payment increased from £1,791k in 2022 to £2,058k in 2023.
- Across the FTSE 100 a total of £755m was spent on the pay of 222 executives.
- The median total spend on executive pay (including the CEOs and other executives) for FTSE 100 companies in 2023 was £6.43 million.
- In total, twelve female CEOs served for at least part of the year, with eight of those remaining at the end of the financial year. Just six companies had female leadership for the entire financial year, with their median pay amounting to £2.69 million.
- For companies who had a male CEO for the whole financial year, the median pay was £4.19 million – the same as the overall median pay for the FTSE 100.

## Introduction

This report analyses the pay of the FTSE 100 2023, as documented in the companies' own retrospective annual reports for the year.

The FTSE 100 remains an imperfect proxy for top pay across the UK in general. Many of the companies in the index are international operations with limited presence in this country beyond a listing on the London Stock Exchange.

Conversely, there are many major UK employers that are not included in the index, because they are either privately owned or listed by parent companies in other countries. In some respects, the listed companies attract the most analysis (and criticism) because they are subject to the most demanding disclosure requirements and thus data on their pay practices are obtainable.

Even at listed companies, there is very little clear, consistent data on pay for top earners beyond the executive team. This limits our understanding of intra-firm inequality, the total cost to businesses of highly-paid managers, the value that is generated in return for these costs and the 'opportunity cost' in terms of pay for other workers or investment in innovation and productivity.

It remains the High Pay Centre view that all large employers should be required to provide more information about the pay of their senior managers and that of their wider workforce, as well as their working practices more generally. It is somewhat surprising given the myriad of recent government and industry reporting initiatives and the growth of annual reports to over 200 pages in length that it is still very hard to find out who works for a large company (including indirectly employed workers) and what people throughout the organisation get paid.

Nonetheless, there are still considerable useful insights that disclosures on CEO pay provide. The FTSE 100 contains many of the UK's biggest private sector employers across a wide range of sectors, whose pay and employment practices as market leaders and reference points have a much wider impact. CEO pay awards over 100 times the annual earnings of a typical UK worker provide a useful illustration of what income inequality in the UK entails in practice.

Furthermore, executive pay levels and the gap between CEOs and ordinary workers is a consequence of economic policies and practices that were a choice rather than an inevitability –

- the weakening of trade unions;
- an adversarial rather than participatory approach to employment relations (the UK ranks 27th out of 29 European countries for worker participation in business decision making) [2];
- the cult of the superstar CEO as the key driver of business performance;
- the increased ownership of shareholdings in UK firms by overseas investors, particularly from the USA;

- The primacy of shareholders as the stakeholders in businesses whose interests should rank ahead of workers, suppliers, customers and others in board's decision-making;

Whether or not these developments have served businesses or the wider UK economy well remains open to debate. This report is intended to encourage and inform that debate, which has the potential to change incomes and living standards for the better.

## Methodology

Our research covers the FTSE 100 cohort as at June 2024 and analyses the information published in their annual reports for their financial year ending in 2023. Executive pay levels are published retrospectively, so the data for 2023 is the most recent available for a full year, however some companies with a non-calendar financial year have already published more recent pay awards than those used in the report, covering part of 2024.

We excluded FTSE 100 companies Scottish Mortgage Investment Trust, Foreign & Colonial Investment Trust and Pershing Square Holdings from our analysis as they are externally managed investment trusts and therefore not relevant to the study of CEO and employee pay.

Figures for total CEO pay are based on the 'single figure' disclosed in companies' annual reports, calculated according to a methodology prescribed by government regulation. In cases where there has been a change of CEO during the financial year, the figure reflects the total remuneration awarded to the two (or more) individuals in their role as CEO, including any one-off costs like transfer expenses and golden handshakes. However, in some cases where the CEOs held other roles within the company in 2023, the remuneration report lacks specific details regarding the size of pay components, such as bonuses and LTIPs, for the time they served as CEOs. Instead, the report accounts for their entire year of service on the board, making it challenging to calculate their precise pay components. Consequently, analysis of pay components is of 91 out of the 97 companies.

Where we have calculated the proportion of CEO pay made up of bonuses and LTIs, we have counted all instances in which a bonus or LTI was not paid as 0. This includes companies where a bonus or LTI scheme was not in place, as well as those where the minimum performance criteria to trigger a pay-out were not met, or where the bonus or LTI was waived on a discretionary basis.

Where 2022 CEO pay has been restated in the 2023 accounts, we have used the restated figures based on 2023 accounts. This explains why the figures for 2022 in this report differ slightly from those recorded in the equivalent report published last year.

In previous years the breakdown of CEO pay has included all employee share plans and other payments which do not fit within the other specified component categories under LTI. This year we have separated them and categorised them under "other". We have also adjusted 2022's figures accordingly, but in previous years these payments are included within the LTI category.

## **Averages (mean and median)**

Both the mean and the median are single values that describe the middle or average of a range of values. The mean is calculated by adding together all the values in a dataset and then dividing the result by the number of values in that dataset. To find the mean pay received by FTSE CEOs, we have added all of the CEO single figures together and then divided the total by the number of FTSE CEOs in our sample (97 excluding Scottish Mortgage, Foreign & Colonial Investment Trust and Pershing Square Holdings as discussed). The median is found by listing all the values in numerical order. If there is an odd number of values, the median is the number in the middle of the list; if there is an even number of values, the median is the mean of the two middle numbers. Both the mean and median figures are useful in exploring the distribution of single figure outcomes received by FTSE 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).

The median is generally the preferred measure of average earnings as it is less affected by outliers than the mean is.

## **Foreign exchange rates**

All pay figures have been converted to sterling before analysing the data. We have used the spot rates closest to each company's year-end. These are taken from government sources [3].

## Analysis of Executive Pay in 2023

### FTSE 100 CEO pay trends in 2023

The median FTSE 100 CEO took home £4.19 million in 2023. This is the highest level of median pay since on record, and is a 2.5% increase on the median FTSE 100 CEO pay in 2022, which stood at £4.1 million (revised)[4]. The rise in CEO pay can be attributed, at least in part, to the economic recovery and related growth experienced in 2021-2023 following the Covid-19 shutdowns in 2020, leading to strong incentive pay awards tied to profitability and share prices, as well as high levels of inflation which has resulted in growing levels of pay particularly in the private sector.

Meanwhile, the median income for full-time workers in the UK was £34,963, an increase of 6% from £33,000 in 2022 [5]. The pay ratio of the median FTSE 100 CEO to the median UK full-time worker has shrunk from 124:1 in 2022 to 120:1 in 2023.

Mean FTSE 100 CEO pay grew more substantially, at £4.98 million, up 12.2% from £4.44 million in 2022 and the highest level since 2017.

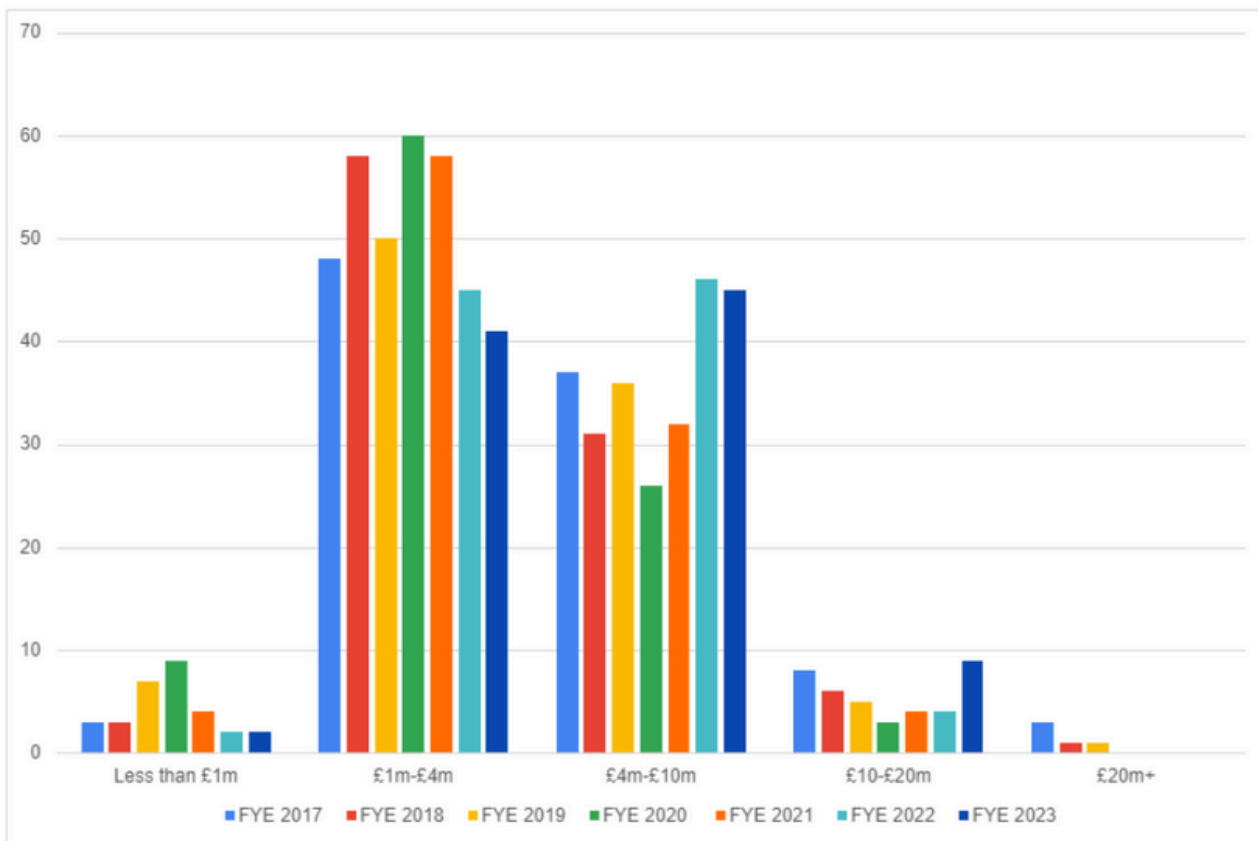
The highest paid FTSE 100 CEO received a total of £16.85 million, at AstraZeneca. This is 482 times the pay of the median UK full-time worker.

**Table 1: FTSE 100 companies with the highest CEO pay in 2023**

Company	CEO	Pay (£m)
AstraZeneca	Pascal Soriot	16.85
RELX	Erik Engstrom	13.64
Rolls Royce	Tufan Erginbilgic	13.61
BAE Systems	Charles Woodburn	13.45
GSK	Emma Walmsley	12.72
Pearson	Andy Bird	11.27
Diageo	Debra Crew/Ivan Menezes [6]	10.99
Prudential	Mark FitzPatrick/Anil Wadhvani [7]	10.85
HSBC	Noel Quinn	10.64
Reckitt	Kris Licht	8.88

As a result of the general increase in CEO pay this year, there are now slightly fewer CEOs being paid £0-4 million, down from 47 in 2022 to 43 in 2023. The most substantial change is in the increase of CEOs being paid over £10 million, up from four in 2022 to nine this year – the highest figure since 2017. This may reflect an emerging trend where the largest FTSE 100 companies follow the lead US counterparts in paying their CEOs ever higher amounts, while smaller FTSE 100 companies continue to pay comparatively “modest” sums. The small increase in median FTSE 100 CEO pay contrasted by the sharp rise in those earning over £10 million.

**Figure 1. Distribution of FTSE 100 CEO single figure pay (no. of CEOs)**



There were 54 companies (57%) that increased their CEO pay in 2023. This is slightly fewer than in 2022, when 57 companies (59%) increased CEO pay. The three largest absolute increases were at Rolls-Royce (an increase of £9.8 million), Reckitt (£5.8 million) and HSBC (£5.1 million).

41 companies (43%) awarded their CEO a lower pay package in 2023 than they did in 2022. This is a slight increase on the 38 companies (40%) who awarded their CEO a lower pay package in 2022 compared to 2021. Several companies awarded substantially lower pay in 2023 than they did in 2022: the greatest decreases were at British American Tobacco (a decrease of £4.5 million), M&G (£4.2 million), and BP (£3.2 million).

**Table 2: The 5 FTSE 100 companies with the highest absolute increases in CEO pay from 2022 to 2023**

Chief Executive	Company	2022 pay (revised) (£m)	2023 pay (£m)	2022-23 increase (£m)
Tufan Erginbilgic	Rolls-Royce	3,835	13,609	9,774
Kris Licht	Reckitt	3,036	8,879	5,843
Noel Quinn	HSBC	5,562	10,641	5,079
Erik Engstrom	RELX	8,597	13,639	5,042
Emma Walmsley	GSK	8,449	12,718	4,269

Of the 54 companies that paid their CEO more in 2023, the three largest percentage increases were at Rolls-Royce (an increase of 255%), Reckitt (192%) and Haleon (151%). Of the 42 companies that paid their CEO less in 2023, the greatest percentage decreases were at St. James Place (a decrease of 75%), Croda (68%) and Spirax-Sarco (63%).

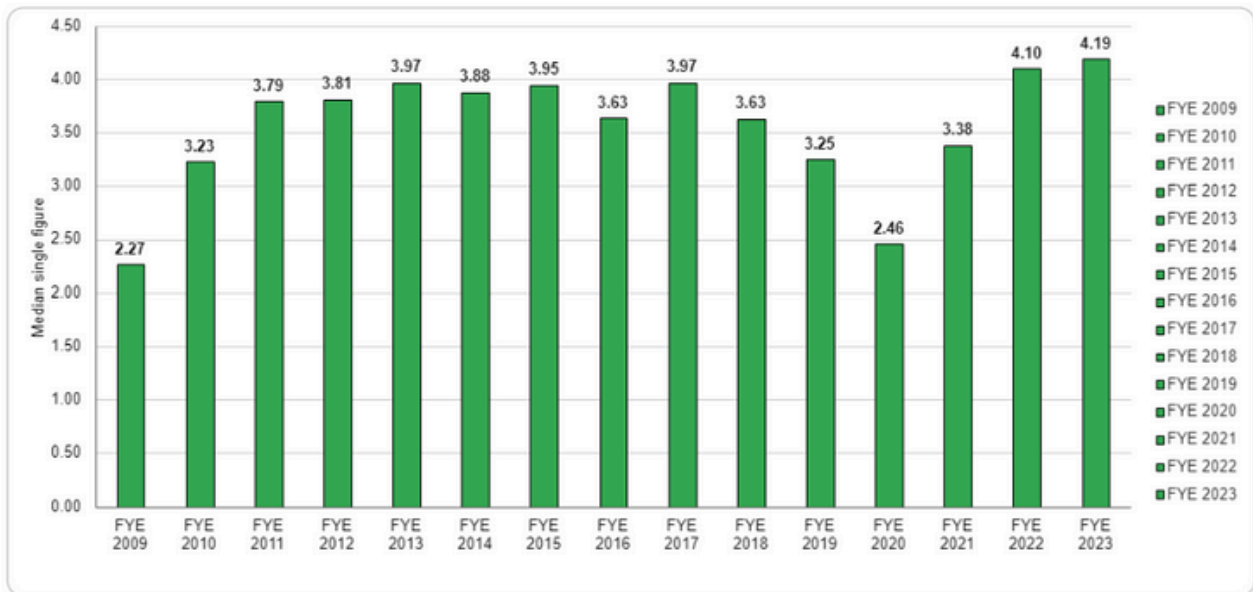
**Table 3: The 5 FTSE 100 companies with the biggest absolute increases in CEOs whose pay increased by the highest percentage from 2022 to 2023**

Chief Executive	Company	2022 pay (revised) (£m)	2023 pay (£m)	2022-23 percentage change
Tufan Erginbilgic	Rolls-Royce	3,835	13,609	255
Kris Licht	Reckitt	3,036	8,879	192
Brian Mcnamara	Haleon	2,294	5,763	151
Allison Britain/Dominic Paul	Whitbread	2,164	5,345	147
Adrian Cox	Beazley	1,507	3,636	141

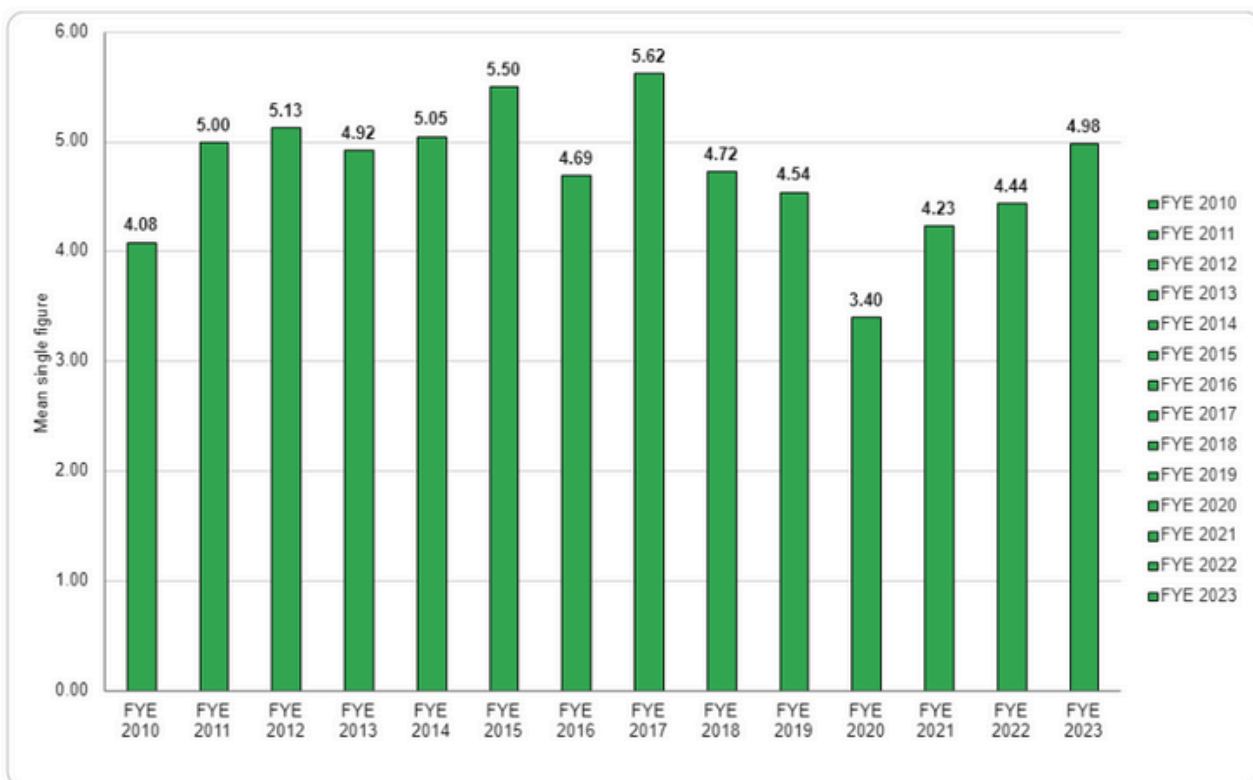


Figure 2 shows the trend in median CEO pay since 2009. The median for each year is taken from the June FTSE 100 cohort each year [8].

**Figure 2. Median single figure of FTSE 100 CEOs since 2009 (£m)**



**Figure 3. Mean single figure of FTSE 100 CEOs since 2009 (£000s)**



**Table 4: Relation of average CEO pay to average UK full-time worker, financial years 2018-23 [9]**

Measure	2018	2019	2020	2021	2022	2023
CEO median pay package	£3.63m	£3.25m	£2.46m	£3.38m	£4.10m	£4.19m
CEO mean pay package	£4.72m	£4.54m	£3.4m	£4.23m	£4.44m	£4.98m
Comparison of CEO pay with UK salaries						
Ratio of median CEO pay to median UK full-time worker	123:1	107:1	79:1	108:1	124:1	120:1
Ratio of mean CEO pay to mean UK full-time worker	131:1	121:1	88:1	111:1	111:1	118:1

## What makes up CEO pay?

A CEO pay package, as detailed in the 'single figure' disclosures, typically consists of a base salary, bonus or short-term incentive plan (STI) based on performance over the preceding year, long-term incentives (LTI) based on performance over a longer period, pension or pay in lieu of pension and benefits.

Base salary only represents 21% of total FTSE 100 CEO remuneration, on average. This is in contrast to the vast majority of UK workers, for whom the base salary is by far the largest component of total pay.

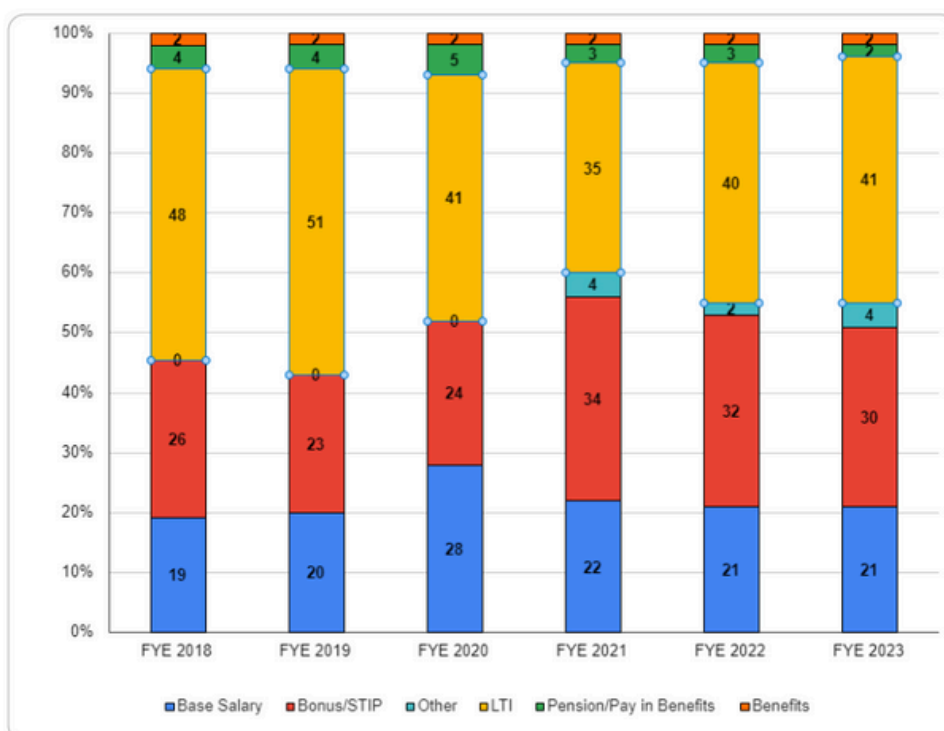
The majority of the total CEO pay package is made up of incentive pay, in the form of bonuses and LTIs. Together, these constituted 71% of total FTSE 100 CEO pay in 2023. This marks a slight decrease from the 2022 percentage of 72%.

The mean bonus payment increased from £1,407k in 2022 to £1,483k in 2023. 85 (93%) of companies paid their CEO an annual bonus in 2023. 91 (96%) of companies paid their CEO an annual bonus in 2022. Total bonuses came to £134.9 million, somewhat higher than £133.7 million in 2022, but lower than £136.7 million in 2021.

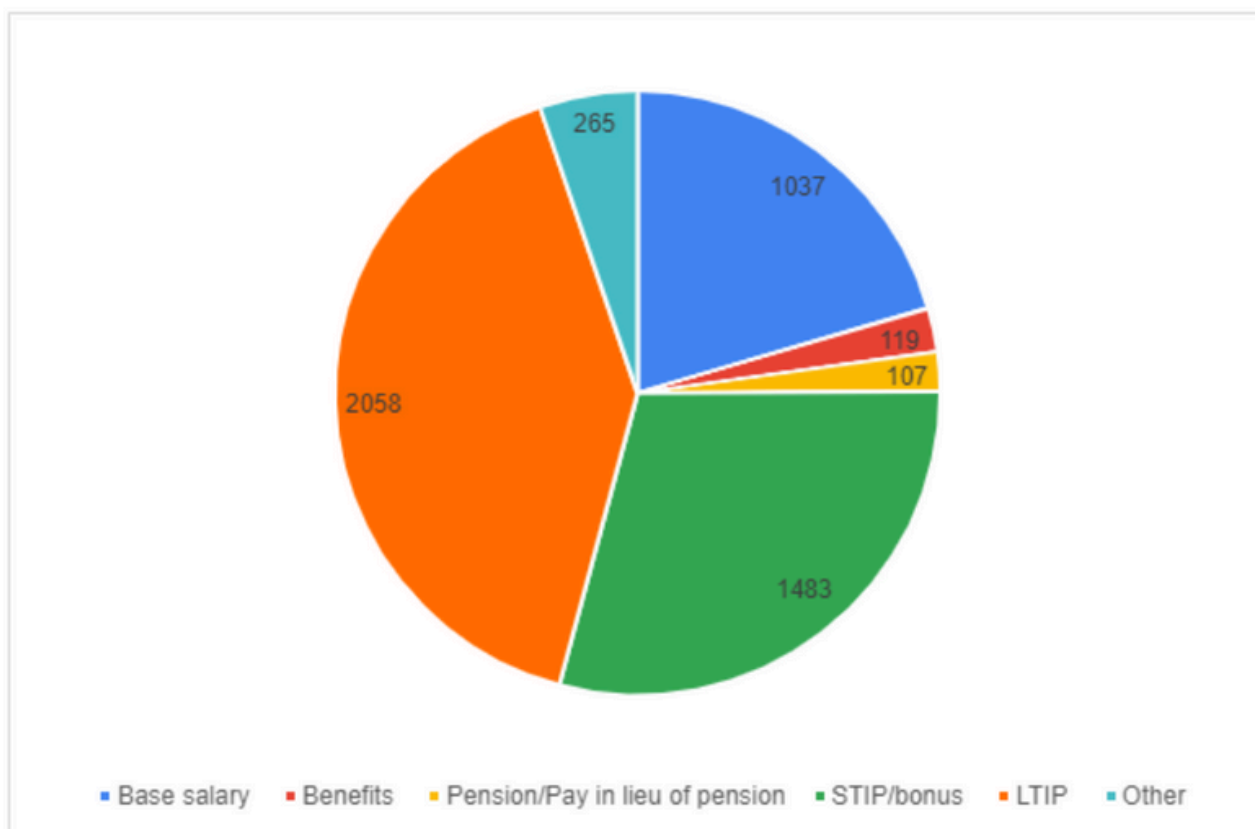
The mean LTIP payment increased from £1,791k in 2022 to £2,057k in 2023. 74 (81%) of FTSE 100 companies paid their CEO a Long Term Incentive Payment (LTIP), an increase on the 70 (74%) who did in 2022. The total sum of all LTIs paid increased to £188.6 million from £170.2 million in 2022 [10][11].

It is important to bear in mind that in the case of some 2022 CEO single figures, the variable element is an estimate, as it has not yet been paid in full.

**Figure 4. Mean year-on-year comparison of components of FTSE 100 single-figure pay (%) [12] [13]**



**Figure 5. Mean components in FTSE 100 single-figure pay for 2021 (£000)**



### **The pay of other executives**

While CEO pay gets the main focus of high pay at major companies, CEOs are not the only high-earning employees. Indeed, when pay for all top earners is taken into account, the total expenditure on pay for a relatively small number of individuals, and the potential 'opportunity cost' in terms of pay for the wider workforce, returns to shareholders or investment in the business becomes quite substantial.

Unfortunately, disclosure of pay for top earners beyond the CEO remains highly opaque and inconsistent. It is the High Pay Centre view that disclosure requirements for companies in this respect should be much more detailed. However, companies do report consistently on the pay of their other executives, which does begin to provide a little more insight on pay for top earners beyond the CEO even though these disclosures typically only cover two and very rarely more than three or four people.

In 2023 the total expenditure of FTSE 100 companies on their executives' pay package was £755.4m for 222 executive roles[14]- 55% more than the total spend on CEO pay. This marks an increase in total expenditure, from £725.08m on 218 executives in 2022.

**Table 5: FTSE 100 companies with the highest expenditure on executive pay in 2023**

Company	Pay (£m)	Index	Number of Executives
BAE Systems	24.29	100	3
Berkeley Group Holdings	24.22	100	6
Experian	23.99	100	3
Darktrace	20.92	250	2
GSK plc	19.73	100	3
Anglo American plc	19.62	100	4
AstraZeneca	18.06	100	2
BP	15.31	100	2
British American Tobacco	14.55	100	2
Safestore	14.14	250	2

## Diversity

Of the 97 FTSE 100 companies covered by our report, 8 have female CEOs. This number remains the same at the previous year. However, during the course of the year eleven companies had a female CEO at some point. This includes two companies who started the financial with a female CEO and changed to a male CEO mid-year (NatwestNatWest and Whitbread), two companies who began the financial year with a male CEO and changed to a female CEO mid-year (Diageo and Vodafone Group), and one company which began and ended the financial year with different male CEOs, but had a female covering the role in between (JD Sports). Entain also began the financial year with one female CEO (Jette Anderson), before she was replaced by another female CEO (Stella David) mid-year. Of the companies that had a female CEO for all of their financial year, the median single figure of remuneration was £2.69m. This is comparable to the mean for male FTSE 100 CEOs, which was £4.19m. However, the very small sample size of female CEOs renders pay comparison less meaningful.

## Conclusion

The most striking aspect of this year's report is the difference between the increase in median and mean pay.

Median FTSE 100 CEO pay increased by 2.2%, below the rate of inflation in 2023, and at a lower rate than the increase in median full time annual earnings. However, average pay leapt by 12.2% a £500,000+ increase to over £5 million. In other words, just the increase in average CEO pay was around 14 times the median annual earnings of a full time UK worker.

The difference between the median and the average demonstrates that the increase in the latter was driven primarily by a small number of very large pay awards to the highest-paid executives, rather than massive pay increases across the index.

Of the nine companies that paid their CEOs over £10m, as of August 2024 five were in the top decile in the index by market capitalisation (ie the ten biggest companies on the FTSE 100) and eight were in the top quintile (the biggest twenty companies).

While it's much too early to describe this as a trend, it is interesting that a small number of large companies made very large CEO pay awards this year, given the recent debate about executive pay. A number of high profile figures from the financial services industry and the corporate lobby have argued that UK companies need to be able to make higher CEO pay awards in order to recruit and retain executives capable of managing world-leading companies, and that scrutiny of executive pay awards was hindering UK business. At the same time there was some scepticism of this claim – the number of UK-headquartered companies that could be considered globally significant is low (barely a third of FTSE 100 companies would be large enough to qualify for the S&P 500, an index of the 500 largest companies in America) while shareholder groups said that demands for pay increases should continue to be assessed on a case-by-case basis [15].

On one level, this year's findings might be said to represent a satisfactory outcome for all parties – the very largest UK companies seem more comfortable making larger pay awards, with shareholder approval, but there have not been blanket increases in top pay.

However, this should not necessarily be accepted as a new settlement on top pay, with pay-outs of over £10m freely awarded to the CEOs of the very largest UK companies, £3-£4m the going rate for the remainder of the FTSE 100 and £1-£2m in the FTSE 250.

These are extraordinary sums of money by any standard. – the average pay for a FTSE 100 CEO is over 25 times the amount necessary to put the recipient in the top 1 per cent of UK earners, never mind the median worker. It is entirely understandable that lots of people feel very uncomfortable with pay awards that are way beyond what anyone needs to live a life of considerable luxury accruing to a tiny number of already very wealthy executives, while millions of others work incredibly hard yet struggle to cover the essential costs of living – housing, energy and food.

Beyond the moral dimension, the practical issues with very high top pay, set out in a letter by leading academics specialising in top pay and inequality to UK investment funds, should also be considered. These include :

- The limited evidence, beyond individual anecdotes, of UK companies failing to attract or retain key executives because of low pay levels
- The questionable link between higher executive pay and better business performance remains questionable
- The discrepancy between the energy advocates of higher executive pay have expended arguing that they need to be able to make higher pay awards to recruit from a small pool of candidates for executive roles, compared to the attention paid to the leadership training and development processes that could expand the size of this pool
- The opportunity costs of top pay awards in terms of, for example, pay for low and middle income workers or investment in the business
- The negative impact that pay inequality can have on employee engagement, productivity and wellbeing
- The well documented link between higher inequality and worse socio-economic problems, partly driven by very high executive pay and potentially exacerbated by further increases

The High Pay Centre is currently working with asset owners, civil society groups and other stakeholders to develop new resources for better scrutiny of the reward practices of major listed companies in the UK and potentially beyond, due to launch later this year. We hope that this work will ensure that the above issues are given the attention they merit, and help to create a pay culture where all parties are rewarded fairly and proportionately for their contribution to business success.

## Policy recommendations

The High Pay Centre believes that the following policy recommendations would help to ensure fairer, more proportionate and economically sensible levels of executive pay.

Implementing these policies would boost public confidence in the pay setting process and in business practice more generally. It would also help to ensure that low and middle earners working for large employers get a fairer share of total expenditure on pay, putting more money in their pocket and boosting their spending power.

- Create seats for 'worker directors' on company boards – introduce a requirement on large businesses to reserve a certain proportion of board positions for directors elected by the workforce. The appointment of elected worker directors could be mandatory, or introduced as a right for the workers to take up should they wish to do so.
- Expand pay ratio reporting to provide full transparency on top pay - existing reporting requirements should be expanded to require companies to provide more detail on the pay of high earners below the CEO. Top pay disclosures in banking and the public and voluntary sectors, where organisations are required to publish the number of earners in pay bands above a certain threshold, should provide a model for better transparency. Pay ratio reporting requirements should be extended to all large employers, not just listed companies
- Revise company directors' legal duties and strengthen enforcement mechanisms - re-write the legal duties of company directors so they no longer elevate the interests of shareholders over other stakeholders and introduce a new enforcement body ensuring accountability for non-compliance. A revision to these duties would set out a responsibility to promote the long-term, sustainable success of the company, balancing the interest of all stakeholders
- Ensure workers have access to free and fair information on trade union membership - Unions should have legally guaranteed reasonable access to workplaces to tell workers about the benefits of union membership and collective bargaining. Companies should be banned from manipulating votes on union recognition by gerrymandering the electorate or forcing workers to attend any union presentations.
- Establish a right for workers to know their relative position on pay - the recent 'EU Pay Transparency Directive' gives workers the know how their pay relates to colleagues performing similar roles. However, a limitation of the directive is that it does not enable the comparisons with workers throughout the organisation that research shows is an important driver of perceptions of fairness. The UK could distinguish from the EU model by enabling workers to know where they stand in relation to the whole organisation. Companies could be permitted to provide good faith approximations rather than undertake potentially time-consuming specific calculations - for example, the workers positioning within a vingtile or decile band.



## Endnotes

[1] [5] [9] UK wage data used to calculate the ratios in this table is sourced from the ONS Annual Survey of Hours and Earnings (ASHE) 2023. In 2022, the median average salary for full-time workers in the UK was £34,963 and the mean average salary for full-time workers in the UK was £42,210..

[2] Common Wealth (2024), A Firm Partnership via <https://www.common-wealth.org/publications/a-firm-partnership>

[3] HMRC exchange rates for 2023: monthly, via [https://www.trade-tariff.service.gov.uk/exchange\\_rates/monthly?year=2023](https://www.trade-tariff.service.gov.uk/exchange_rates/monthly?year=2023)

[4] This differs from the figure given in HPC's report on CEO pay in 2022, as some CEO single figures for 2022 have been revised in companies' 2023 annual reports.

[6] Diageo had two CEOs during the course of their financial year ending 30 June 2023. Debra Crew was appointed as CEO on 5 June 2023. She was preceded by Ivan Menezes. The figures represent their combined pay in the CEO role for that year, which was £0.4m and £10.58m respectively.

[7] Diageo had two CEOs during the course of their financial year ending 30 June 2023. Debra Crew was appointed as CEO on 5 June 2023. She was preceded by Ivan Menezes. The figures represent their combined pay in the CEO role for that year, which was £0.4m and £10.58m respectively.

[8] The data used in Figures 2 and 3 for 2009 to 2019 are taken from: CIPD & HPC (2020) FTSE 100 CEO pay in 2019 and during the pandemic. London: Chartered Institute of Personnel and Development, p.10.

[10] The data on bonuses and LTIPs for 2021 and 2022 relates to the single-figure data originally given, rather than the data that has been revised the following year.

[11] There are 91 companies in our 2022 sample as it excludes the three Investment Trusts and excludes B&M, British American Tobacco, Halma, Intercontinental Hotels Group and JD Sports and Vodafone due to serving executives becoming CEO making component parts of CEO pay difficult to ascertain.

[12] The data used in Figure 4 for 2017 to 2019 is taken from: CIPD & HPC (2020) FTSE 100 CEO pay in 2019 and during the pandemic. London: Chartered Institute of Personnel and Development, p.12, via <https://highpaycentre.org/hpc-cipd-annual-ftse-100-ceo-pay-review-ceo-pay-flat-in-2019/>

[13] In FYE 2018, FYE 2019 and FYE 2020 LTI represents both LTI and Other (e.g. all-employee share schemes and buyout awards made on appointment). For FYEs 2021 - 2023 LTI and Other have been separated out.

[14] This figure is of executive roles rather than individual executives i.e. if three separate individuals have held the position of CEO at the same company in the same year, the CEO role will still only be counted as one executive role.

[15] Investment Association (2024), Investors review pay guidelines in light of UK competitiveness debate via <https://www.theia.org/news/press-releases/investors-review-pay-guidelines-light-uk-competitiveness-debate>