CEO Remuneration 2022:
CEOs in a **Post Covid** Era **- What Matters Most.**

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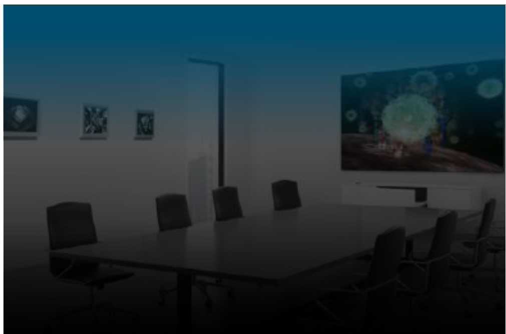
Proshare.



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Executive **Summary.** – The Future Of Work And The Ceo's Pay

The world has gone through a subtle, silent, and borderline secretive remake. The onset of the global COVID-19 pandemic between 2019 and 2020 set the tone for a new world order for corporate management and social interaction. COVID-19 inspired a new way of working and resetting the framework for corporate collaborations. It also placed a new kind of pressure on chief executive officers (CEOs); it forced them to think beyond a place to space, with team members operating from separate locations.

The transition has not been seamless. Remote work has experienced patchy success across industries. The service sector seems more successful than other parts of the economy. Research, consulting, and auditing firms have taken to the new remote culture like ducks to water. PwC, KPMG, EY, Phillips Consulting, and a few other professional service practices have created work architectures that allow staffers to work from home (WFH), and even some manufacturing companies have succeeded in migrating back-office functions to remote platforms but with less compelling outcomes. Some local Pharma groups have retained a physical presence in factories but have required back-office staff to adopt hybrid work schedules with specific days assigned to physical presence and others remote work. Accounting functions are increasingly switching to online operations, with a similar outcome appearing in the human resource (HR) function.

The change in work, dynamics is a scaling of technology applications. Artificial Intelligence (AI) and machine learning (ML) are no longer fanciful words used to impress clients and customers but are becoming integral parts of the corporate DNA. Companies are glacially moving operations online with an active interface with client/consumer data. With 5G technology creeping behind the clouds of hitherto limited internet access in emerging and frontier economies, the stage is for blistering progress toward more flexible work realities.

Preaching Agility

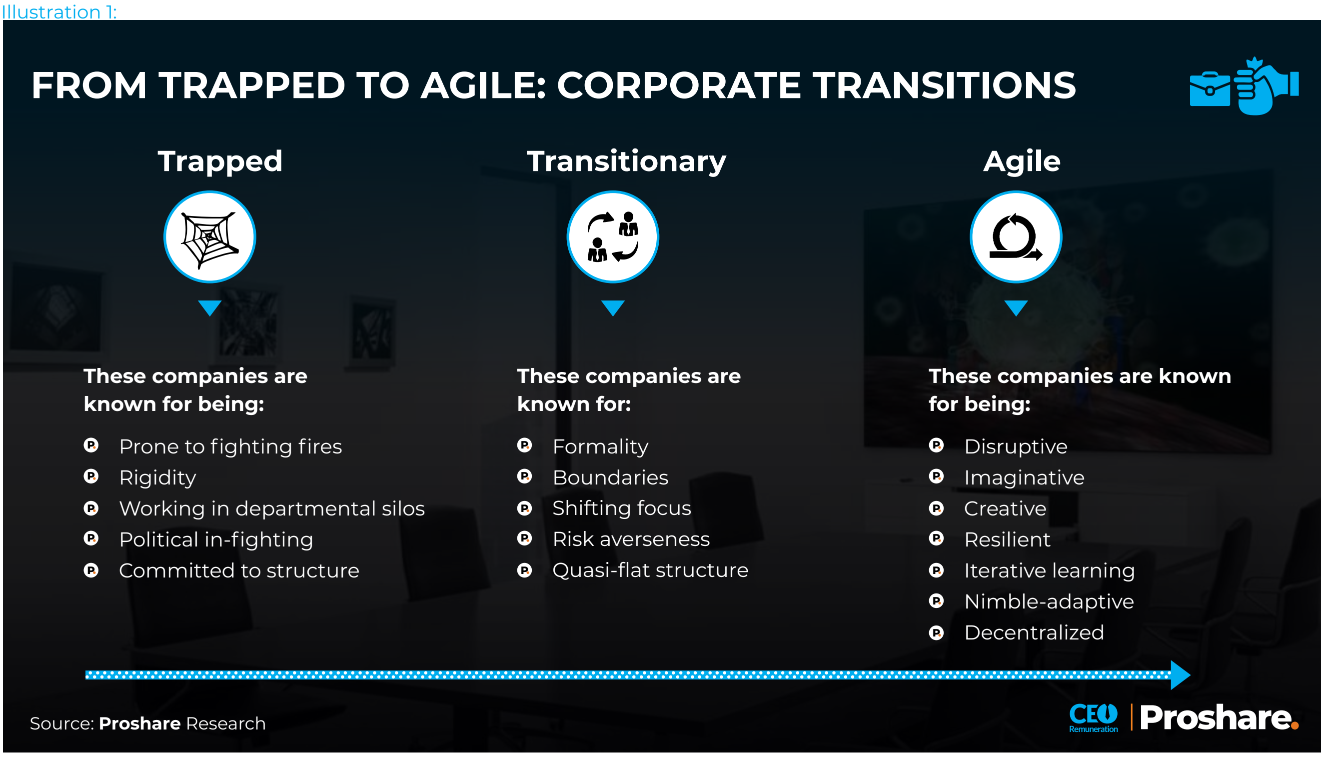
Flexibility implies agility. Corporations must be agile to remain sustainable and profitable. In the pre-COVID era, several companies were 'trapped' by rigidity characterized by:

- Trying to address corporate challenges within ad hoc frameworks. There were no templates to replicate winning principles or strategies; every problem required returning to the basic drawing board. Each problem represented a new rethinking of solutions rather than tweaking past experiences and accumulated knowledge.
- Rigid approaches to tackling marketplace difficulties with one-size solutions that fit all problems could hobble growth. The lack of flexibility in solution algorithms meant several problems remained unsolved or only partly unresolved.
- A silo mindset. Teams in the company act as independent rather than interdependent entities. The trapped company works as a machine with separate non-collaborative or minimally collaborative parts; each team leader is the 'king of the castle.' In such arrangements, authority is more important than productivity and rewards are given for shallow notions of 'loyalty rather than output.
- Political mud fights. Teams in trapped companies spend loads of time defending turfs and

fending off 'nosiness' by other teams. The bureaucratic in-fighting represents a drain on time and resources.

- The trapped company is hierarchical and feeds off a pyramid of command and control in contrast to the 'flat' structure of an agile company that depends on collaboration, innovation, and management by objectives (MBO), a time-worn concept popularized by Professor Peter Drucker in his 1954 book 'The Practice of Management.' The commitment to form over substance keeps the trapped company imprisoned by its memories rather than being liberated by its imagination (*see illustration 1*).

Illustration 1:



Companies that express a conscious need to shake out of a trapped structure begin on a journey of change or 'transition.' These companies still show characteristics of trapped organisations; they are characterized by:

- Formality. Transition companies lack the freedom associated with agile companies. They are still stuck in the frigid and formal arrangements that insist on a single-story narrative of business success. The transition company recognizes the need for change in response to changing market dynamics, but they have not yet translated problem recognition into action.
- Rigid corporate boundaries limit flexibility and collaboration amongst goal-focused teams. The company in transition retains the trapped company's characteristics that lack fluidity across teams. Transition companies appear to have left the bus station of trapped corporations but still travel past fleeting scenarios leading to agility. Indeed, most companies never make the full trip between trapped and agile organizations. Most stop at bus terminals in-between the fear of being trapped and the prospect of being agile.
- Shifting focus is a transition company's primary weakness. In search of validation of processes, programmes, and plans, managers of transition companies tend to flap at different objectives, dissipating energy and weakening the potency of actions. Companies transitioning from trapped to agile entities are deliberate and clear about the immediate, intermediate, and final

goals. Success is not the product of sincere attempts at meeting different goals in single time frames but the product of carefully synchronized action over periods of performance measurements and adjustments.

- Risk aversion is an emotional crutch. Fear grips all companies. The difference between a transition company and an agile company is that it embraces risk and uses it as a tool for performance evaluation, not a rail guard for inaction.
- Companies along the transition from trapped to agile have structures that are neither hierarchical nor flat; they are hybrids. The lack of clarity in structure is expected but should be quickly resolved in favour of a flat structure arranged along strategic business units (SBUs) and execution teams.

Agility is not a fad but a business necessity. For businesses to be sustainable, they must be fluid, flexible and adaptable. Agile companies will be defined by:

- Disruptiveness. The ability to make itself or products irrelevant within short business cycles. Rather than wait for a competitor to draw the rug from under its feet, the company this about the most potent competition to its services and products and delivers them. New services and products emerge quickly to compete with existing offerings. Technology-based companies are at the forefront of this approach to corporate management.
- Imaginativeness is a hallmark of a company that will survive future uncertainties. Rather than see uncertainties as a constraint, these companies see uncertainties as opportunities. Risk is not a compliance issue but a strategic one. Risk is the effect of uncertainty on objectives, and corporate objectives drive decision-making. The agile company plans for the market of tomorrow and not that of yesterday. In doing this, it filters and processes all relevant data on consumer or client needs and expectations and uses it to design solutions.
- Most agile companies are decentralized and work in relatively flat structures; a hierarchical structure is not a deal-breaker as long as teams are allowed to work with fleet-footedness and imagination.

Thinking Agile and Going Digital

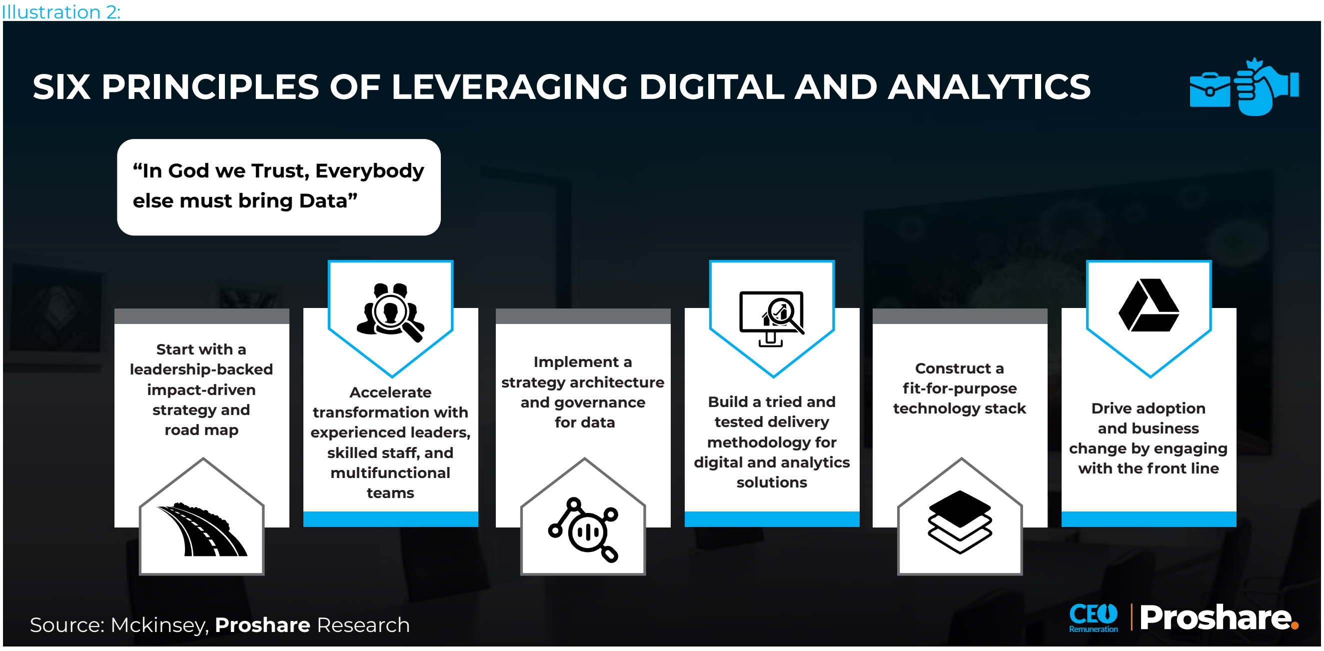
The agile company is increasingly becoming digital. Market operators use big data, artificial intelligence, and machine learning (AI/ML) to mine customer information and provide unique customer-targeted services. To succeed in the digital race, McKinsey Consulting points out that six principles become crucial:

- Leadership-led, Impact-driven Strategy. The corporation's strategy must be driven by shared objectives managed by the chief executive officer (CEO). The CEO must drive agility from the front and not the back. He is the custodian of the plan which sets the corporate direction. In the capital market, this would involve identifying the "white spaces" or gaps in service delivery or product offerings and closing the gaps. Impact represents solutions to problems emerging from dynamic market changes and customer expectations.
- Coordination of experience, expertise, and people to accelerate growth. The Human capital factor is central to the agile firm. Multifunctional teams will be the flywheels of the corporate engines that achieve corporate objectives. The teams would not see risks as inhibitors but as enhancers, and so rather than treat risk within a mindset of compliance and control, the risk would be seen within the framework of opportunities and management. The risk would be seen as a matter of **accountability** (clear objectives that are tied to timelines and execution

mandates) which would require **responsibility** (assigning officers to operational performance objectives) that promotes **transparency** (goals and objectives are shared throughout the organization and responsibilities and achievements are identified and measured). The risk management process safeguards the corporate objective.

- Data is a central force for corporate governance and service delivery, consistent with Proshare's corporate refrain that "***In God we trust, everybody else must bring data.***" A data governance strategy and architecture matter for it to sustain agility. In capital market transactions or organizations that produce fast-moving consumer goods (FMCGs), this becomes ever more important as a slew of data is available daily, which needs to be cleaned, processed, analyzed, interpreted, and prepared for action.
- The data architecture would require a tested delivery methodology for digital and analytics solutions. In a capital market propped for change and opportunities, digital advancement is visceral; it is part of the landscape's DNA. Financial Market Infrastructure (FMI) such as the Central Securities Clearing System (CSCS), the NGX Clear, and the FMDQ Clear should drive the charge of analytics, machine learning, and artificial intelligence. At the same time, the same should hold over the counter (OTC) platforms such as NASD and listed market platforms like NGX.
- A fifth principle would be to build a fit-for-purpose technology stack across product and service providers, where technology is layered to provide customers with an experiential outcome that meets their needs. Customers must receive service value aided by technology for which they would part with money.
- The last of the principles to support business agility is a drive towards technology adoption and business change from customer feedback at the front desk. Corporations must pre-empt customer needs and work back to design products and services that meet those needs. Is the determination of customer needs uncertain? Yes, customer needs are uncertain and imply risk, but the notion of risk is not bad. Increasingly, corporate governance thinkers note that risk encompasses opportunities and threats, the threats become magnified by complacency, and the possibilities become enlarged by agility. The agile corporation does not fear a risk; it embraces it and uses it as a tool for competitive advantage (*see illustration 2*).

Illustration 2:



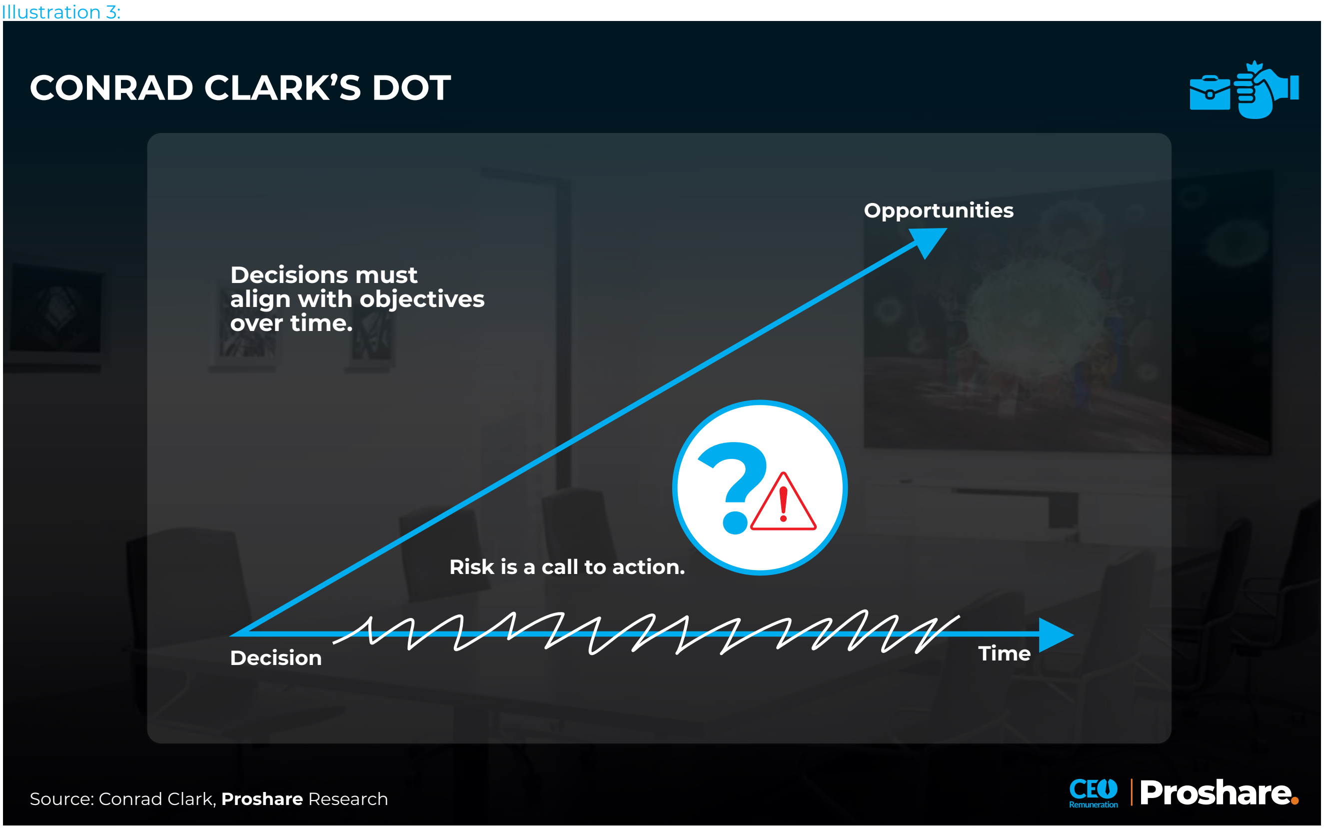
What Matters Most

The Nigerian CEO In 2022 must embrace risk and technology. They must apply risk from the strategy standpoint with all the business functions aimed at clearly stated and calibrated objectives. All medium to large organizations must have risk officers that monitor and manage the risk process, not as gatekeepers and compliance bouncers but as visioners and process, programmes, and people catalysts.

The Risk-Officer-in-Chief is the organisations CEO, she or he carries out the function through other directors and managers. A large or medium-sized corporation without a risk officer is undoubtedly a red business flag. It signals that the company does not use risk management to align corporate activities with **objectives** because, as mentioned earlier, a risk is the outcome or effect of uncertainty on organizational objectives. Companies need risk officers, and they need to manage risk logbooks to support ***accountability***, ***responsibility***, and ***transparency***. Mr. Joachim Adenusi, chief executive officer of Conrad Clark, has promoted these notions tirelessly.

Adenusi notes, "to change your performance tomorrow, you need to change your risk today." Therefore, in the immediate future, risk management matters (*see illustration 3*).

Illustration 3:

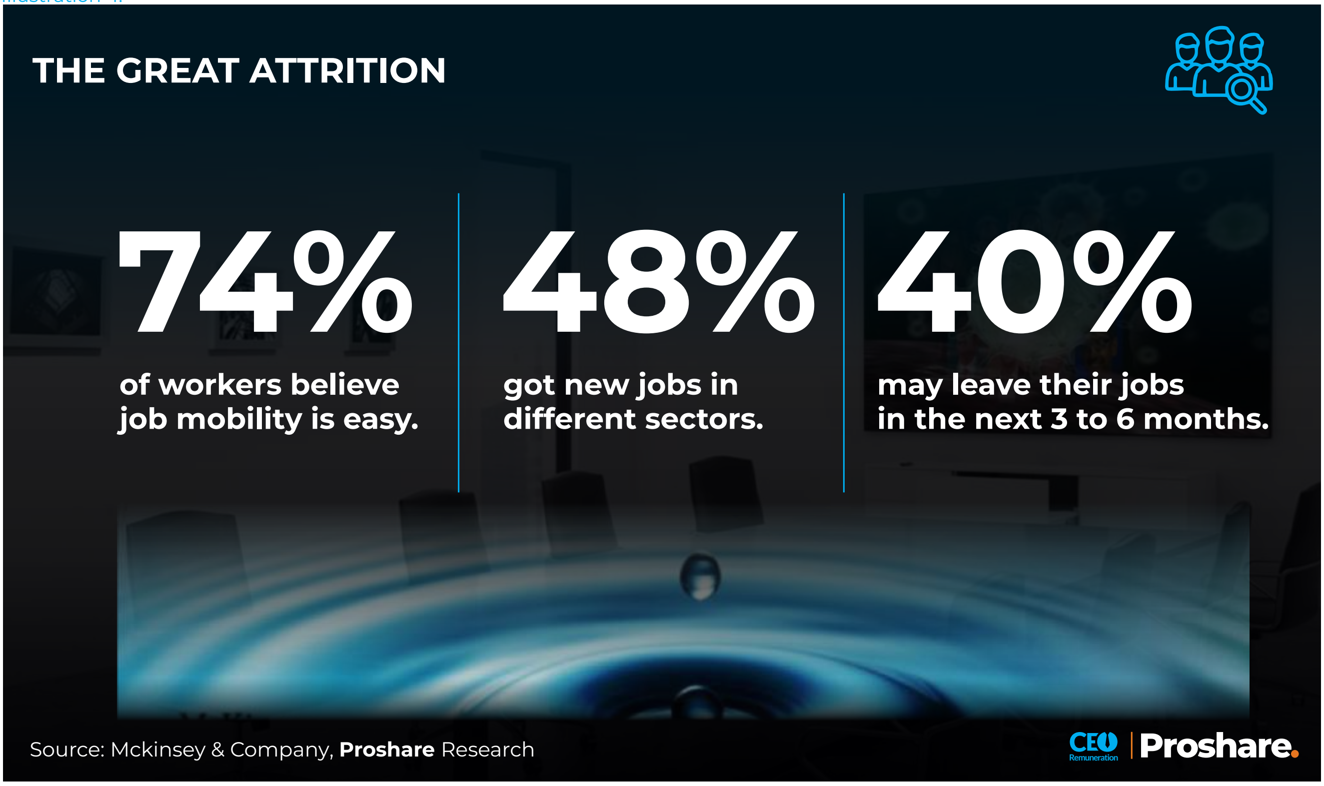


But risk management alone does not cut a complete picture. The CEO must be the chief technology driver who nurtures a culture of adoption and adaptation in pursuit of corporate goals. The sustainability of a business will increasingly depend on consumers' fulfilment and perception. The concept of fulfilment has already become part of the digital enterprise subculture that measures what has been called 'fulfilment' costs.

Executives need to downplay the 'excellence' fetish and set goals for 'satisficing' or providing consumers with experiences that leave them satisfied if not sated or full.

Organizations need intelligent, empathic, and excited staffers to satisfy customers. The core challenge of corporations at a time of 'great resignations' is to keep strategically important manpower. The 'great attrition' which in a recent McKinsey Consulting survey saw 74% of workers interviewed believe that it would not be difficult to change jobs, 48% of workers move from one job to another, and 40% expecting to leave their jobs in the next 3-6 months, suggests increased worker impatience and mobility (*see illustration 4*).

Illustration 4:



Organizations must find ways of making workers stickier as they find their jobs fulfilling and aligning with their long-term personal goals. While the pay may be important, self-fulfilment counts for much in the worker's complex algorithm of whether to stay or go.

Companies will have to find the best ways of keeping talented staffers. At the heart of the new agile company is the staff; retaining talent would become increasingly crucial in sustaining competitiveness. When considering what matters most beyond their pay packets, CEOs must identify and work on what keeps the team ticking, how the **workplace** becomes a **career place** and how attrition scores a bare minimum mark. Not addressing the issue could create instability, a lack of resilience and lower profitability. Contrary to the common thinking that what matters most in the modern corporation is technology, reality plays a different tune; what matters most is and has always been the people- customer and workforce.

The CEO Remuneration report 2022 is divided into seven sections. **Section 1** takes an overview of CEO remuneration in an inflationary era. The section began by reviewing the megatrends that confront business executives in the post-pandemic world. The authors identify the globalisation of value chains, technological development, climate change, and changing economic dynamism as today's major trends that are altering business prospects. Inferring from these trends, the authors raise issues that matter most for CEOs post covid-19, and the risk-reward system companies have adopted in the country. The section ends with an overview of the measuring process and the changes in this edition of CEO remuneration.

Section 2 deals with the global CEO compensation packages. It assesses the performance-compensation dilemma of major multinational companies across different regions of the world. Specifically, the section tours the remuneration of technology, telecommunication, health, and energy companies in the United States, Europe, Asia, and Africa. The authors based their sectoral selection on the necessities of these sectors in the post-pandemic era, where the work model is going digital and global energy is facing unprecedented tightness. The section reviews the CEO remuneration pack based on the Bloomberg payout index.

The answers to the critical question of what top Nigerian CEOs earned in 2021 emerge in **Section 3**. In this section, the report looks at the many dimensions of CEO remunerations in 2021. First, it examines and ranks the base salary earnings of the ten highest-paid CEO and combs the data for unique features. Then, the report dives into the additional packets of the CEOs to establish their total compensation packs. The section makes interest discovery on the pay structure and differences in earnings of CEOs from the base salary to total compensation, which includes benefits, bonuses, and dividend payments.

Section 4 involves a gender perspective on CEOs' remuneration, looking at the interplay of gender equity and corporate compensation. The section is premised on the emergence and advancement of women in top management positions, which accelerated in 2021 as the need for a more diverse and inclusive leadership model supported women's inclusion. It considers the banking sector as a representative industry to examine the diversity on the board of directors in Nigeria. It, then, considers the diversity on the board of directors of companies whose CEOs earned the highest, having found no woman on the list of the top 10 highest-paid CEOs. To balance the analysis, section 4 reviews the list of women in top corporate executive positions in Nigeria.

How do industries shape the 2021 executives' compensation in Nigeria? **Section 5** provides answers to these questions and more. It analyses data to establish the good, better, and best compensation-performance model across different sectors. First, the section looks at the CEOs compensation in the financial services sector, covering the banking and insurance subsectors. The dynamics of how the CEOs' compensation changes from base pay to total compensation and in relation to companies within the financial services sectors were covered. It also explores compensation models in other major industries, including oil and gas, ICT, construction and real estate, consumer goods, industrial, and conglomerate sectors. Despite the data constraint, the section draws ranking of CEOs' compensation across the different sectors.

Section 6 tends towards a broader look at the top executive compensations, the corporate dips, the dives, and the wallet size. It benchmarks CEO remuneration against corporate financial indicators and staff costs. It answers questions like: Does the CEO's pay tie-in with the company's profitability or revenue? Is the CEO's remuneration a reflection of their superior managerial skills? The section is intended to establish the nexus between productivity and remuneration of CEOs to make a balanced case for the causal-effect relationship between performance and executive compensation.

The penultimate section brings together all the highlights and inferences from the various sections of the report. **Section 7** describes in plain terms the key findings from the global ranking of top-earning executives to the domestic ranking of the highest-paid CEO. It also benchmarks the values of top-paid CEOs with a key economic indicator of sub-nationals. To put the top executives' pay packets in cost context, section 7 also examines the equity and efficiency dynamics of the compensation.

The report concludes in **section 8** with CEO activism, looking at issues that matter most for post-covid-19 CEOs. It draws specific inferences from the CEOs remuneration in 2021 and the current megatrends in business environment.

Introduction.

CEO Remuneration in an Inflationary Era

Introduction – CEO Remuneration In An Inflationary Era

"Amid decades-high inflation, workers' wages are failing to keep pace with the rise in everyday expenses, but CEOs have not felt the same brunt." - Christine Mui

Megatrends in Today's C-Suite

Despite the deglobalization that prevailed during and immediately after the tight restrictions of the Covid-19 pandemic in 2020, the global economy has become more closely integrated. The globalization of value chains occurs in two dimensions: the globalization of markets and the globalization of production. These trends have forced CEOs and top executives to change from traditional targets and conventional business models to innovative measures. There has been a historical merger of different or separate national and regional markets into a large global market, called the globalization of markets. On the other hand, globalization of production is taking the form of companies finding suppliers of goods and services from different locations around the world to garner the advantages of national differences in price and quality of production factors. Globalization of the value chains has, thus, given rise to a new era of global competition, reshaping production, trade and service provision and altering the organization of industries.

The evolution of more advanced technologies that tend to replace repetitive and deductive employee skills has become a primary corporate concern for business executives. CEOs are leveraging technologies and digital transformation to improve efficiency at the current level of technology development. On the one hand, there is an increased flow of ideas and information across the world on the development of advanced information and communication technologies. On the other hand, there is increased investment in digital transformation to compete effectively and efficiently in the changing dynamics of different industries. A recent EY CEO survey found that about 72% of top executives said they must radically and digitally transform their business operations in the next two years to compete effectively in their industry.

Meanwhile, a conflict has ensued between the need for sustainability of the business growth model and the resources needed to fuel the growth and the growing human population. Unlike before, the scarcity of resources and other impacts of changing nature has brought an ever-increasing economic concern around climate change. The direct evidence of climate change are hotter temperatures, rising sea levels, heat waves, severe storms, increased drought, melting glaciers, and warming oceans. These changes are displacing businesses and altering consumer preferences. Alternative companies are emerging, and new industries are rapidly evolving. CEOs are compelled to adapt their businesses to withstand the competition over limited resources, increased regulations, new industries, and climate change market-based solutions. It has become a significant risk for business executives to ignore the sustainability drive.

Elsewhere, changing global economic power and demographic shift present opportunities and threats to business executives. The nature and implications of the changes are becoming far-reaching for top executives. There is a shift in global economic power from Western dominance to emerging economies. Emerging economies such as Brazil, Russia, India, China, and South Africa

(BRICS) are becoming the main engine of world economic recovery. Although these economies deliver cheap capital, talent, and innovations that drive efficiency, geopolitical dimensions may deter business executives from some countries. It leaves the executives with the tough decision of reorganizing their value chains in the best possible mix for efficient operation and optimal returns. Meanwhile, the rapid growth in population in some areas and the drops in population in others contribute primarily to the shift in economic power, resource scarcity, and the shrinking labour component of earning. Thus, it has become a necessity for today's business models to incorporate the changing human demography and its implications on labour availability and productivity (*see table 1*).

Table 1:

MEGATRENDS ON TOP EXECUTIVES' AGENDA

Changing Economic Power	There is a global economic power shift from Western dominance to emerging economies - such as the BRICS. These economies deliver capital, talent, and innovations that drive efficiency.
Globalization of Value Chains	Globalization has given rise to a new era of global competition, reshaping production, trade, and service provision, thus altering the organization of industries.
Rising Technology	CEOs must understand that emerging technologies are creating rapid digital transformation for improved efficiency.
Climate Change	CEOs are adopting market-based solutions to combat climate change. Ignoring sustainability comes at CEOs' peril.

Source: **Proshare** Research

Issues that Matter Most for Businesses in Post Covid-19

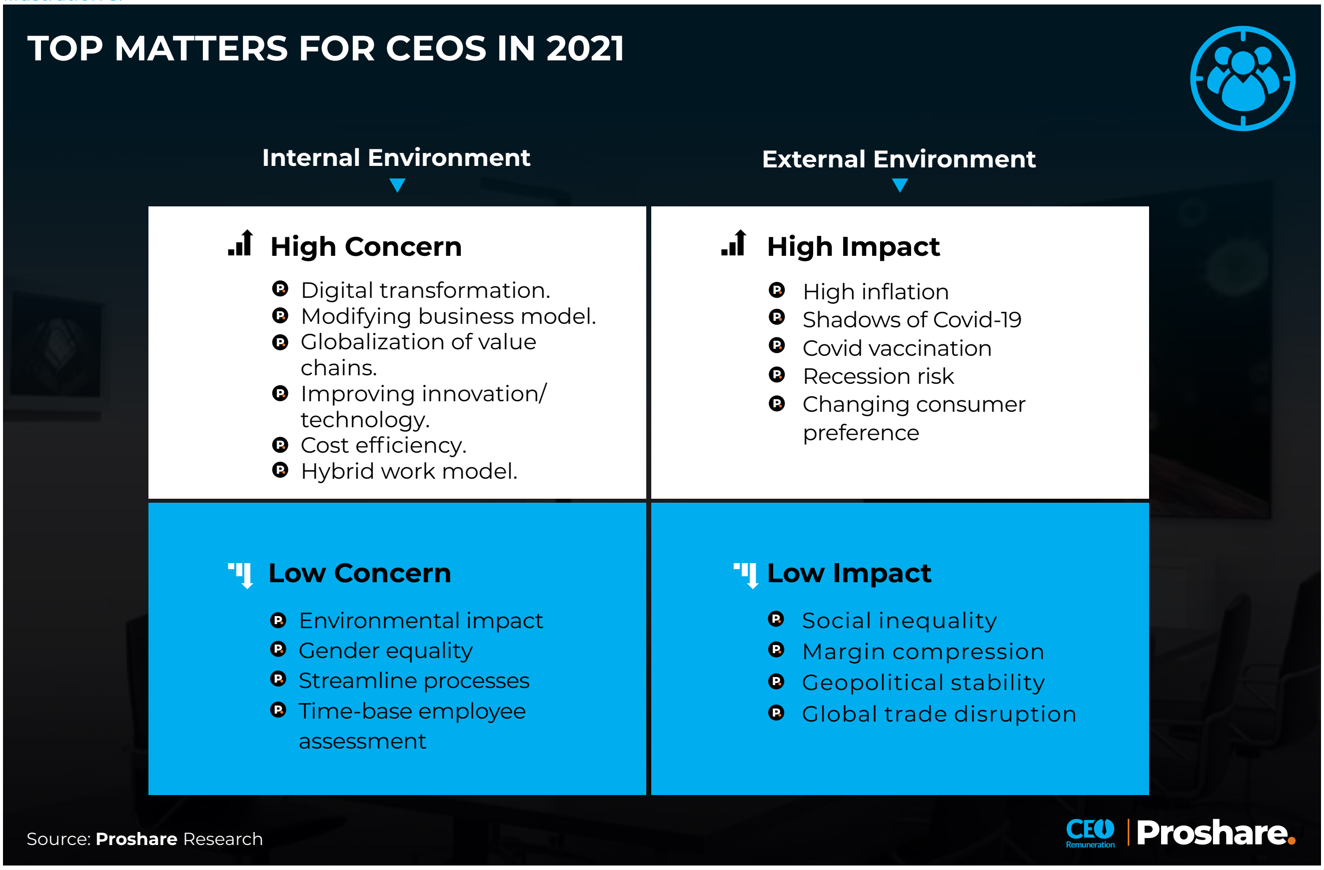
CEOs have many challenges in the current post-pandemic world, some of which are the shadows of the pandemic, runaway inflation, globalization of the value chain, advanced technological innovations, and geopolitical tensions, among others. The gradual recovery of the global economy from the pandemic met with uncertainty and a high operating cost environment for business executives. This high-cost environment created a situation where many executives were adapting their operational models and portfolios to compete in the new business world. Some executives successfully reframed the company and its future to respond to uncertainty. Others were burnt in the process, failing to keep the organization in a steady state. Thus, this raised a fundamental concern for executives around what matters most in building a model company with a clear, thriving, and resilient direction for the present and future.

A CEOs' priority survey by Conference Board (CB) revealed that Covid-19-related disruptions, rising inflation, labour shortages, and supply chain disruptions were the top challenges that CEOs ended the year 2021 with and planned as priorities for 2022. At the beginning of 2021, inflation was a minor concern for CEOs. But at year-end 2021, inflation has soared to the top of CEOs' concern, ranking 2nd on the list behind Covid-19-related disruptions. Aside from inflation, most CEOs believe the acceleration of digital transformation and the associated need to attract and retain talents is another pain point in the post-Covid-19 era.

In terms of alertness to uncertainty, only a few CEOs have faced the challenge of leading a company through a difficult time similar to the post-pandemic that combined recovery from a global health challenge with digital transformation, runaway inflation, and changing consumer preference. The CB survey reported that only one-third of CEOs believed they prepared their companies for the recent inflation-related crisis. Similarly, only about one-quarter of CEOs globally reported readiness for supply chain disruptions.

Rising inflation and supply chain disruptions were, thus, the most significant matters for CEOs in the post-pandemic era. The high inflation is destroying investment values and raising business operating costs. Analysts attributed the high inflation to the excessive accommodative policies instituted during the pandemic and the supply chain disruptions to the lingering restrictions on movement in leading economies. With inflation, supply chain disruption, and digital transformation generating newer uncertainty, CEOs face the challenging task of adapting their management control to build companies that are forward-looking and resilient to macroeconomic uncertainties (*see illustration 5*).

Illustration 5:



The Risk and Reward System of Nigerian CEOs in 2021

High inflation predates the post-pandemic in Nigeria. It has been a significant concern for Nigeria's business environment for some years. Howbeit, increased expansionary policies to moderate the effects of the pandemic heightened the concern around rising inflation and became the primary economic theme in 2021. The inflation rate was up for most of 2021, but a reversal occurred in Q3, which saw the inflation rate tumble from 18.17% in March 2021 to 16.63% in September 2021.

Despite the inflationary pressure in the country, C-suites in listed companies could re-engineer their operating model to achieve growth and stability. The growth and stability were evident in their high revenue levels compared to their earnings in 2020. Although revenue is yet to recover to pre-pandemic levels, significant progress has been achieved in the year under review.

The recovery in revenue played a central role in determining the course of CEOs' rewards in 2021, as revenue correlated with performance in some companies. The principle of risk and reward necessitates an expectation that the executives' performance should provide value to the organization, and their compensation should reflect the company's performance. The CEO's reward should move in the same direction as the company's revenue, an increase or a drop in earnings. The system becomes acute when the reward programs consider short-term goals at the expense of promoting the company's long-term prospects.

Higher performance levels could also translate to an increase in demand for share options or bonuses, causing an increase in Dividend Per Share (DPS) and total reward for executives. That is, growth in the company's revenue, in principle, should be synonymous with the increased reward system for employees. The expectation is that the astronomical growth in earnings of listed companies between 2019 and 2020 should spur an increase in CEO compensation in 2021.

Companies in Nigeria adopt various metrics and guidelines in determining top executives' reward/compensation packets. But a primary concern has been whether CEOs' productivity and high-end skills correlated with their pay or whether the payment is a product of arbitrary fixing. This is particularly crucial considering that many CEOs' compensation is held in stock-related bonuses. Hence, it is pertinent to make sense of these pay numbers to assess the many dimensions of the executives' paychecks on company operations and productivity.

Measuring the CEO Compensation

Like previous editions, this edition of CEO remuneration focuses on the basic salary and total compensation of CEOs in publicly owned companies listed on the Nigerian Exchange Group. The two measures of CEO compensation, basic salary and total compensation, are mutually reinforcing, helping to capture almost the full monetary value of top executives' pay.

The base salary component of the CEOs' reward system measures the core compensation of the top executive, often tied to education, experience, skills, and performance. The one-way argument that paying heavy salaries to CEOs motivates them to push harder at corporate growth and improve shareholders' returns has become weak. Pay packets of executives have become challenging to dissect with regard to some internal or industry factors. As noted by Mckinsey and Company; there is no one right way to reimagine compensation; some trial and error will be involved. But the current level of openness in CEOs' pay suggests that some companies may be at risk of a non-performance-based reward system by adopting the pay standard of other companies.

Benefits are integral components of the total reward system. The CEOs' compensation includes bonuses, dividends, and other ancillary benefits from coordinating the company. The compensation system may be tied to short-term goals or based on performance outcomes such as revenue growth, return on equity, or appreciation of the share price, among others. A stock option is a form of incentive to attract and keep executives. It is a part of the executive's compensation package. It is mainly considered where the business is not yet profitable, or cash flow is constrained. Profit sharing is another incentive for executives, where payment is contingent on company profits. Annual bonus is another significant consideration when setting the CEOs' reward. An annual bonus that varies with performance is also somewhat better at reinforcing performance.

The competitiveness of the basic salary and other compensation packages may depend to a large extent on some factors. These include the business model, the industry of operation, the company's adaptability, or the company's adopted risk-reward system. Overall, the performance system is the most likely driver of the increasing CEO compensation. Executives who are broadly compensated for performance tend to perform more, driven by the higher incentive to work hard.

CEO Remuneration in Post-Covid

Recent events have reshaped corporate realities. But a convergent point for all could be traceable to the Covid-19 pandemic. This health pandemic and its enduring impact on global economies give credence to the necessity of studying the new trends of top executive remunerations in Nigeria and how it has impacted things that matter most in the post-pandemic. It is expected that the high inflationary environment that trailed the pandemic would have affected the revenues and eaten deep into the remuneration of CEOs.

Pre-pandemic, there were increases in companies' annual revenue and top CEOs' yearly remuneration. But the pandemic ushered in many uncertainties and downturns. In the year under review, the companies and CEOs had to contend with fluctuation and macroeconomic uncertainty buoyed by the restrictions associated with the pandemic. It is not unreasonable to assume that many firms would have adjusted their pay systems from the top executives to the bottom staff to meet the current realities of the economy.

The average size and the relationship of top executives' compensation with the size of corporate turnovers and their profit before tax (PBT) changed in the year under review. On average, there was an increase in the pack packet of top executives of Nigerian firms, underscoring the resilience of firms to macroeconomic disruptions. Meanwhile, analysts faintly established changes in the compensation-performance system were faintly established. Specifically, efforts were made to establish trends even though there was no exert basis for fixing the remuneration of executives, nor was there a direct empirical relationship between the executive pay and the financial performance of the firms.

However, there were changes in the highest-paid corporate executives in Nigeria from the report's previous edition. In this edition, some business executives who were in the last ranking dropped from the top 10 highest-paid CEOs. The CEOs of GTCO (formerly GTB) and Airtel Africa could not make the ranking list. There were changes in the CEOs of some firms, which led to a significant drop in the paychecks of the incumbent executives. Interestingly, some firms recorded an increase in the CEOs' remuneration supported by the growth in earnings, attributable to the resilience and adaptability of the business to shocks by the executives.

Online Trading in the Age of Distributed Ledger Technology (DLT): **The Doubts, the Pains and the Opportunities.**

8th Edition: November 2022

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Global CEO Compensation – Assessing the Performance/Compensation Dilemma

Looking at the dynamics of CEO Pay from the lenses of global corporations. In specific terms, we consider how CEO remuneration has responded to changes in firms' revenue due to global inflation. The financials of the world's leading firms suggest that turnover rose during an evolutionary phase emerging after the epoch crises of COVID -19, which led to the global socioeconomic system of various actors at all levels adapting to an irreversible work model.

The disclosure of remuneration packages across the globe showed an indirect relationship between CEO Pay and firms' revenue on average. For instance, US firms have high CEOs compensation on average but generate low revenue. On the contrary, European firms generate high revenue but low CEO compensation package. We consider the relationship between CEO compensation and firms' revenue within the context of the business's industry, ownership interests, and pay levels.

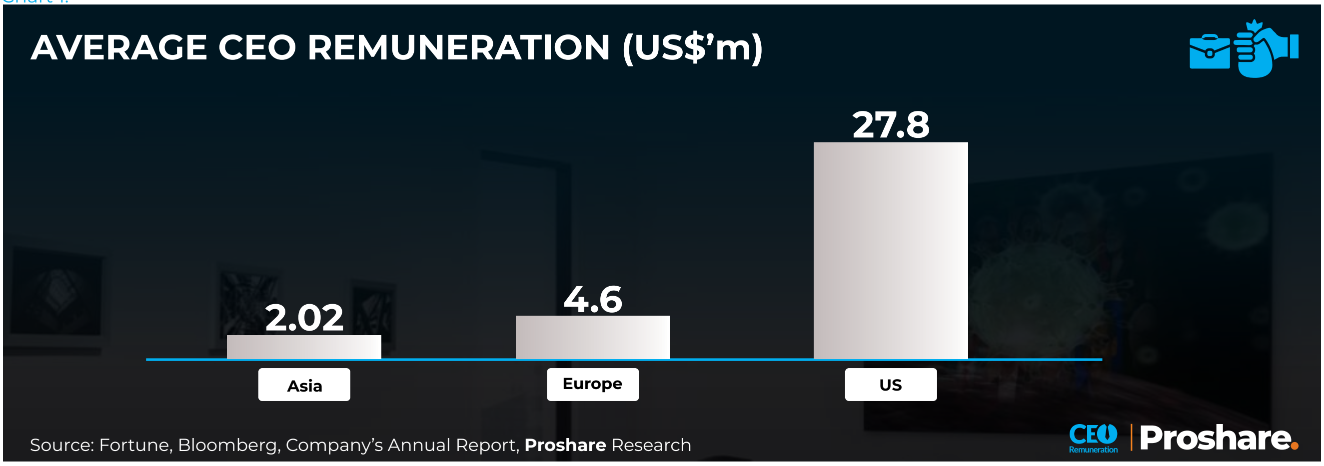
While CEOs pay diverges from firms' revenue on average, sectoral analysis of the relationship reveals a direct linkage in tech-enabled sectors. As firms generate more turnover, CEOs remuneration trail the firm's growth in the technology and telecommunications sectors. Nonetheless, a few other sectors mirror the indirect relationship between CEOs pay and revenue across different continents.

Amongst the leading global CEOs in the technological space, Tesla's CEO has the highest pay packet, with a more significant portion in stocks as pay. The firm operates an equity-based compensation model, which attracts high incentives for the CEOs contingent on exceptional performance.

Average CEO Remuneration vs Revenue

The top leading companies in the United States dominated the global corporate hierarchy regarding executive compensation in 2021. European companies ranked second, while Asia's firms ranked last. Compared with the company's revenue, CEO remuneration did not move in the same direction as earnings. European firms, which ranked second in pay packets with an average remuneration of about US$4.6m, topped the global revenue hierarchy. At the same time, US companies recorded a lower revenue than their high remuneration in 2021 (*see chart 1*).

Chart 1:



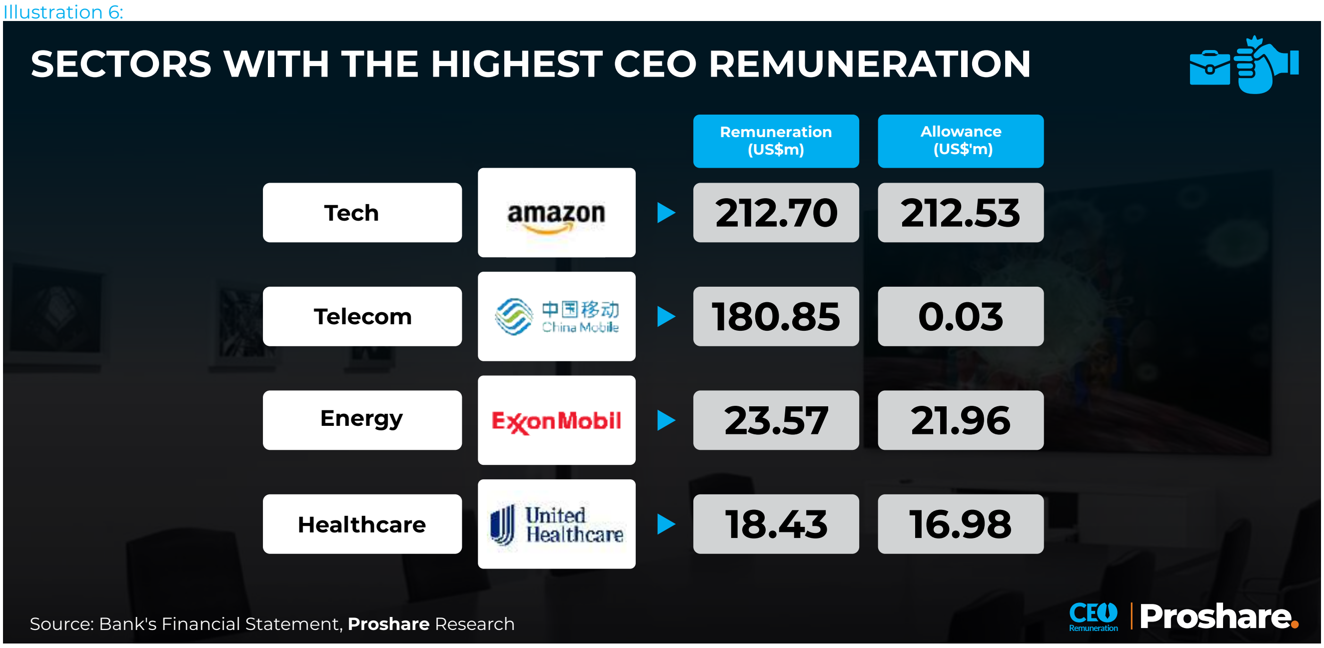
CEO Remuneration vs Allowance

Amazon, a leading technology firms in the United States, topped the CEOs remuneration pack among technology firms and maintained the position across major sectors in several regions by CEO remuneration and allowances.

Andrew R. Jassy, Amazon CEO, assumed the CEO position in 2021 after the founding president, Jeffrey P. Bezos, stepped down from being the CEO to the Executive Chairman earning the highest among the conglomerates. Andrew R. Jassy received an annual remuneration of US$212.7m in 2021, with a US$212.52m in allowance.

However, the narrative was different in the telecommunication sector. Dong Xin, the CEO of China Mobile Ltd for more than three years, was the second-highest paid CEO in 2021, albeit with a low allowance of US$0.03m (*see illustration 6*).

Illustration 6:



CEO Basic Pay vs Allowance

Timotheus Hottges, CEO of Deutsche Telekom, was the highest-paid CEO in terms of basic pay in 2021, topping Amazon CEO's basic salary by 50.58%. Timotheus Hottges received US$9.03mn as basic pay with a lower allowance of US$8.3m in 2021.

Naspers' CEO, Bob Van Dijk, placed second with a basic pay of US$1.45m and a US$15.21m allowance, while Amazon CEO Andrew R. Jassy, who received the highest allowance of US$212.53m ranked third with basic pay of US$0.175m (*see illustration 7*).

Illustration 7:

REGIONS WITH THE HIGHEST CEO REMUNERATION

		Basic Pay (US$'m)	Allowance (US$'m)
Europe	Deutsche Telekom	9.03	8.32
Africa	NASPERS	1.45	15.213
US	amazon	0.18	212.53
Asia	中国移动 China Mobile	0.15	0.03

Source: Bank's Financial Statement, **Proshare** Research

CEO Remuneration | Proshare.

Table 2:

PAY PACKETS OF CEOs ACROSS CONTINENT

UNITED STATE		REVENUE (US$'bn)	BASIC PAY (US$'m)	ALLOWANCE (US$'m)
TECHNOLOGY	AMAZON	469.82	0.18	212.52
Telecommunication	COMCAST	116.39	3.25	30.73
Health	United Health	287.6	1.45	16.98
ENERGY	Exxon Mobil	285.64	1.62	21.96
EUROPE				
TECHNOLOGY	SAP	36.63	1.45	6.28
Telecommunication	Deutsche Telekom	143,150.0	9.03	0.03
Health	Siemens Healthineers	23.68	1.81	4.09
ENERGY	Total Energies	184.63	1.4	2.04
ASIA				
TECHNOLOGY	Tencent	88.63	1.16	5.82
Telecommunication	China Mobile	134.22	0.15	0.15
Health	JD Health	4.85	0.05	0.43
ENERGY	Saudi Aramco	359.18	0.42	0.001
AFRICA				
TECHNOLOGY	Naspers	29.6	1.45	15.21
Telecommunication	MTN	11.55	1.04	4.62
Health	Mediclinic international	3.94	0.65	0.10
ENERGY	Shell	261.5	2.09	7.62

Source: Bank's Financial Statement, **Proshare** Research

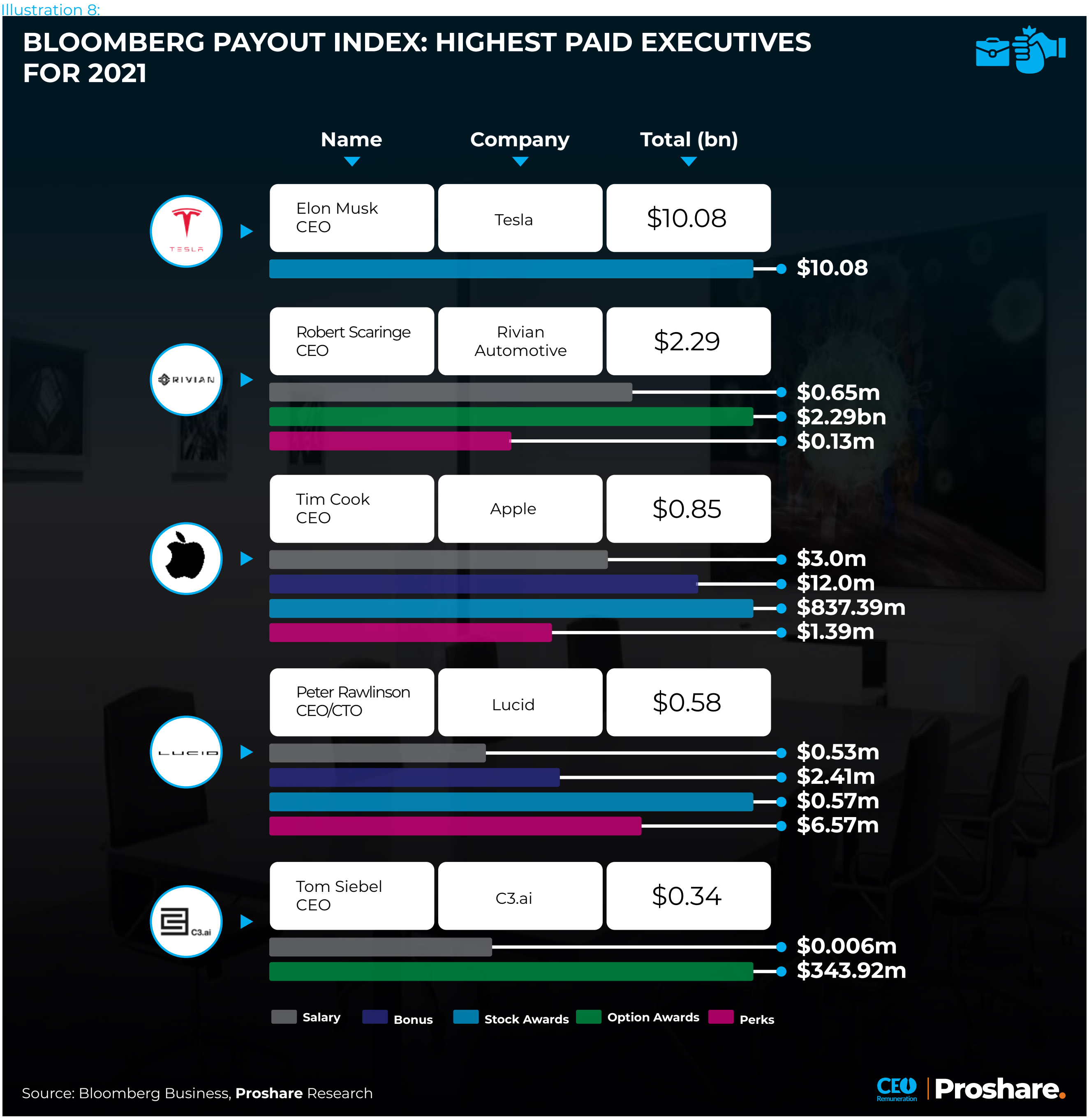
CEO Remuneration | Proshare.

Bloomberg Payout Index: Highest-Paid CEOs in the US 2021

According to the Bloomberg payout index, which petered out the top CEOs' compensation in the United States, Elon Musk, CEO of Tesla, topped the band with US$10.07bn as an option award in 2021, followed by Robert Scaringe, CEO of Rivian Automotive, who earned the second-highest remuneration of US$2.3bn. Robert Scaringe's income consists of a US$0.65m base salary, US$2.29bn option award, and US$0.13m perks.

While Tom Siebel, CEO of C3.a1, emerged as the fifth highest paid CEO with a base salary of US$0.006m and US$343.92m option stock, totaling US$343.9m in CEO remuneration (*see illustration 8*).

Illustration 8:



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What Top Ceos Earn In Nigeria - Weighing The Size Of Pay Packets

In a bid to give a wider overview of CEO earnings of the various companies, we did a comprehensive breakdown of the total remuneration received. This essentially entails a pay packet ranking, a comparative review, and a trend analysis for a period of years, highlighting notable changes in CEOs and their resultant effect on earnings. However, these issues were also considered in line with the overall performance of not just the company but the industry. The top CEOs ranking in the previous edition provided in-depth analysis to members of staff and shareholders on how the top earners get compensated in comparison to their salaries and returns on equity, respectively. This edition focuses on a more wholesome review of what top-paid CEOs earn and what factors influence such earnings. We do this by compiling a list of the top 10 earners in terms of basic salary and total remuneration (i.e., bonuses, dividends, and benefits included). The ranking also compares the 2020 remuneration with the 2021 remuneration, noting the major changes.

Top Ten Basic Salary

For the financial year 2021, there are several drastic changes in rankings as new companies emerged while some dropped from the list causing the average salary earned for the year to drop by -11.62% to N332.49m from 2020 average of 376.19m. A large proportion of the ten highest-paid CEOs are in the consumer goods sector, albeit most sectors were represented on the list.

The top 5 highly remunerated CEOs are from Dangote Cement, Seplat energy, Julius Berger Nigeria, MTN, and Dangote sugar refinery, in that order. This is particularly interesting as GTCO (formerly GTB), and Airtel Africa, which ranked 4th and 6th in previous edition's ranking, were displaced from the list while by Dangote sugar and Lafarge Africa emerged on the list. The bottom 5 on the top 10 earning CEOs list saw the likes of Lafarge Africa, Zenith Bank Plc, Nigerian Breweries, Guinness Nigeria, and Unilever Nigeria Plc.

Roger Brown of Seplat was the only CEO that retained its position, as the second highest-paid CEO, on the rankings due partly to the negligible change in his remuneration within the period. Michel Purcheros of Dangote cement displaced the CEO of MTN from the first position, rising from third position in the previous edition. This can be attributed to the onboarding of Karl Toriola as the CEO of MTN, who earned less than his predecessor, Ferdinand Moolman. Lars Ritcher of Julius Berger also rose from the 7th position in previous year to the 3rd position in the new ranking while Ebenezer Onyeagwu of Zenith Bank rose from 10th position to 7th position in the new ranking. Others experienced a major decline in earnings causing a drop down the ranking or complete displacement from the top 10.

Interestingly, we see that the top 3 earners Michel Purcheros (N531m) of Dangote cement, Roger Brown (475m) of Seplat energy, and Lars Ritcher (N408.91m) of Lafarge earned a combined N1.414bn. This represents a -5.37% decline from the combined earnings of top 3 earners in the previous ranking at N1.49bn. The combined earnings of the top 3 exceeds the amount earned by the bottom 5 who jointly earned N1.25bn by 162.64m, a +53.43% increase from earlier year's gap of N106m. Howbeit, it is imperative to note that majority of these CEOs are in their first term, thus, they have relatively lower earnings compared with their predecessors and our previous ranking (*see illustration 9*).

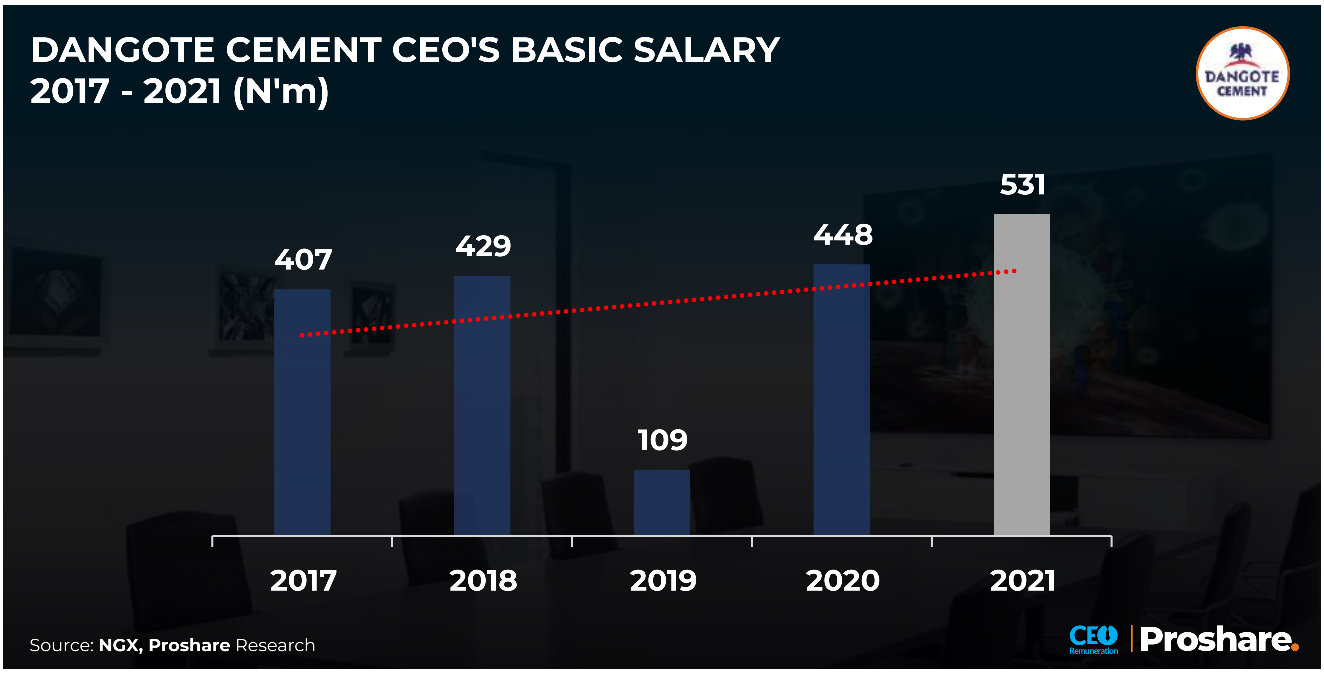
Illustration 9:

Source: NGX, **Proshare** Research

Dangote Cement / Michel **PURCHEROS**

Michel Purcheros, the CEO with the highest base salary for the financial year 2021, was appointed at the beginning of 2020 financial year as CEO for Dangote Cement Plc. He has over 20 years' experience in the cement industry, having previously served as the CEO of Lafarge Africa until 2016. In the last edition of our CEO remuneration, he ranked 3rd out of the top 10 highest paid CEOs with a base remuneration of N448m. His basic salary increased by +18.53% Y-o-Y in 2021 to N531m, putting him in the lead position in terms of basic salary of CEOs. In the three years preceding his appointment, the average salary of his predecessor was N315m, with the lowest period being 2019 and the highest being 2018. This further indicates a +311.01% spike in basic salary of CEO of Dangote cement from 2019 to 2020 (*see chart 2*).

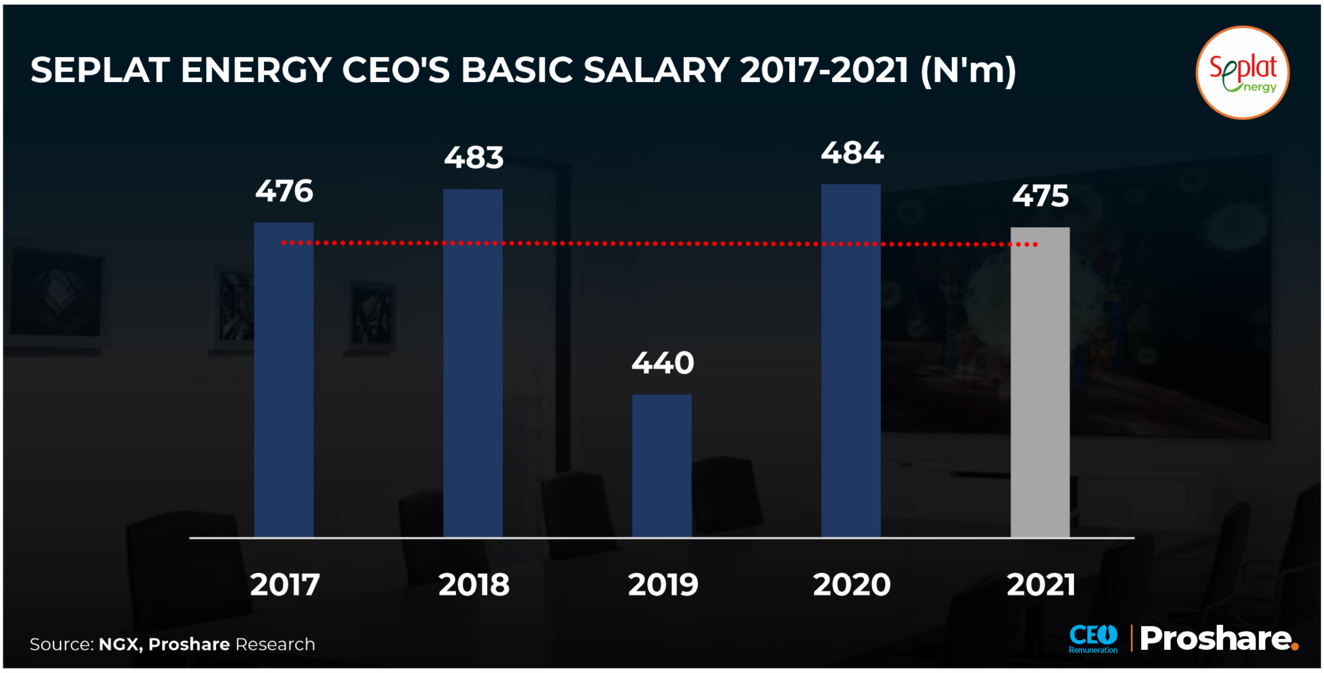
Chart 2:



Seplat Energy / Roger Tompson **BROWN**

Roger Brown of Seplat maintained his position as the second highest earning CEO in Nigeria for the year 2021. Roger Brown replaced Austin Avuru as CEO in June 2020 and earned a total amount of N484m in his first year. As of 2021, he earned a total of N475m, a -1.85% decline from previous year's earnings. In the last four years preceding 2021, Seplat Energy paid an annual average of N470.75m to their CEOs, with N440m being the lowest amount paid in 2019 and N484m being the highest paid in 2020, with a +10% hike from the previous year (*see chart 3*).

Chart 3:



Julius Berger / Lars **RITCHER**

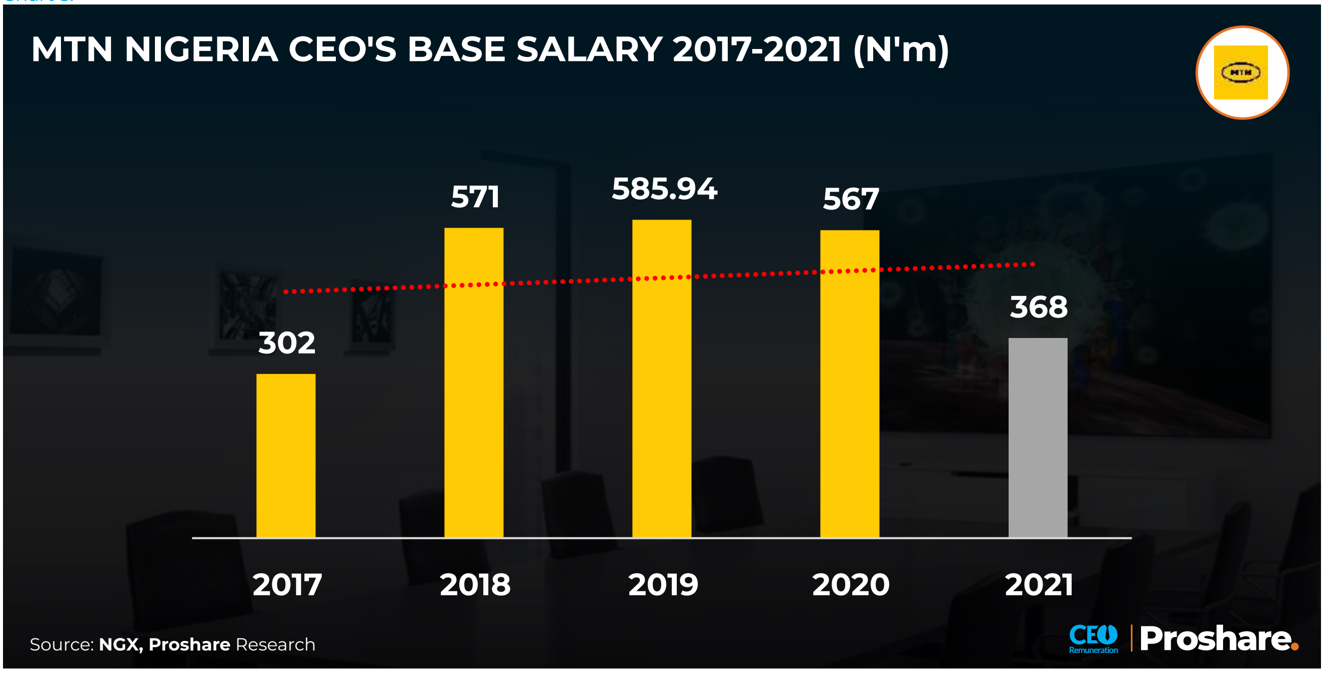
Lars Ritcher, of Julius Berger who has served as CEO of the company since October 2018, is one of the few CEOs who experienced a significant increase in basic salary Y-o-Y, thereby moving from 7th highest paid in 2020 to 3rd highest in 2021. In 2021, Ritcher received a base salary of N408.91m, a +29.14% increase from a salary of N316.64m received in 2020. Between 2018 and 2021, he earned an average salary of N315.41m, with the lowest of N217m in 2019 and then rising by +45.87% in 2020 (*see chart 4*).

Chart 4:

MTN Nigeria / Karl **TORIOLA**

Karl Toriola joined MTN Nigeria as the Chief Technical Officer (CTO) in 2006. With over 26 years of experience in the telecommunications industry, he took over Ferdinand Moolman's position as CEO in March 2021. For the year under review, he earned N368m which is a -35.097% decline from Ferdinand's previous earnings of N567m. Nonetheless, he ranks 4th on the top 10 CEO in basic salary (*see chart 5*).

Chart 5:

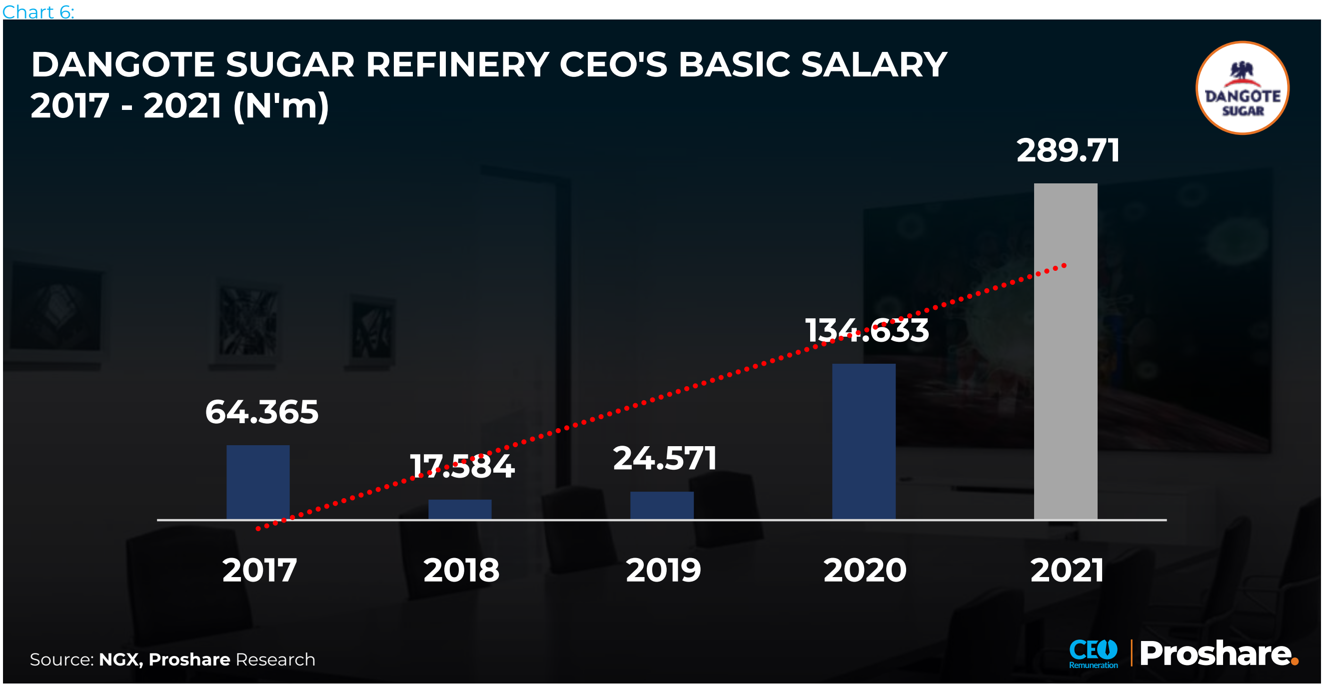


Dangote Sugar Refinery Plc. / Ravindra **SINGHVI**

Ravindra Singhi, the 5th highest earning CEO for the year ended 2021, was not part of the top 10 ranking in the previous edition. He became the Group's Managing Director/CEO of Dangote Sugar Refinery Plc in October 2020, with over 40 years' worth of experience in Manufacturing and Processes of Sugar, Petrochemicals, Cement, and textile products industries. For the last 4 years preceding 2021, the remuneration disbursed to CEOs of the company, came in at an annual average of N60.29m, with a hike in salary from 24.57m in 2019 to N134.63m in 2020. The CEOs' pay also spike from N134.63m in 2020 to N289.71m in 2021, indicating an increase of +115.18% (*see chart 6*).

Chart **6**

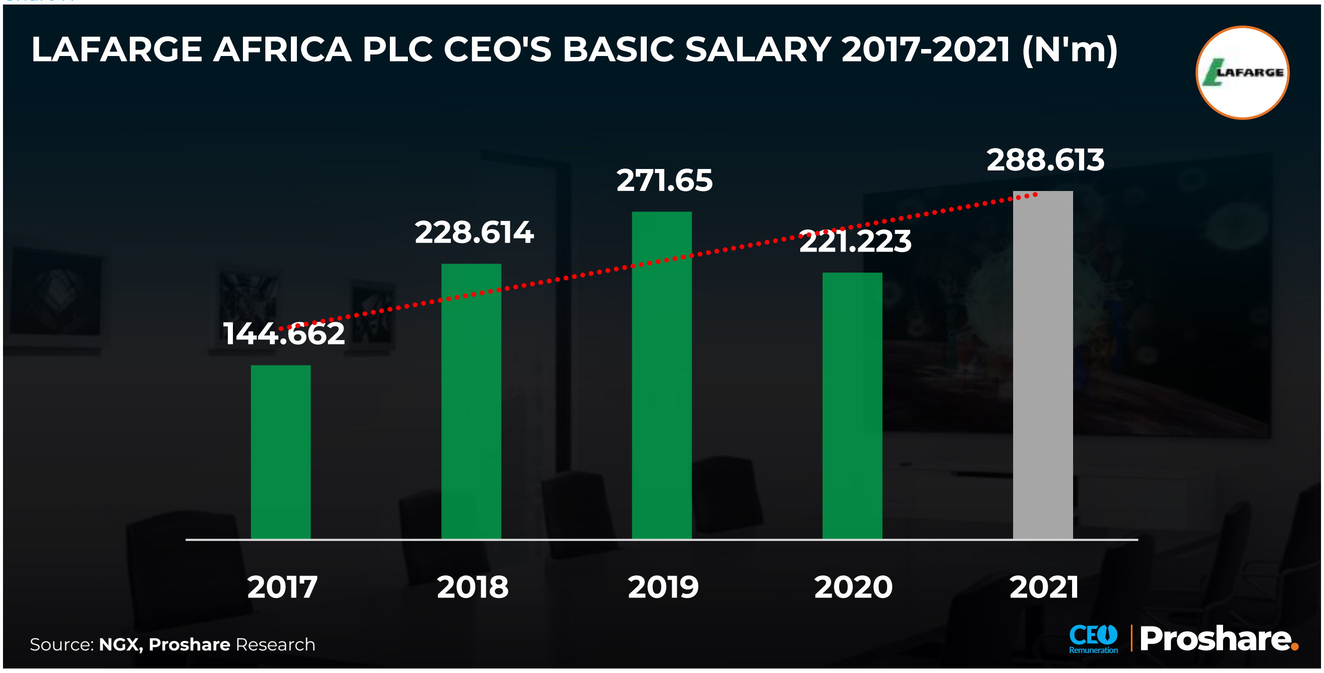
Chart 6:



Lafarge Africa / Khaled Abdel Aziz **EL DOKANI**

Khaled El Dokani of Lafarge was the 6th highest paid CEO in 2021 with a base salary of N288.6m, cutting it close to CEO in the 5th position. Khaled El Dokani replaced Michel Purcheros as CEO in January 2020. There was a +30.46% increase in his base remuneration from N221.12m in 2020 to N288.61m in 2021 (*see chart 7*).

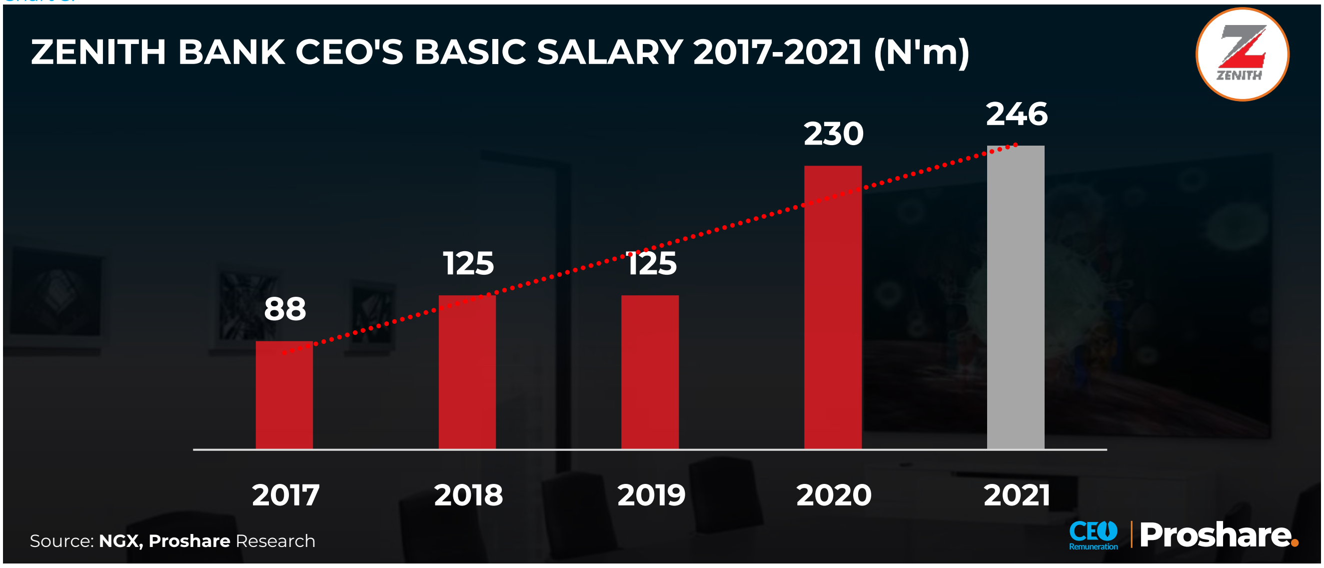
Chart 7:



Zenith Bank / Ebenezer **ONYEAGWU**

Ebenezer Onyeagwu was appointed as CEO of Zenith Bank in June 2019 and his basic salary has consistently been increasing. His basic salary increased by +84.00% from N125m in 2019 to N230m in 2020. Interestingly, as of last year, Ebenezer Onyeagwu was last on the top 10 ranking but with a +6.96% increase in earnings from N230m in 2020 to N246m in 2021, he moved three places up the ranking to the 7th largest CEO in base salary (*see chart 8*).

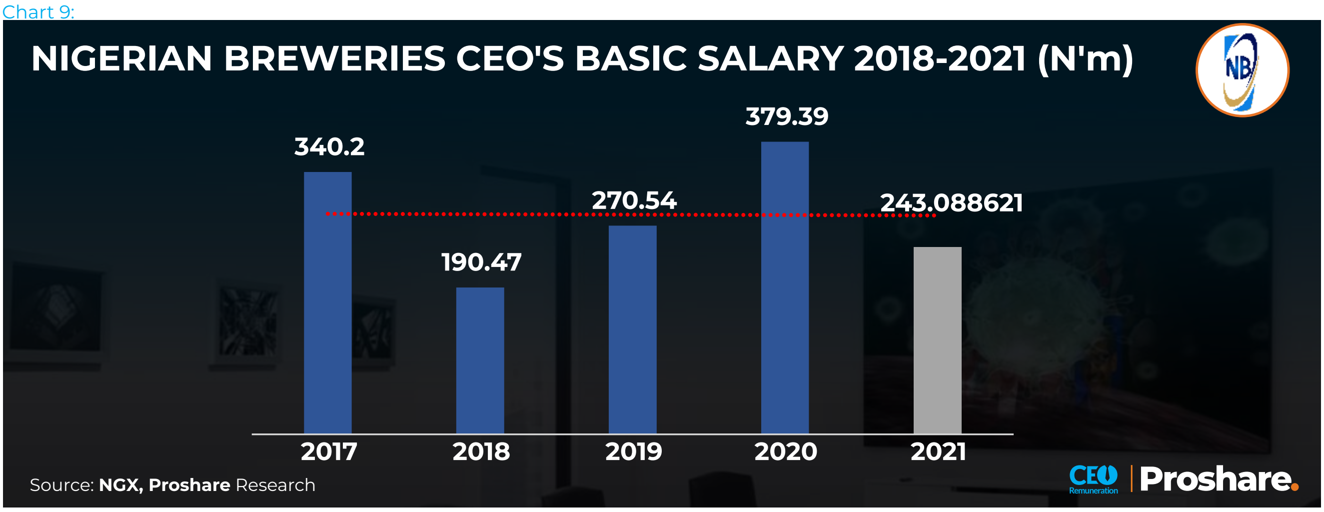
Chart 8:



Nigerian Breweries / Hans **ESSAADI**

Amidst restructuring, Hans Essaadi, with over a decade of experience within the Breweries industry, was appointed as CEO of Nigerian Breweries in July 2021, replacing Jordi Borrut Bel. He received a base salary of N243m in 2021, a -35.92% decline from N379m paid to Jordi Bel in 2020, nonetheless placing him in the eighth spot in the current ranking. In the preceding 4years to 2021, the annual average salary disbursed to the company CEOs was N295.15m, the lowest being N190.47m in 2018 and N379.39m being the highest in 2020 (*see chart 9*).

Chart 9:



Guinness Nigeria / Baker MAGUNDA

Baker Magunda became the CEO of Guinness in July 2018 and ranked as the 9th highest paid CEO with a base salary of N243m in 2021. This is a -4.71% decrease from previous year's earnings of N255m. For the prior four years before 2021, the annual average remuneration earned by Baker Magunda was N273.75m with the lowest earning being N193m in 2019 (*see chart 10*).

Chart 10:

Unilever Nigeria Plc. / Carl CRUZ

Carl Cruz of Unilever Nigeria Plc is the tenth on the Top 10 highest paid CEOs ranking. He was appointed CEO of Unilever in February 2020. In the 2020 ranking, he was on the 9th position but with a -5.60% decline in his base salary, from N245m in 2020 to N231.57m in 2021, he dropped to the 10th position on the ranking. The company's annual CEO's salary rose by +50.00% from N220m in 2017 to N330m in 2018, before declining by -8.33% in 2019. On the average, the annual salary Unilever paid to its CEOs in the last 4 years, from 2017 to 2020, was N274.38m. The lowest amount of N245m was paid in 2020 and the highest in 2018 with a total amount of N461m disbursed (*see chart 11*).

Chart 11:

Top Ten Total Remuneration including Benefits, Bonuses, and Dividend Payments

Weighing the pay packets of top earning CEOs cannot be effectively without taking a broader look at all possible forms of earnings that the CEOs receive at the end of the financial year. This takes into consideration, not just base salary, but also bonuses, profit-sharing, and beneficial equity. Executives receive bonuses that are tied to performance, and benefits that may vary based on the company. CEOs also possess several shares and as such are entitled to dividends, thus, adding to total earnings, which may particularly be significant in cases where the company is present in a highly competitive industry.

Similar to the last ranking, the full pay packet significantly alters the rankings of the highest paid CEOs. Unlike in the base salary ranking where Michel Purcheros of Dangote Cement ranks as the highest earner, Herbert Wigwe of Access bank ranks as the highest earner for the financial year of 2021 with the addition of dividends earned, bonuses or benefits. Herbert Wigwe has a total remuneration of N1.64bn, lifted by a high dividend income of 1.52bn. With a base salary of N120m, Herbert Wigwe did not make the list of top ten earners. Coming in second place was Roger Thompson Brown of Seplat Energy who, in addition to the base salary of N475m, had a dividend earning of N134.94m, leading to a total remuneration of N609.94m.

Thus, the top 5 CEOs based on total remuneration earned for the financial year of 2021 were Herbert Wigwe of Access Bank, Roger Brown of Seplat, Olusegun Ogunsanya of Airtel Africa, Michel Purcheros of Dangote Cement, and Folasope Aiyesimoju of UAC.

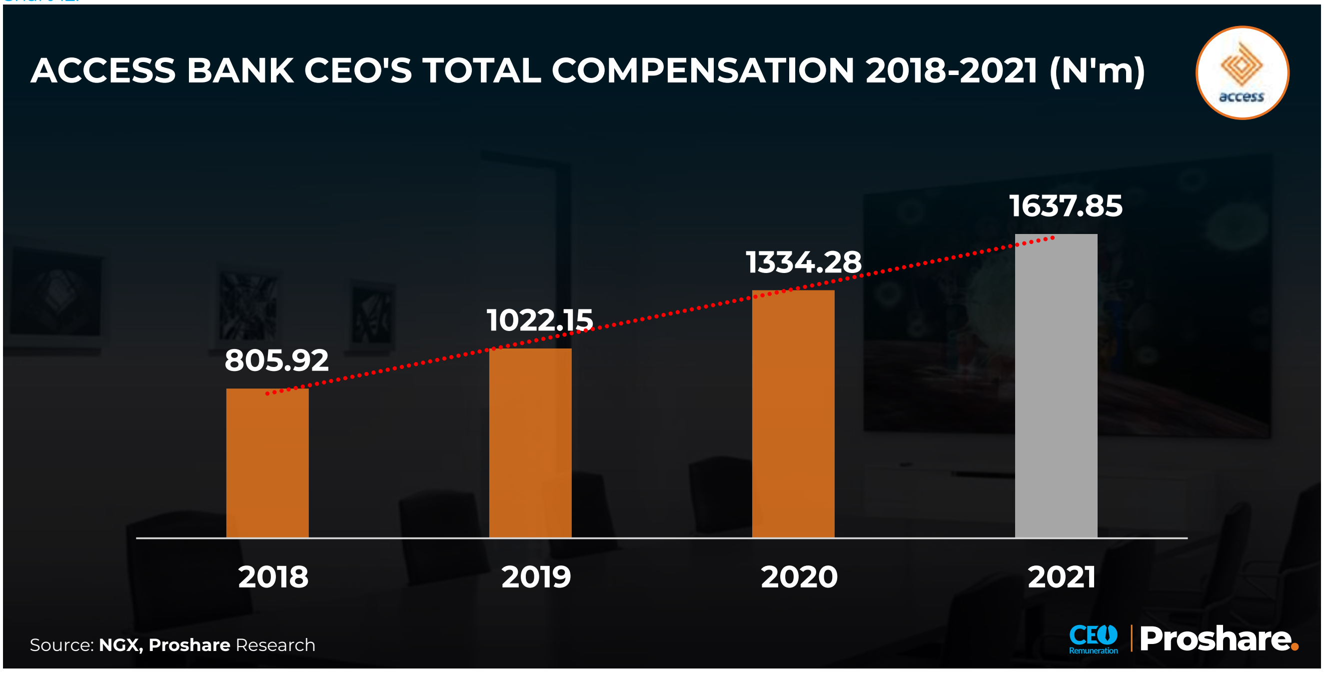
The top 5 CEOs had an average total remuneration of N773.39m, but only Herbert Wigwe earned above the average. The average compensation of the five CEOs saw a significant decline in comparison to previous year's average of N881.79m. remarkably, some CEOs that were in the top 10 ranking as of last year either got displaced from the list entirely or experienced a decline in total remuneration earned save for Herbert Wigwe of Access Bank, Ebenezer Onyeagwu of Zenith Bank, and Michel Purcheros of Dangote Cement (*see illustration 10*).

Illustration 10:

Herbert **WIGWE**

Herbert Wigwe, the current CEO of Access Bank as indicated in the bank's 2021 annual financial statement, assumed the position of CEO in January 2014, having served earlier as an executive director at Guaranty Trust Bank. Herbert had direct and indirect shares amounting to 1,517,850,729 at a dividend per share (DPS) of N1.00k. The +25% increase in DPS from N0.80k in 2020 to N1.00k in 2021 in addition to a base salary of N120m brought his total compensation to N1.64bn. Herbert Wigwe experienced a +23.31% Y-o-Y increase in total compensation from N1.33bn earned in 2021 (*see chart 12*).

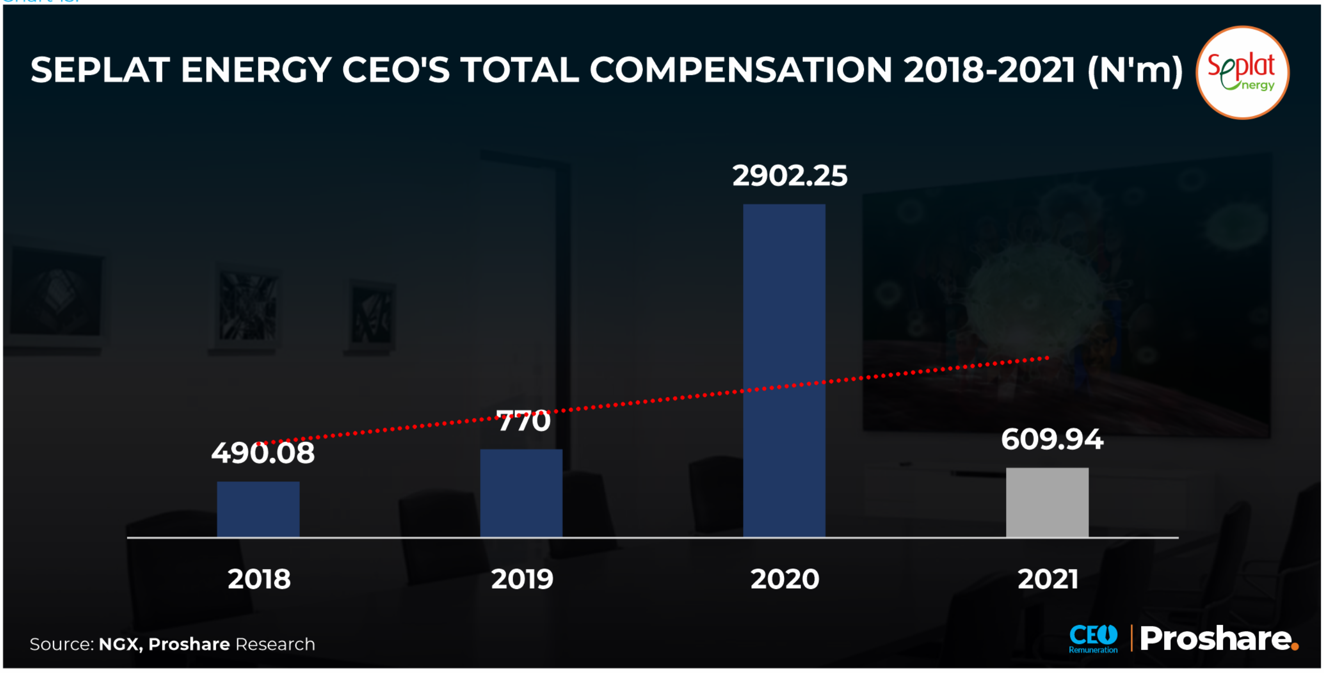
Chart 12:



Roger Thompson **BROWN**

Roger Brown became CEO of Seplat Energy in June 2020, replacing Austin Avuru, who had earned a total of 2.90bn in total compensation in 2020. In contrast, Roger Brown earned a total compensation of N609m for the financial year of 2021. Brown, however, had a +65.06% increase in earnings from N369.5m in 2020 when he made his first-time entry into the list of highest remunerated CEOs. The +15.82% increase in dividends earned from 116.51m in 2020 to N134.94m in 2021 led to a shift in position from the tenth to the second-highest paid CEO based on total compensation (*see chart 13*).

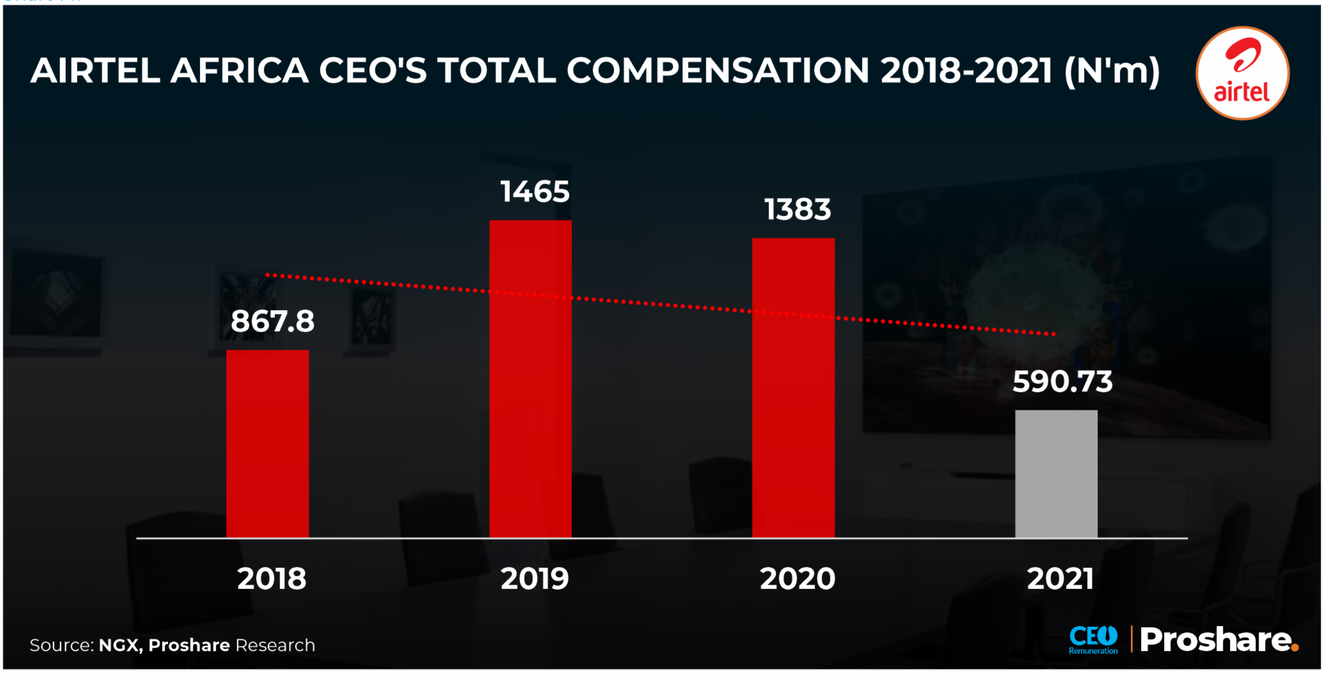
Chart 13:



Olusegun **OGUNSANYA**

Following the retirement of Ragutha Mandava, Olusegun Ogunsanya assumed the position of CEO and was appointed to the board in October 2021. The Airtel Africa's CEO ranks third-highest paid CEO in total compensation with 590.73m, consisting of N391.5m in benefits earned and N199.23m in base salary. The average salary paid as total remuneration to the CEO of Airtel Africa for periods 2018 to 2020 is N1,238.6bn with a dip in earnings in 2020 by -5.58% (*see chart 14*).

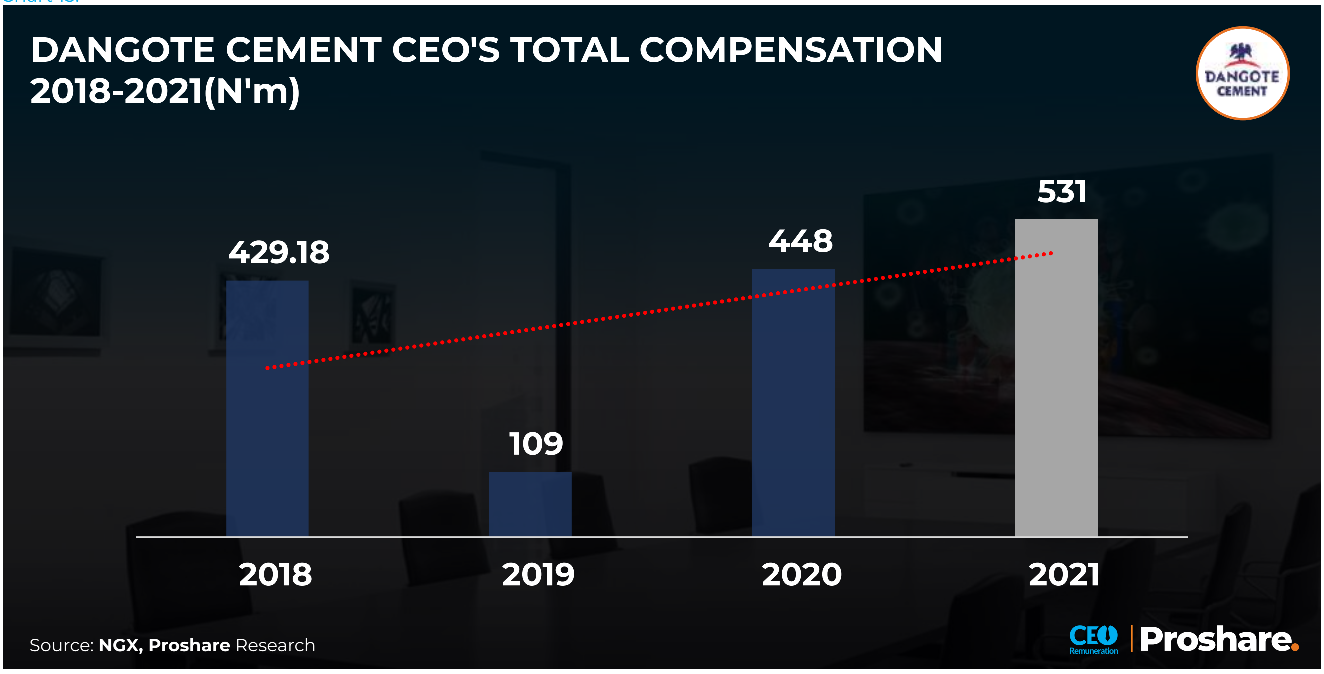
Chart 14:



Michel **PURCHERCOS**

Michel Purhercos of Dangote Cement, the CEO with the highest base salary of N531m, ranks fourth highest-paid CEO in total compensation. Interestingly, Purchercos has no record of share ownership and received no benefit for the year 2021. He ranked seventh highest CEO as of 2020 but an increase in his base salary lifted his ranking in 2021. The Dangote Cement boss experienced an +18.53% Y-o-Y increase in total compensation from N448m in 2020 to N531m in 2021 (*see chart 15*).

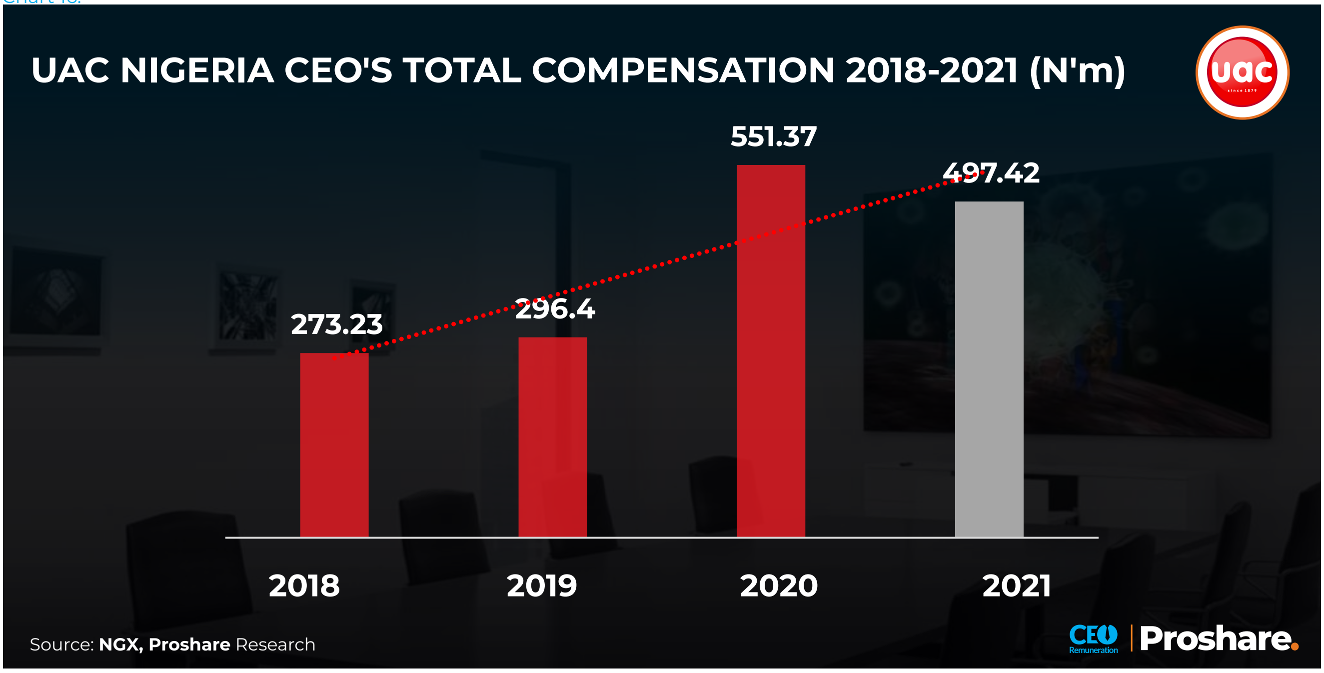
Chart 15:



Folasope **AIYESIMOJU**

Folasope Aiyesimoju, who was appointed as the CEO of UAC Nigeria Plc in April 2019, earned a total remuneration of N497.42m, placing him as the fifth highest paid CEO in total compensation in Nigeria for the year 2021. This is a position he maintained from previous year's ranking. The UAC boss earned N401.44m in dividends, a +19.71% increase from 315.32m earned in 2020, in addition to a base salary of 95.987m. However, there was a restatement of earnings as regards the base salary paid to the CEO in 2020. Nonetheless, there has been a steady rise in his compensation. Aiyesimoju had +82.05% Y-o-Y increase in total compensation from N273.23m in 2018 to 497.42m in 2021 (*see chart 16*).

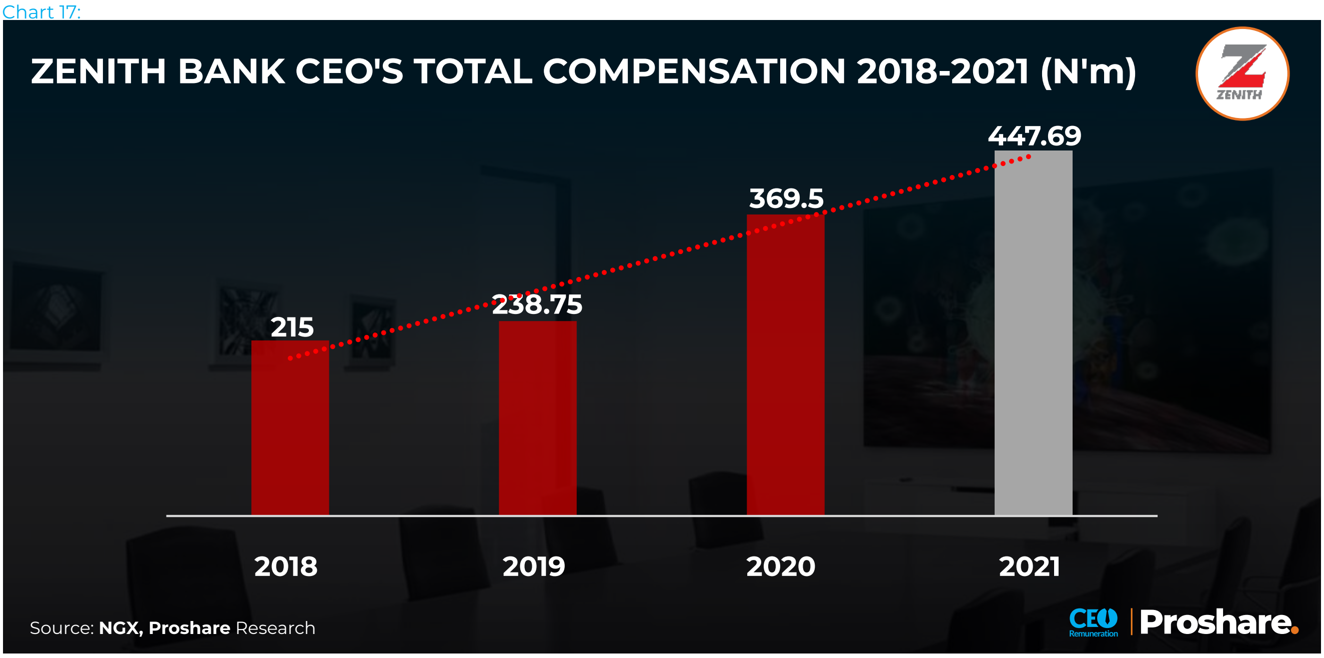
Chart 16:



Ebenezer **ONYEAGWU**

Ebenezer Onyeagwu's base salary increased by +6.96% while his total compensation increased by +21.16% between 2020 and 2021. The increase in total compensation is a result of the increase in shares owned from 46.5k to about 65k and dividend per share from N3.00k to N3.10K. Thus, his dividend income increased by +44.58% from N139.5m in 2020 to N201.69m in 2021, leading to an overall increase in total remuneration. This moved the Zenith bank boss to the sixth highest earning CEO from the ninth position in 2020. There has been a consistent rise in the remuneration of the CEO in the last 3 consecutive periods; rising by +71.86% between 2018 and 2020 (*see chart 17*).

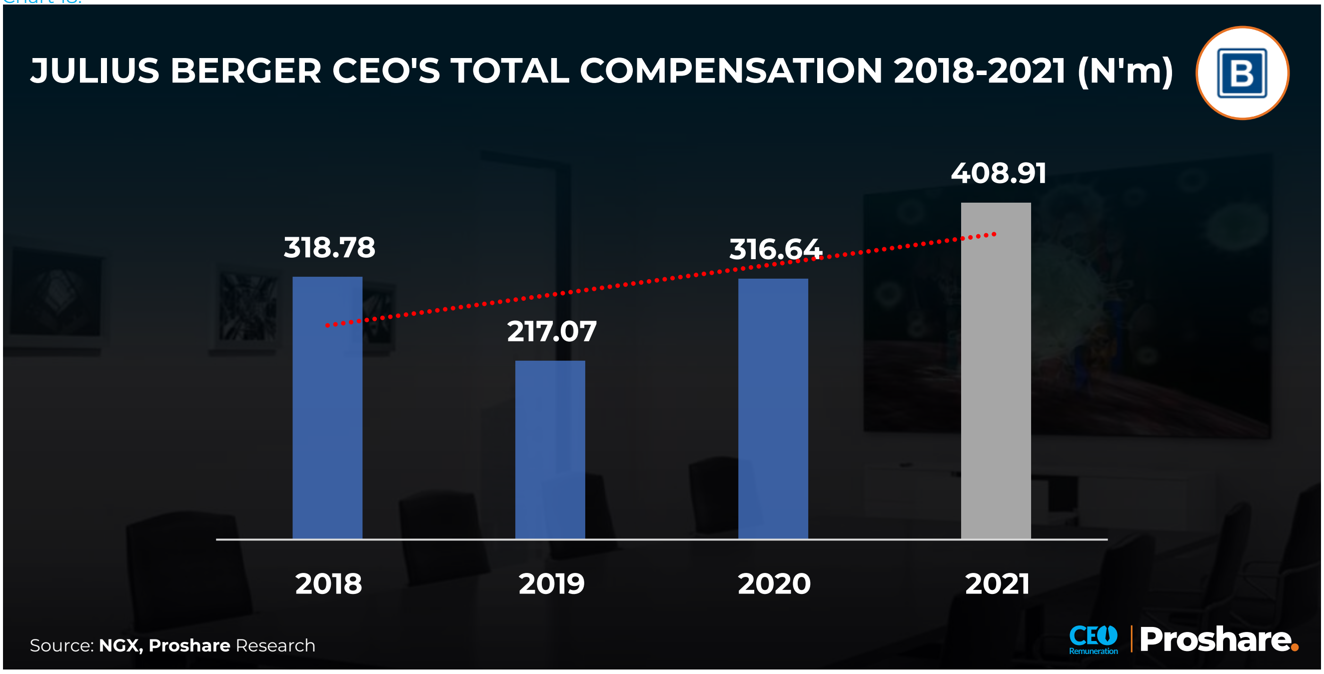
Chart 17:



Lars **RITCHER**

Lars Richter was appointed Director and Managing Director of Julius Berger with effect from October 16, 2018, replacing Engr. Wolfgang Goetsch. The total remuneration disbursed by Julius Berger to Ritcher amounted to N408.91m void of shares owned, hence no dividend income. He ranks seventh on the top 10 highest paid CEOs based on total compensation, a significant improvement having missed the list in previous year's ranking. However, there was a dip in total compensation earned by the CEOs in the construction giant by -31.91% between 2018 and 2019, and then a +29.14% increase in earnings between 2020 and 2021 (*see chart 18*).

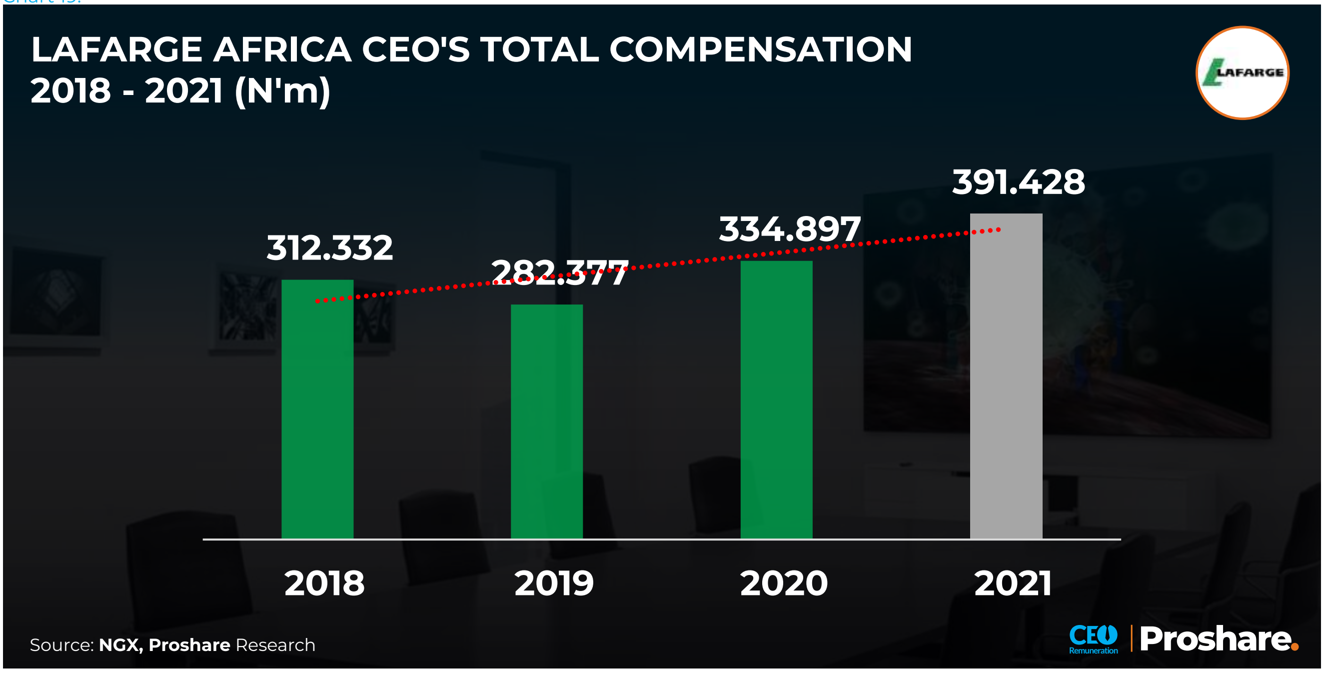
Chart 18:



Khaled Abdel Aziz **EL DOKANI**

Khalid Dokani became the CEO of Lafarge Africa in January 2020, taking over from Michel Purchercos who ranked fourth on base salary and seventh on highest paid CEO in total compensation. With no shares owned, Khaled Dokani received a bonus of N102.82m in addition to a base salary of N288.61m, thus his total compensation for the 2021 financial year amounted to N391.43m. There has been a steady rise in the total compensation of Lafarge CEOs. The cement company recorded a cumulative growth of +25.32% in total compensation from N312.33m in 2018 to N391.43m in 2021, albeit there was a dip of -9.59% between 2018 and 2019. (*see chart 19*).

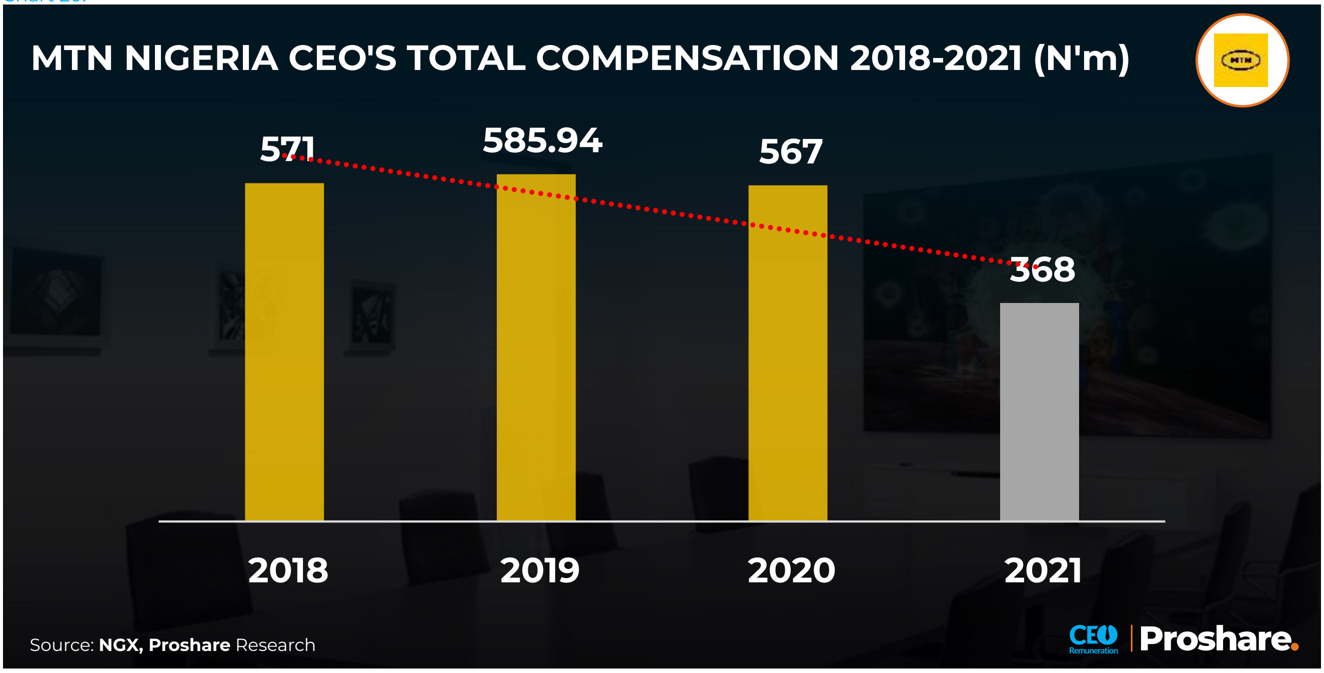
Chart 19:



Karl **TORIOLA**

Karl Toriola, the ninth highest paid CEO based on total compensation, earned a total compensation of N368m in financial year 2021, a -35.07% decline from the amount earned by the previous CEO. The decline was mainly due to the absence of shares ownership and bonus/benefits earned by Toriola. The total compensation of CEOs of MTN has been steady for the last three years with an all-time high of N585.94m in 2019, when there was an increase of +2.62% from N571m earned in 2018 (*see chart 20*).

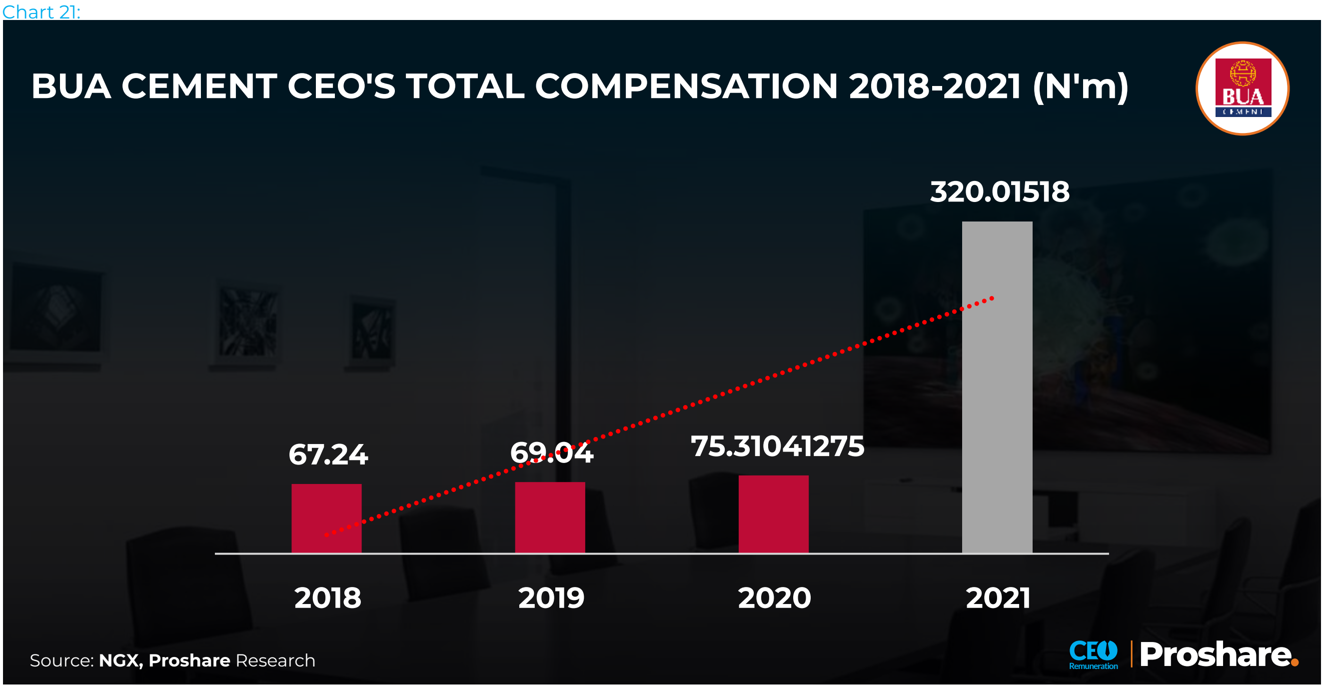
Chart 20:



Yusuf Haliru **BINJU**

Yusuf Binju who became the CEO of BUA in September 2018, with prior experience in the industrial sector earned a total compensation of N320m, ranking tenth highest paid CEO in total compensation for the year 2021. The cement company CEO owned 827,093 shares in BUA, a massive leap from the 7,093 shares owned in 2020, causing a massive spurt in earnings. The CEO recorded +324.94% increase in total compensation from N75.31m in 2020 to N320m in 2021. There has also been a steady rise in earnings between 2018 and 2020, increasing by +2.68% between 2018 and 2019 and +9.08% between 2020 and 2019 (*see chart 21*).

Chart 21:

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Gender Equity And Corporate Compensation - Sizing-up Women's C-suite Pockets

Globally, Women's advancement into top management positions accelerated in 2021 as the need for a more diverse and inclusive leadership model supported women's inclusion. The proportion of women in senior management rose despite the widened gender gap recorded in the previous year as the Covid-19 pandemic tumbled the global economy.

In Nigeria, banks have set the pace for gender equity in the corporate space with women reaching the CEO level in some prominent financial institutions. As of 2021, six out of the 23 commercial banks in the country have women in CEO and MD positions. Specifically, FCMB, GTCO, Fidelity Bank, Citibank Nigeria, SunTrust bank, and unity bank have women in their CEO or MD positions. With the noticeable improvement in the diversity of the board of director, financial institutions' effort in including women in decision-making shows a leap toward achieving gender equity (*see table 3*).

Table 3:

BOARD DIVERSITY IN THE BANKING SECTOR

S/NO	Companies	Female	Male	Degree of Diversity
1	UBA	5	5	100%
2	FCMB	4	6	67%
3	ETI	5	8	63%
4	GTCO	2	4	50%
5	Stanbic	4	8	50%
6	Unity	3	6	50%
7	Access H	3	6	50%
8	Wema	4	9	44%
9	Fidelity	3	11	27%
10	Sterling	3	11	27%
11	Zenith	3	14	21%
12	FBNH	1	8	13%

Source: **Proshare** Research

Despite climbing the management ladder, no woman made the list of the top 10 CEOs, but analysts spotted Stanbic bank at the 13th position (which has a female chairman) and GTCO at 14th (female MD). However, the gender mix on the board of directors for the top 10 paid CEOs shows a lack of visible possibility for women making the list in the near term with only Lafarge cement having a balanced gender mix while Nigerian Breweries and Guinness Nigeria Plc show a fair mix (*see table 4*).

Table 4:

GENDER MIX ON THE BOARDS OF THE TOP 10 CEO REMUNERATING COMPANIES

S/NO	Companies	Female	Male	Sector
1	Dangote Cement	3	11	Industrial
2	Seplat	2	11	Oil and Gas
3	Julius Berger Nigeria	2	12	Construction
4	MTN Nigeria	3	13	ICT
5	Dangote Sugar Refinery	2	7	Consumer Goods
6	Lafarge Africa	6	6	Industrial
7	Zenith Bank	3	14	Bank
8	Nigerian Breweries	4	8	Consumer Goods
9	Guinness Nigeria	4	8	Consumer Goods
10	Unilever Nigeria	4	9	Consumer Goods

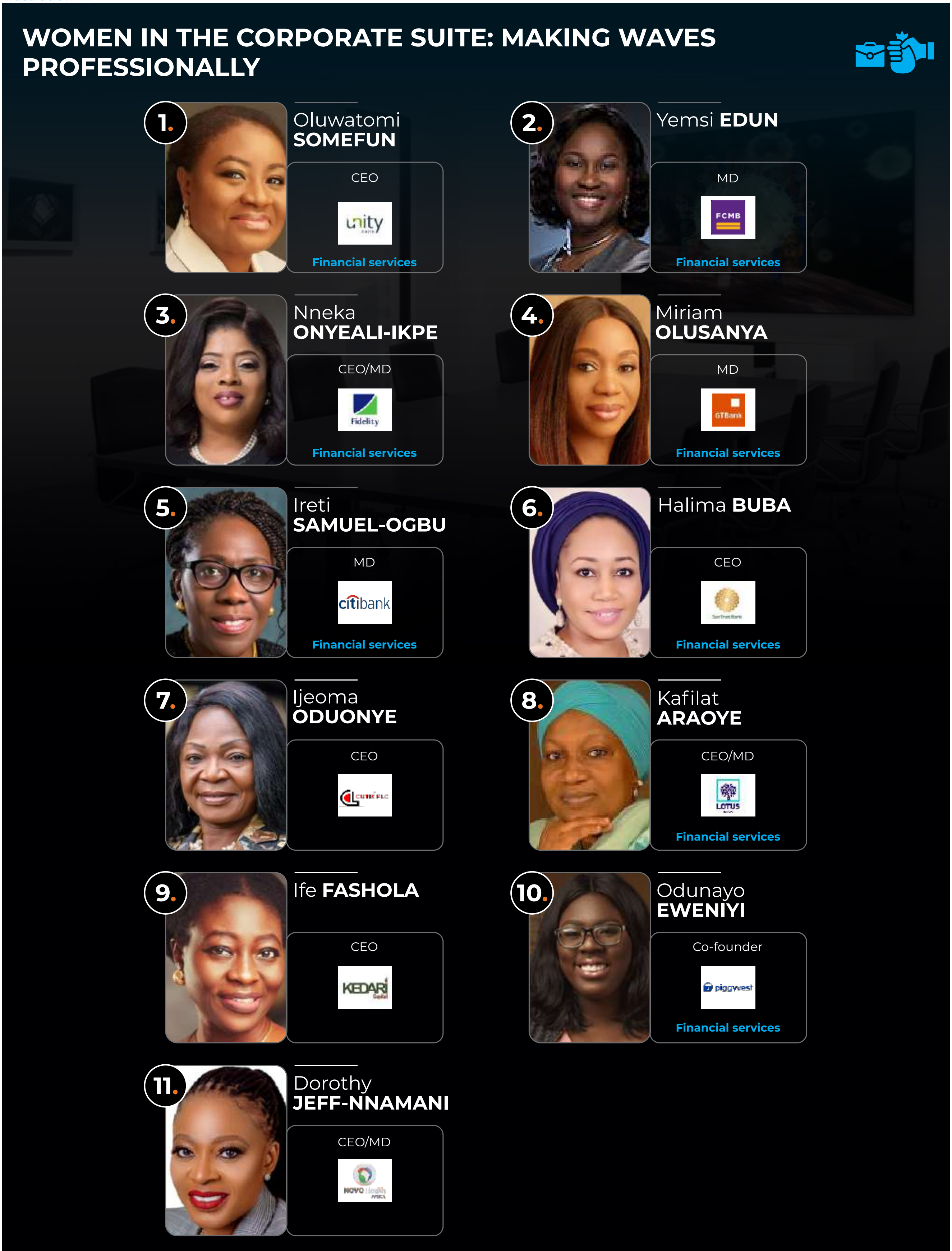
Source: **Proshare** Research

The significance of women's inclusion in corporate suite was cited in Proshare's Bank strength Index (PBSI) introduced in "Nigeria Banking Report: The case for redefining Tier 1 banks report''. Proshare analysts itemized gender-diversified boards as one of the metrics to measure a bank's efficiency and sustainability. The report revealed that banks with more gender-diverse boards showed a better performance, measured by the return on equity (ROE). This statement justifies the need for women in leadership roles and affirms the strive toward gender equity is beyond fairness but beneficial to both an organization and the economy at large.

The journey to gender equity still requires intense exertion in all sectors, as a recent report written by Professional Women Roundtable (PWR) in 2021 revealed that Nigerian women only held 23.4% of the board of directors of the top 20 companies (classified by market capitalisation) on the Nigerian Stock Exchange. This depicts that only 56 seats out of the 239 board seats available in the top 20 companies belong to women, pointing to a wider gender gap in the country.

Pertaining to female CEO's remuneration, fidelity bank and unity bank maintained the same salary as the previous year at N110m and N41.40m respectively. Aside from the banking sector, analysts spotted that Cutix Plc (a manufacturing firm) currently has a female CEO, but the remuneration was not included in the financial statement of the company making it impossible to know the exact position of the firm in terms of CEO ranking. However, the progress still points back to the banking sector, showing their effort in fostering women's inclusion. Capturing the gender pay gap is quite difficult with the limited data available on female-led companies. Moreover, there are some thriving women-led firms in other sectors that are not listed on the Nigerian Stock exchange such as Piggyvest (Odunayo Eweniyi, a co-founder), Novo Health Africa Ltd head by Dorothy Jeff-Nnamani, Kedari Capital Limited with Ife Fashola as the Group CEO and many more (*see illustration 11*).

Illustration 11:



Source: NGX, **Proshare** Research

The progress so far envisages a tighter gender gap in the finance sector that should eventually spread to all sectors of the economy, although the reluctance of the Nigerian lawmakers to pass a bill that would explicitly specify the gender quota for company boards and political positions is strongly contributing to the setback. The right Policies and laws will tackle the imbalance and promote the actualization of women's inclusion in all sectors including political positions.

Experts are of the opinion that the fast-growing professions should help bridge the gap in gender inequality as it requires more intellectual and technical skills than physical ability which segregates gender in some jobs. A recent study carried out an analysis of the gender patterns that have evolved in the Artificial Intelligence field from 2000 to 2019, the representation showed a 27% increase in women's involvement. This milestone showcases that women are consciously redefining the narrative of being negligent about acquiring skills or trailing a technically advanced career path and this transformation will progress further as the new job opportunities tackle systemic barriers.

How Industries Shape Executive Compensation - CEO Remuneration Across Sectors; The Good, Better, Best

This section seeks to provide a succinct overview of the relationship between the performances of various industries within the Nigerian economy for the year 2021, and the remunerations received by the Chief Executive Officers (CEO) of the listed companies underneath each sector.

The 2020 CEO remuneration edition was pointedly characterized as a period of pandemic where most companies had to go hybrid to continue operations. Most companies recorded a decline in performance, but the fall had little or no impact on the earnings of their executives, indicating that a significant decline in the earnings of the company did not translate to a fall in CEO remuneration but instead the highest-paid executive experienced an increase in remuneration.

With 2021 being a recovery year, most industries were finally able to sustain stable levels of growth, but it would also be disingenuous to provide an overview without highlighting various pivotal occurrences that shaped these growth levels. The recovery in crude oil prices, specific sectors suspended the hybrid work nature and returned to physical business operation and the innovation of new business lines promoted by the covid pandemic bolstered the growth. However, the growth recorded during this period translated to the remuneration of some CEOs.

In line with the recovery, several managerial changes were made by most companies, and as such CEOs either retired or were replaced, more often than not leading to a reduction in amounts earned. The various amounts paid as remuneration were sourced from each company's annual audited report for the financial year 2021. Each company has different yardsticks or guidelines employed in determining the pay CEOs receive. However, in line with this year's theme, the CEO remuneration will be captured using the base remuneration entitled to the executive and method of payment namely, stock bonuses, and benefits, and its effect on the industry under which the company exists.

Firstly, base remuneration particularly that of the CEOs is based on a myriad of factors such as years of experience, location of the company, and level of superiority, but notably, the industry plays an important role, particularly in cases where the company is part of an extremely competitive and booming industry, more often than not, high-performance levels are recorded and as such leading to higher levels of pay. Moreover, base remuneration also serves as an acute form of reward in cases where the executives provide stellar leadership that reflects heavily on the performance of the company and as such, ideally, higher levels of base pay correlate significantly with company earnings.

Secondly, CEOs are offered hefty bonuses/benefits that serve as a means of incentive, and as such this varies with the overall performance annually. It serves as a valid form of compensation, particularly in scenarios where the company has immediate objectives or goals that have to be achieved within a short period.

Thirdly, the stock options posit a situation where the CEO is offered several shares within the company and thus at the end of the year, is entitled to such dividends per each share owned, thus adding to the overall payment received.

In conclusion, in an ideal situation, the industry in which a company exists should primarily shape the remuneration received by the CEOs such that it reflects the level of competitiveness and present boom/decline being experienced in the industry.

Financial Services Sector

Banking Sub-Sector:

For the financial year 2021, as usual, banks recorded an increase in the level of earnings with a corresponding increase in remuneration offered to the executives. Noticeably, Zenith Bank, Stanbic IBTC, and GT Bank CEOs; Ebenezer Onyeagwu, Demola Sogunle, and Olusegun Agbaje respectively had the highest base pay amongst all other CEOs within the banking sub-sectors with earnings of N246m, N134m, and N171m respectively. This base pay is non-inclusive of dividends and bonuses earned.

Here, Zenith bank's base pay increased from last year's N230m to N246m by +6.95% while Stanbic IBTC's highest-paid director experienced the largest increase in base remuneration on a year-on-year (Y-o-Y) rising from N158m in 2020 to N204m in 2021, indicating a near +29.11% rise.

Unfortunately, the executive directors of some banks experienced a Y-o-Y decline in base remuneration such as Guaranty Trust Bank, and Union Bank. The GTCO's CEO basic remuneration declined from N399.69m to N171.957m recording a near -56.98% loss, and UBN had a slight decrease of -18.29% from N164m to N134m (*see table 5*).

Table 5:

BASE REMUNERATION OF HIGHEST PAID EXECUTIVES IN THE BANKING SUB-SECTOR 2021

S/NO	Bank	Name of CEO	2021 Base Salary (N'm)
1	Zenith Bank	Ebenezer Onyeagwu	246.00
2	Stanbc IBTC	Demola Sogunle	204.00
3	GTB	Olusegun Agbaje	171.96
4	UBA	Kennedy Uzoka	143.00
5	Union Bank of Nigeria	Emeka Okonkwo	134.00
6	FBNH	U.K.Eke	131.00
7	Access Bank	Herbert Wigwe	120.00
8	FCMB	Ladi Balogun	117.63
9	Fidelity Bank	Nneka Onyeali-Ikpe	110.00
10	Wema Bank	Ademola Adebise	70.05
11	Unity Bank	Oluwatomi Somefun	41.40
12	ETI	Ade Ayeyemi	NA
13	Sterling Bank	Abubakar Suleiman	NA

Source: NGX, **Proshare** Research

In a case where the dividend earned is added to base remuneration, the ranking of CEOs changed with Herbert Wigwe of Access bank topping the top ten highest-paid list. The Access bank's CEO holds over a billion worth of shares at a dividend per share (DPS) of N1.00K, resulting in over N1.52bn in dividends. The huge dividend supported the movement from not being on the top ten highest paid based on basic salary to being the highest paid CEO, with total remuneration of 1,637.85bn, a +22.57% increase from 1,334.28B earned in 2020. Coming in a close second is Ebenezer Onyeagwu of Zenith, with a dividend earned N201.7m at a final DPS of N3.10k and a Y-o-Y percentage increase of +27.16% in total remuneration from N369.50m earned in 2020 to N447.69m in 2021.

Lastly, Segun Agbaje of GTCO with a base pay of N171.9m had a dividend earned amounting to N96.44m at DPS of N3.00K. Ademola Adebisi of Wema earned the lowest number of dividends, thus becoming the tenth highest-paid CEO position in the banking sub-sector (*see table 6*).

Table 6:

HIGHEST PAID EXECUTIVES IN THE BANKING SUB-SECTOR 2021

S/NO	BANK	Name of CEO	Base Remuneration (N'm)	Dividend Earned	Base Remuneration + Dividend Earned
1	Access Bank	Herbert Wigwe	120.000	1,062,495,510	1,182.50
2	Zenith Bank	Ebenezer Onyeagwu	246.000	201,695	447.69
3	GTCO	Olusegun Agbaje	171.960	96,439.95	268.40
4	Stanbic IBTC	Demola Sogunle	204.000	4,836	208.84
5	Union Bank	Emeka Okonkwo	134.000	54,256	188.26
6	UBA	Kennedy Uzoka	143.000	29,739	172.74
7	FCMB	Ladi Balogun	117.630	40,433	158.06
8	FBNH	U.K.Eke	131.000	6,605	137.61
9	Fidelity Bank	Nneka Onyeali-Ikpe	110.000	20,858	130.86
10	Wema Bank	Ademola Adebise	70.050	541	70.59
11	Unity Bank	Oluwatomi Somefun	41.4	NA	41.40

Source: NGX, **Proshare** Research

Insurance Sub-Sector

The performance of the top insurance companies existing under the financial aspect in the Nigerian economy revealed a slight deviation from the previous year. Half of the insurance companies such as Axa Mansard, AIICO, NEM insurance, and Veritas Kapital Assurance recorded a Y-o-Y decline in profit before tax, as stated in the audited financial statement for 2021. Veritas Kapital recorded the worst decline in PBT, dipping by -94% from N596m in 2020 to N36.31m in 2021, a stark contrast from the previous financial year where they recorded the highest Y-o-Y percentage growth in its PBT. Meanwhile, Cornerstone Insurance recorded a +111% increase in PBT to N3,741m from N1,767m recorded in 2020.

In terms of CEO remuneration, Kunle Ahmed of Axa mansard led with a N122.188m basic salary from N86.98m in 2020 and a dividend valued at N6.66m, leaving the total remuneration at N128.84m. Babatunde Fajemirokun of AIICO came second with a base salary of N48.58m while Samuel Ogbodu of Sunu Assurance came third on the ranking with a base pay of N42.63m in 2021. Lastly, Eddie Efekoha and Kenneth Egbaran of Consolidated Hallmark and Veritas Kapital respectively remained the CEOs with the least remuneration for the second consecutive year (*see table 7*).

Table 7:

BASE REMUNERATION OF HIGHEST PAID EXECUTIVES IN THE INSURANCE SUB-SECTOR 2021

S/NO	Bank	Name of CEO	Base Salary (N'm)
1	Axa Mansard	Kunle Ahmed	122.18
2	AIICO	Babatunde Fajemirokun	48.58
3	SUNU ASSURANCES	Samuel Ogbodu	42.63
4	NEM insurance	Tope Smart	40.50
5	Sovereign Trust Insurance	Olaotan Soyinka	39.69
6	Veritas Kapital Assurance	Kenneth Egbaran	35.00
7	Consolidated Halmark Insurance Plc	Eddie Efekoha	12.00
8	Cornerstone Insurance	Ganiyu Musa	NA

Source: NGX, **Proshare** Research

With dividends earned in consideration, Tope smart of NEM insurance rose to the second highest position after Kunle Ahmed of Axa Mansard, with a dividend earned of N26.41m, leading to a total remuneration of N66.91m. In the third position is Babatunde Fajemirokun of AIICO with a dividend earned of N2.34m amounting to a total pay of N50.92m. lastly, Samuel Ogbodu of SUNU assurances with a +88.71% increase in base pay, from N22.59m in 2020 to 42.63m in 2021 (*see table 8*).

Table 8:

HIGHEST PAID EXECUTIVES IN THE INSURANCE SUB-SECTOR 2021

S/NO	Company	Base Remuneration (N'm)	Dividend Earned	Base Remuneration+ Dividend Earned
1	AXA Mansard	122.18	6664.16	128.84
2	NEM Insurance Plc.	40.50	26411.65	66.91
3	AIICO	48.58	2342.39	50.92
4	Consolidated Hallmark Insurance Plc	12.00	32535.98	44.54
5	Sunu Assurances	42.63	NA	42.63

S/NO	Company	Base Remuneration (N'm)	Dividend Earned	Base Remuneration+ Dividend Earned
6	Sovereign Trust Insurance	39.60	NA	39.60
7	Veritas Kapital Assurance	35.00	NA	35.00
8	Cornerstone Insurance	NA	NA	NA

Source: NGX, **Proshare** Research

Oil and Gas Sector

The oil and gas sector for a myriad of years has been a major player and exerted great influence on the Nigerian macro-economy, particularly in terms of GDP and revenue. Notably, there has been a consistent number of key players regarding the highest remuneration paid to CEOs such as Seplat, total, and Niger Delta Exploration and Production Plc. In terms of base pay, most of these companies had a change of directors thus leading to a reduction in the amounts paid. In the case of Seplat, where Roger Thompson Brown took over from Austin Avuru, a remuneration of N475m was paid which is -30.44% lower than the N679m paid to Avuru in 2020. Being the highest-paid oil and gas CEO in base remuneration, Adegbite Falade of NDEP ranks second on the list with a +42.79% increase from Layi Fatona's N127.73m in 2020 to N180.38m in 2021. This increase allowed the remuneration of CEOs for NDEP to move from the third position in the previous year, surpassing total CEO remuneration to the second position.

Samba Seye of TotalEnergies, is the third highest paid executive in 2021, regardless of the decline from N214.51m of Imrane Barry to a meeker figure of N171.57m displacing the company to third place. Lastly, Marco Storari and James Ogungbemi of MRS Oil and Rak Unity respectively maintained the position of the least earnings within the sector with Ogungbemi earning the same amount as the previous year of N2.50m whilst Storari had a near double Y-o-Y increase from N3.11m in 2020 to N5.045m.

Roger Brow of Seplat with dividend earned in consideration, had a total dividend earned amounting to N134.94m at a DPS of N40.845, with a total remuneration of N609.94m. Although incomparable with that earned by previous CEO Austin Avuru, remains the highest within the oil and gas sector. Closely followed by Adegnite Falade of NDEP who had a dividend earned worth N140,000 at a DPS of N20 (*see table 9*).

Table **9**

Table 9:

HIGHEST PAID EXECUTIVES IN THE OIL & GAS SECTOR 2021

S/NO	Company	Name of CEO	Base Remuneration (N'm)	Dividend Earned	Base Remuneration + Dividend Earned
1	**Seplat**	Roger Thompson Brown	475	134,937,655.20	609.94
2	**NDEP**	Adegbite Falade	182	140,000	183.78
3	**Eterna**	Nnamdi Obiagwu	53	33.11	53.53
4	**Conoil**	Kheterpal Hardeep Singh	28.3	258,149.30	28.56
5	**Total**	Samba Seye	171.57	NA	NA
6	**MRS Oil (Ag)**	Marco Storari	5.045	NA	NA
7	**Rak Unity**	James Ogungbemi	2.5	NA	NA
8	**Ardova**	Olumide Adeosun	NA	NA	NA
9	**Oando**	NA	NA	NA	NA

Source: NGX, **Proshare** Research

Information Communication and Technology (ICT)

The ICT sector being one of the leading sectors within the Nigerian economic sphere, the CEOs of the leading companies maintained the status quo with Karl Toriola of MTN being the CEO with the highest base pay in the sector for 2021, although he received the highest base remuneration of N368Mn for this year, there was a -35.097% decrease from the amount earned by former CEO Ferdinand Moolman as of 2020. In second place is the newly appointed CEO of Airtel Africa who earned N199.23Mn. The base salary of Adewale Adeyipo of CWG plc remained for the period as it experienced no increase/decrease from 2020 (*see table 10*).

Table 10:

BASE REMUNERATION OF HIGHEST PAID EXECUTIVE IN THE ICT SECTOR 2021

S/NO	Bank	Name of CEO	Base Salary (N'm)
1	**MTN**	Karl Toriola	368.00
2	**Airtel**	Olusegun Ogunsanya	199.23
3	**CWG plc**	Adewale Adeyipo	47.24

Source: NGX, **Proshare** Research

Based on dividends, Olusegun Ogunsanya became the CEO with the highest total remuneration for the financial year of 2021 with a bonus amounting to N391.5m. Karl Toriola, the new CEO of MTN earned N1814 in dividends, thus making him the second highest-paid CEO within the ICT sector while Adewale Adeyipo of CWG retained its third position (*see table 11*).

Table 11:

HIGHEST PAID EXECUTIVES IN THE ICT SECTOR 2021

S/NO	Company	Name of CEO	Basic Salary (N'm)	Dividend Earned/Benefit	Basic Salary + Dividend Earned (N'm)
1	Airtel	Olusegun Ogunsanya	199.23	391,500,000	590.73
2	MTN	Karl Toriola	368.00	NA	368.00
3	CWG plc	Adewale Adeyipo	47.24	NA	47.24

Source: NGX, **Proshare** Research

Consumer Goods Sector

One notable occurrence within this sector in 2021 is that although there were minimal changes in the company's CEOs, there was a drastic change in CEO's base remunerations. Firstly, there was a major shift in the top highest-paid executives, where Ravindra Singhvi of Dangote Sugar Refinery jumped to be the highest-paid executive within the sector from the sixth position last year, with a +115.19% rise in base pay from N134.63m to N289.71m. This displaced Baker Magunda of Guinness Nigeria who had a -4.70% decline from N255m in 2020 to N243m in 2021 bringing him to the third highest. Hans Essaadi, the new CEO of Nigerian breweries became the second highest paid in 2021 with a base pay of N243.088m from N379.39m earned by the previous CEO Jordi Borrut.

Paul Gbededo, Georgios Polymenakos and Chimaraoke Ekpe of Flour mills of Nigeria, champion breweries and McNichols consolidated, respectively maintained the status quo as the least paid executives for 2021 as at the previous year (*see table 12*).

Table 12:

BASE REMUNERATION HIGHEST PAID EXECUTIVES IN THE CONSUMER GOODS SECTOR IN 2021

S/NO	Bank	Name of CEO	Base Salary (N'm)
1	Dangote Sugar Refinery	Ravindra Singhvi	289.71
2	Nigerian Breweries	Hans Essaadi	243.09
3	Guinness Nigeria Plc	Baker Magunda	243.00
4	Food Concepts	David Butler	236.00
5	Unilever Nigeria Plc	Carl Cruz	231.57

S/NO	Bank	Name of CEO	Base Salary (N'm)
6	**Nestle Nigeria Plc**	Wassim Elhusseini	206.39
7	**Cadbury Nigeria Plc**	Oyeyimika Adeboye	132.54
8	**PZ Cussons Nigeria**	Panagiotis Katsis	126.31
9	**International Breweries Plc**	Hugo Dias Rocha	48.07
10	**Vitafoam Nigeria**	Taiwo Adeniyi	43.85
11	**Flour Mills of Nigeria**	Paul Miyonmide Gbededo	36.15
12	**Champion Breweries Plc**	Georgios Polymenakos	12.00
13	**McNichols Consolidated**	Chimaraoke Ekpe	1.82
14	**Honeywell Flour Mils**	Olanrewaju Bamidele Jaiyeola	NA
15	**Nascon Allied Industries**	Thabo Mabe	NA
16	**NNFM**	Adrian Naidoo	NA

Source: NGX, **Proshare** Research

Concerning the dividend, due to the several management changes, it is evident that companies such as Nigerian breweries and Dangote Cement had their top CEOs with the highest earnings have been displaced as their new CEOs have no shares in their respective companies. Oyemika Adeboye of Cadbury with about 54,000 shares owned in Cadbury at a dividend per share price of 0.18kobo had a total dividend earned of N9.72m increasing total remuneration by +16.12%.

Paul Gbededo of Flour mills, with a basic remuneration of N36.15Mn, had a higher number of shares owned of 10,836,154 with a DPS of N1.65K summing to a total remuneration of N54.05m. Notably, Ravindra Singhi remains the Highest paid with no shares in possession (*see table 13*).

Table 13:

HIGHEST PAID EXECUTIVE IN THE CONSUMER GOODS SECTOR IN 2021

S/NO	Company	Name of CEO	Base Remuneration (N'm)	Dividend Earned	Base Remuneration+ Dividend Earned
1	**Dangote Sugar Refinery**	Ravindra Singhvi	289,710,000	No share	289.71
2	**Nigerian Breweries**	Hans Essaadi	243,088,621	NA	243.09
3	**Guinness Nigeria Plc**	Baker Magunda	243,000,000	NA	243.00
4	**Food Concepts**	David Butler	236,000,000	NA	236.00
5	**Unilever Nigeria Plc**	Carl Cruz	231,565,000	NA	231.57
6	**Nestle Nigeria Plc**	Wassim Elhusseini	206,385,000	NA	206.39

S/NO	Company	Name of CEO	Base Remuneration (N'm)	Dividend Earned	Base Remuneration+ Dividend Earned
7	Cadbury Nigeria Plc	Oyeyimika Adeboye	132,542,000	9,720	142.26
8	PZ Cussons Nigeria	Panagiotis Katsis	126,309,000	NA	126.31
9	Flour Mills of Nigeria	Paul Miyonmide Gbededo	36,151,000	17,879,654.00	54.03
10	International Breweries Plc	Hugo Dias Rocha	48,069,000	NA	48.07
11	Vitafoam Nigeria	Taiwo Adeniyi	43,848,000	1,671.00	43.85
12	Champion Breweries Plc	Georgios Polymenakos	12,000,000	NA	12.00
13	McNichols Consolidated	Chimaraoke Ekpe	1,820,000	1,638.77	3.46
14	Honeywell Flour Mils	Olanrewaju Bamidele Jaiyeola	NA	NA	NA
15	Nascon Allied Industries	Thabo Mabe	NA	NA	NA
16	NNFM	Adrian Naidoo	NA	NA	NA

Source: NGX, **Proshare** Research

Industrial Goods Sector

This sector saw a major upturn in base remuneration for all the CEOs of the various companies. Micheal Puchercos who has been the top earner within this sector for two consecutive years received an +18.53% increase in base salary, from N448m in 2020 to 531m in 2021. Khaled Dokani of Lafarge maintained its position as the second highest in terms of base pay and received a +16.88% increase in remuneration from N334.89m in 2020 to N391.42m in 2021. In the third position, comes the new CEO Ohis Ohiwerei who had a base remuneration of N154.3m, a +2.80% increase from the earnings of the former CEO Onajite P. Okoloko. However, the base remuneration of some CEOs was not made available in the financials of their companies.

Analysts noticed a significant change in BUA cement CEO's Remuneration, Yusuf Binju's base salary increased by +39.38% from N75.31m in 2020 to 104.97m in 2021. Although positions on the list experienced a slight shift, causing the CEO to move to the fourth position (*see table 14*).

Table **14**

Table 14:

BASE REMUNERATION OF THE HIGHEST PAID EXECUTIVES IN THE INDUSTRIAL GOODS SECTOR 2021

S/NO	Bank	Name of CEO	Base Salary (N'm)
1	Dangote Cement Plc	Michel Puchecos	531.00
2	Lafarge Africa Plc	Khaled Abdel Aziz El Dokani	288.61
3	Notore Chemical Industries	Ohis Ohiwerei	154.30
4	Bua Cement Plc	Yusuf Haliru Binji	104.97
5	Chemical and Allied Products	David Wright	89.68
6	Beta Glass Plc	Darren Bennet-Voci	8.56
7	Berger Paints Nigeria Plc	Anjan Sircar	6.00
8	Cutix Plc	Ijeoma Oduonye	NA
9	Meyer Plc	Oluwatoyin Okeowo	NA
10	Portland Paints and Products Nigeria	NA	NA

Source: NGX, **Proshare** Research

Micheal Purcheros remained the Highest paid executive in this sector even with no shares owned or bonuses received. However, Khaled Dokani of Lafarge, with a bonus of N102.82m came second highest paid despite the -9.55% decrease from last year's bonus of N113.67 whilst Yusuf Binji of Bua cement owned 827,093 shares compared to the meager 7,063 shares owned in 2020. With the dividend earned amounting to N215.04m, the company recorded a +324% increase in total remuneration (*see table 15*).

Table 15:

HIGHEST PAID EXECUTIVES IN THE INDUSTRIAL GOODS SECTOR 2021

S/NO	Company	Name of CEO	Base Remuneration (N'm)	Dividend Earned	Base Remuneration + Dividend Earned
1	Dangote Cement Plc	Michel Puchercos	531	NA	531.00
2	Lafarge Africa Plc	Khaled Abdel Aziz El Dokani	288,613	102,815*	391.43
3	Bua Cement Plc	Yusuf Haliru Binji	104.971	215,044.18	320.02
4	Notore Chemical Industries	Ohis Ohiwerei	154.298	NA	154.30
5	Chemical and Allied Products	David Wright	89.638	NA	89.64
6	Beta Glass Plc	Darren Bennet-Voci	8.562	NA	8.56
7	Berger Paints Nigeria Plc	Anjan Sircar	6	NA	6.00
8	Cutix Plc	Ijeoma Oduonye	NA	NA	NA
9	Meyer Plc	Oluwatoyin Okeowo	NA	NA	NA
10	Portland Paints and Products Nigeria	NA	NA	NA	NA

Source: NGX, **Proshare** Research

Conglomerate

Folasope Babasola Aiyesimoju of UAC of Nigeria Plc. Sets the record as the CEO with the highest base salary within the sector, with a +22.27% increase from last year's pay of N78.50m to N95.99m in 2021 as indicated in the company's annual financial statement. It is imperative to note the discrepancy in the reports of UAC of Nigeria limited between the years 2020 and 2021 regarding the base pay of their CEO wherein it was stated that Folasope Aiyesimoju received N216.06m in 2020 but in the financial statement for 2021 the amount recorded was N78.5m.

Christopher Ezeh of John holt earned the least with N7.00m as base pay and no added dividend earned as indicated in the financials (*see table 16*)

Table 16:

BASE REMUNERATION OF THE HIGHEST PAID EXECUTIVES IN CONGLOMERATE 2021

S/NO	Bank	Name of CEO	Base Salary (N'm)
1	UAC Nigeria Plc	Folasope Aiyesimoju	95.99
2	Transnational Corporation of Nigeria Plc	Owen Omogiafo	90.00
3	John Holt Plc	Christopher Ezeh	7.00
4	Scoa Nigeria Plc	Massad Fares Boulos	NA
5	Chellarams Plc	Aditya Suresh Chellaram	NA

Source: NGX, **Proshare** Research

Concerning dividends earned in this sector, Folasope Aiyesimoju of UAC of Nigeria Plc owns a total of 334,529,972 direct and indirect shares at a DPS of N1.20k, thus earning a total remuneration of N497.42m, making him the highest paid within the conglomerate sector. However, Owen Omogiafo of Transnational earned N252,682 in dividends at DPS of N65k bringing total remuneration to N90.25m (*see table 17*).

Table 17:

HIGHEST PAID EXECUTIVES IN CONGLOMERATE 2021

S/NO	Company	Name of CEO	Base Remuneration (N'm)	Dividend Earned	Base Remuneration + Dividend Earned
1	UAC Nigeria Plc	Folasope Aiyesimoju	95.987	401,435,966.40	313.43
2	Transnational Corporation of Nigeria Plc	Owen Omogiafo	90	252.682.76	90.25
3	John Holt Plc	Christopher Ezeh	7	NA	7.00
4	Chellarams Plc	Massad Fares Boulos	NA	NA	NA
5	Scoa Nigeria Plc	Aditya Suresh Chellaram	NA	NA	NA

Source: NGX, **Proshare** Research

Construction And Real Estate Sector

In this sector, Lars Ritcher of Julius Berger emerged as the highest-paid executive with a +29.14% increase in base remuneration from N316.64m in 2020 to N408.91m in 2021.

In the second position is Odunayo Ojo of UACN Property Development Company with a base remuneration of N47.17m which is a +60.66% increase from the former CEOs' pay (*see table 18*).

Table 18:

HIGHEST PAID EXECUTIVES IN CONSTRUCTION AND REAL ESTATE IN 2021

S/NO	Bank	Name of CEO	Base Salary (N'm)
1	Julius Berger Nigeria	Lars Richter	408.91
2	UPDC	Odunayo Ojo	47.18
3	Arbico Plc	Alkimos Makaronidis	NA

Source: NGX, **Proshare** Research

CEO Remuneration | Proshare.

CEO Remuneration

Corporate Dips, Dives, And Wallet Size

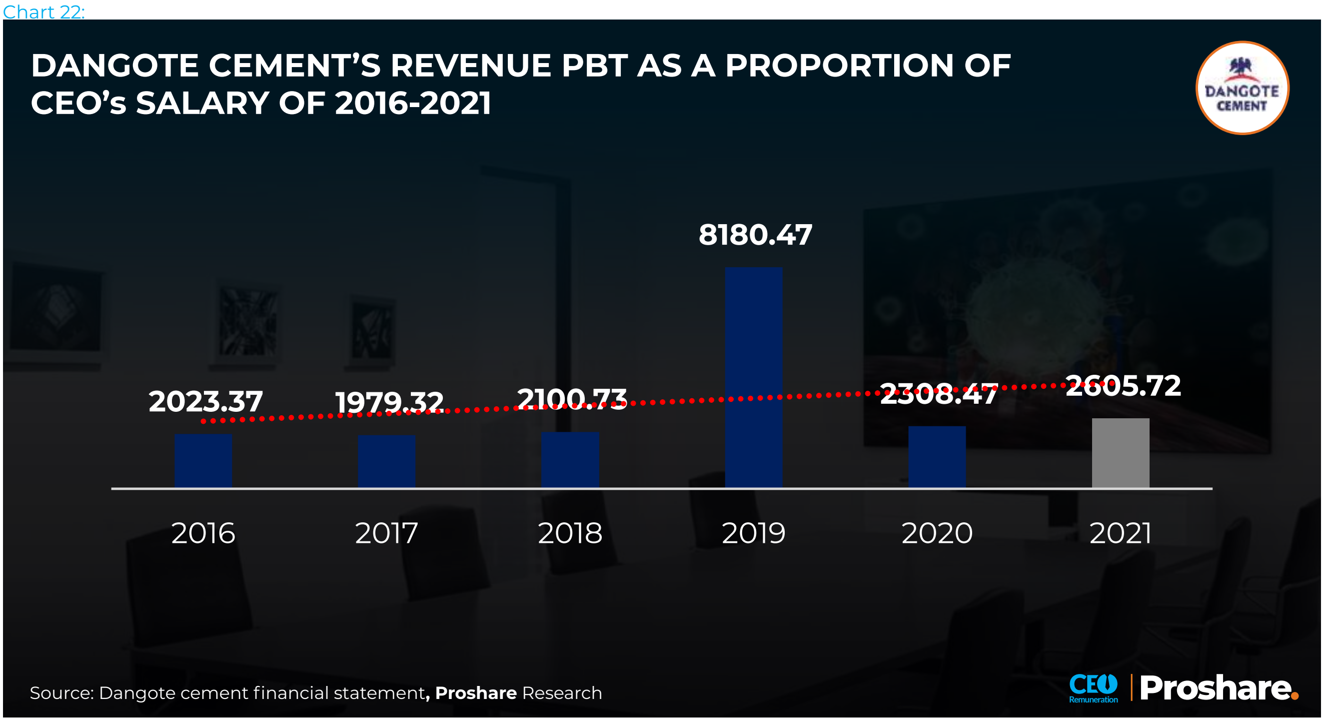
CEO Remuneration – Corporate Dips, Dives, And Wallet Size

Dangote Cement / Puchercos

Revenue-to-CEO's Pay

In 2021, Puchercos' pay increased significantly by +18.53% from N448m to N531m, while the cement manufacturer recorded a noticeable increase in its revenue by +33.79%. The revenue-to-CEO's pay in 2021 was N2,605.72, which means that Michael Puchercos generated N2,605.72 in return for every naira received as remuneration. In the year 2020, Dangote cement recorded growth in its CEO's pay as there was a bounce back in the CEO's pay which recorded an increase from N109m in 2019 to N448m in 2020 (*see chart 22*).

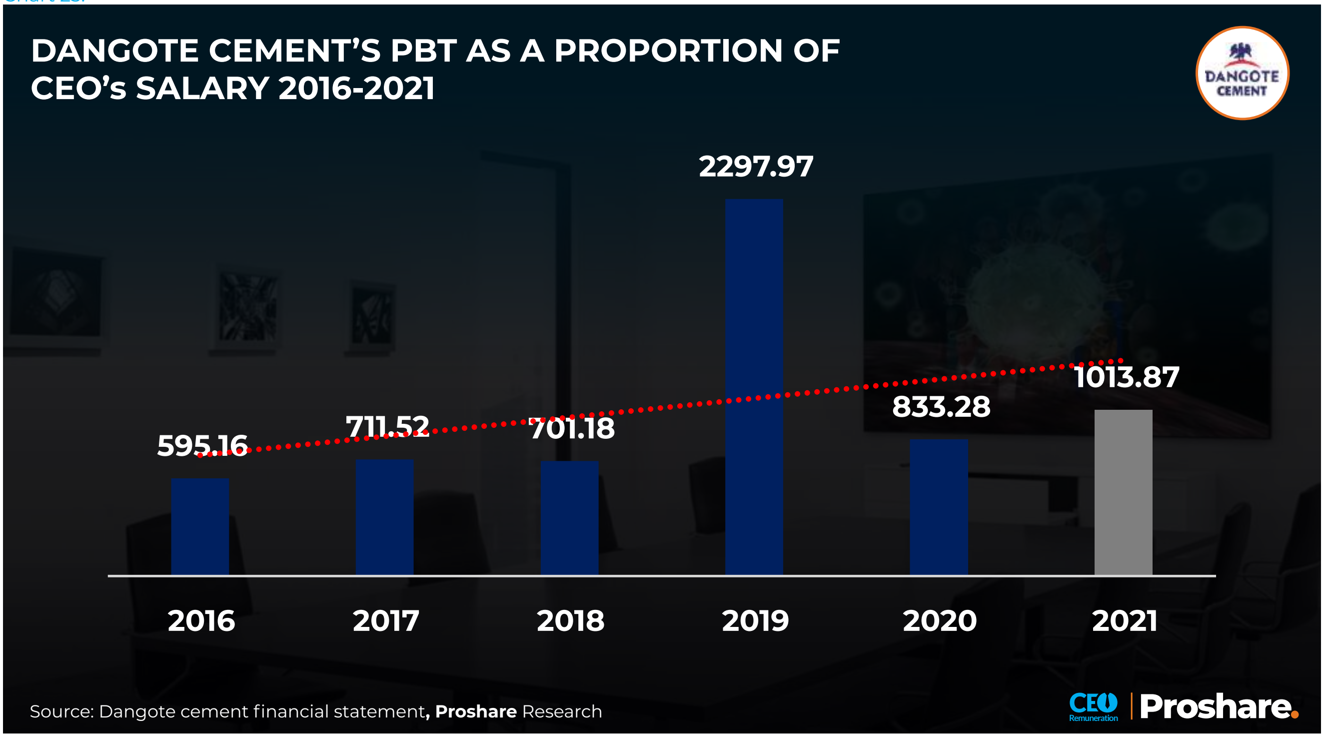
Chart 22:



PBT-to-CEO's Pay

Dangote Cement Plc retained its top position in terms of earnings in 2021, as it recorded a profit before tax of N538.37bn in 2021, while CEO pay in the same period was N531m. This implies that Michael Puchercos generated N1013 in earnings for each naira he received as remuneration (*see chart 23*)

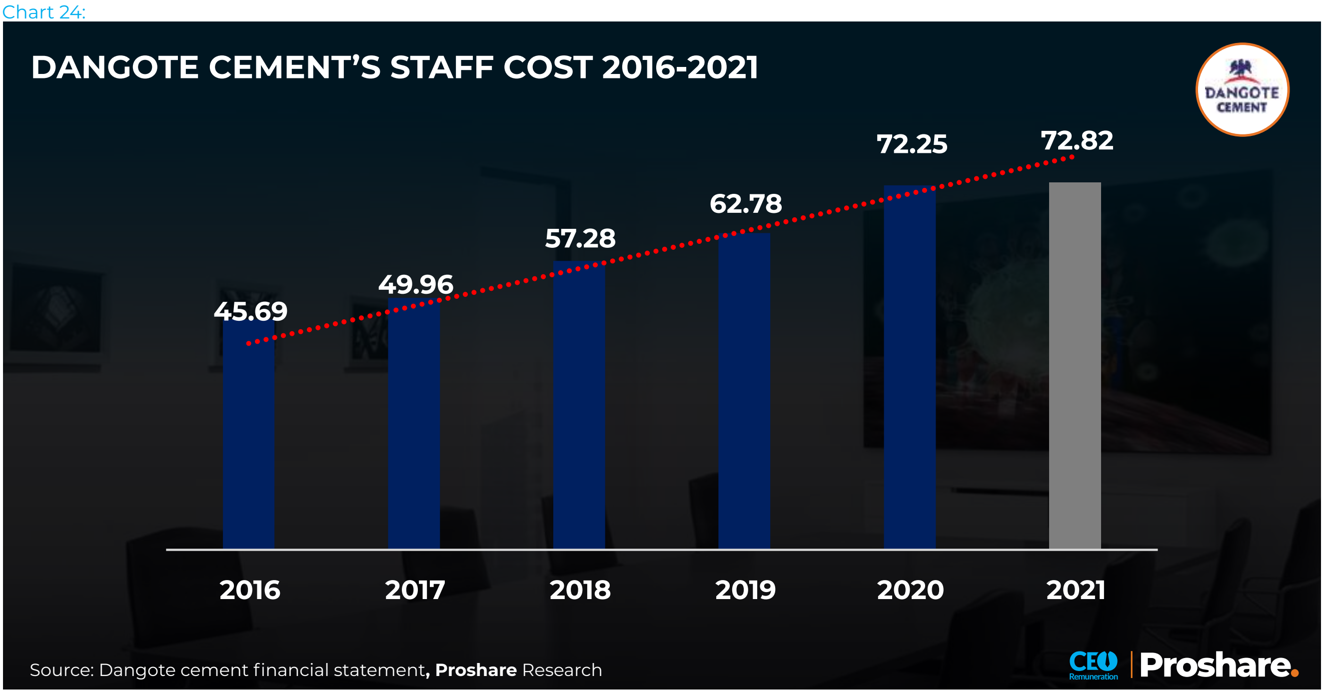
Chart 23:



Staff Cost

Dangote Cement's staff cost flattened between 2020 and 2021, having risen steadily over the four preceding years. Dangote Cement recorded its slowest percentage growth in Staff cost in six years (+0.79%), in 2021. The company's staff cost increased slightly from N72.25bn recorded in 2020 to N72.82bn recorded in 2021 (*see chart 24*).

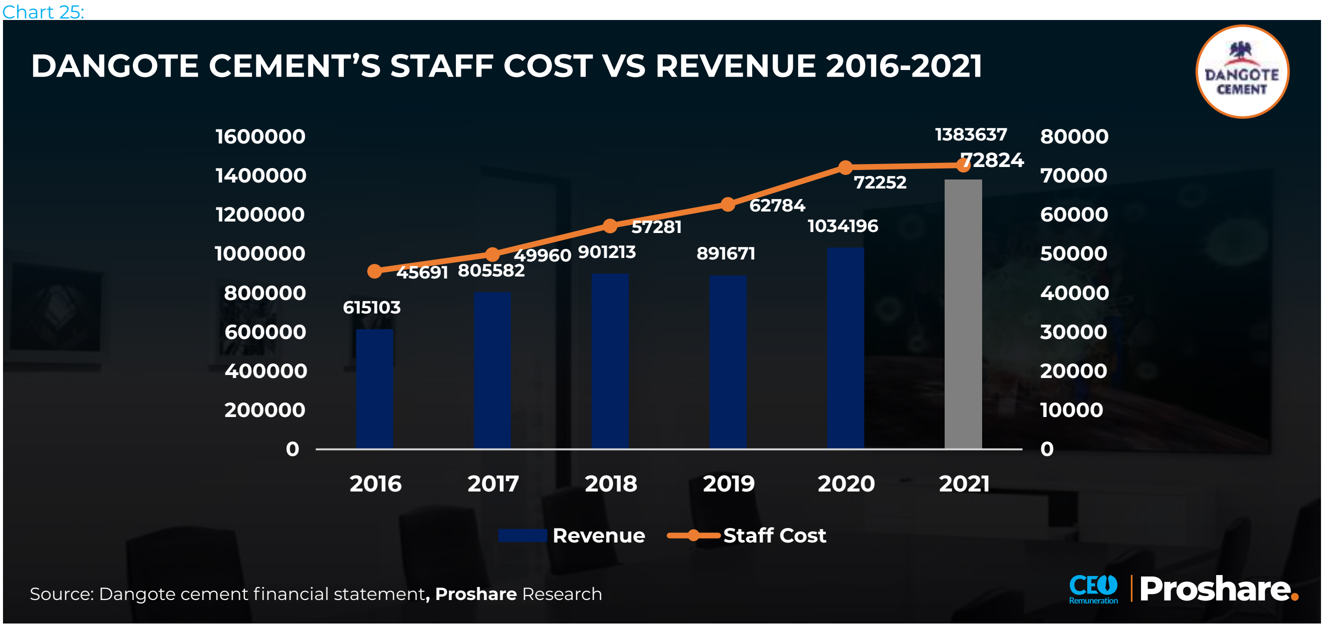
Chart 24:



Staff Cost vs Revenue

In 2021, the cement company registered a +33.79% revenue growth from N1.034trn in 2020 to 1.38trn in 2021. Meanwhile staff cost recorded only a +0.79% increase from N72.25bn to N72.82trn. Over the six-year period between 2017 and 2021, staff cost, and revenue followed the same trajectory except for 2019 when revenue reduced by -1.06% while staff cost rose slightly by +9.61% (see chart 25).

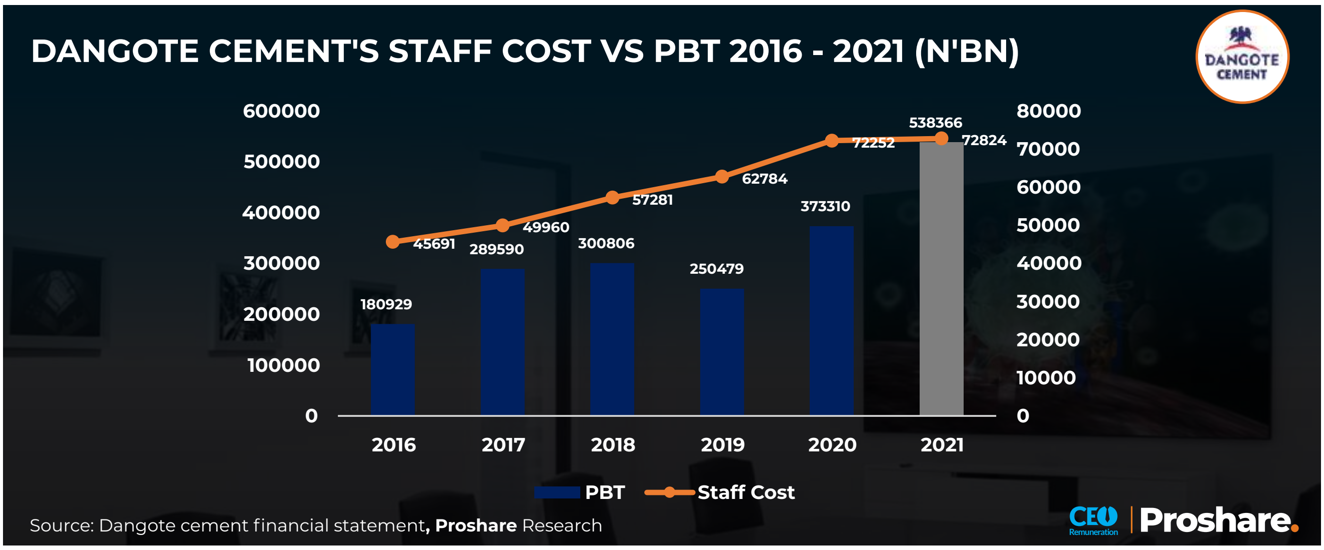
Chart 25:



PBT vs Staff cost

In 2021, employee wages and salaries increased by +0.79% from N72.25m to N72.82m while PBT soared to N538.36m from N373.31m suggesting that PBT growth outpaced that of Staff remuneration. PBT and Staff cost of the company have always shown similar patterns except between 2018 and 2019 when staff cost rose by +9.61% and PBT reduced by -16.73% (see chart 26 below).

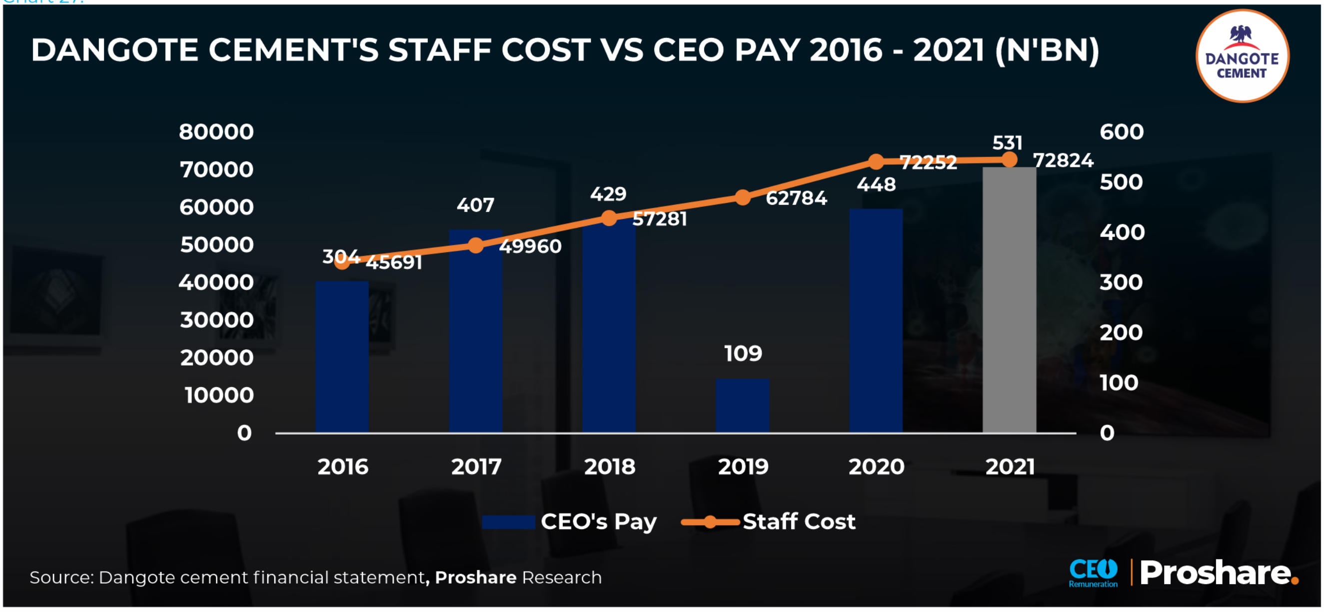
Chart 26:



Staff Cost vs CEO's Pay

In 2021, the cement maker recorded an +18.53% increase in CEO remuneration from N448m to N531m, while staff cost recorded only a zincrease from N72.25bn to N72.82trn (*see chart 27*).

Chart 27:

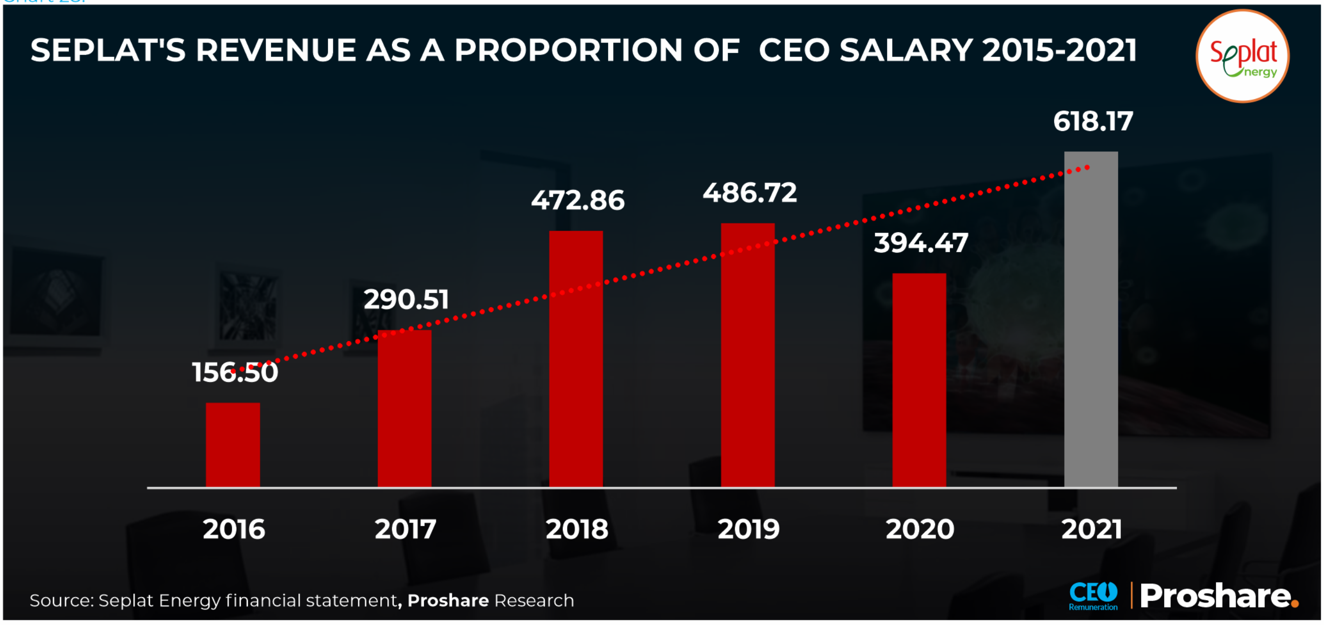


Seplat Energy / Roger Thompson BROWN

Revenue-to-CEO's Pay

Comparing the ratio of the company's revenue to CEO's pay in 2021 and the preceding year, 2020, we observed a +56.71% increase Y-o-Y from an N394.47 quotient to N618.17 (*see chart 28*).

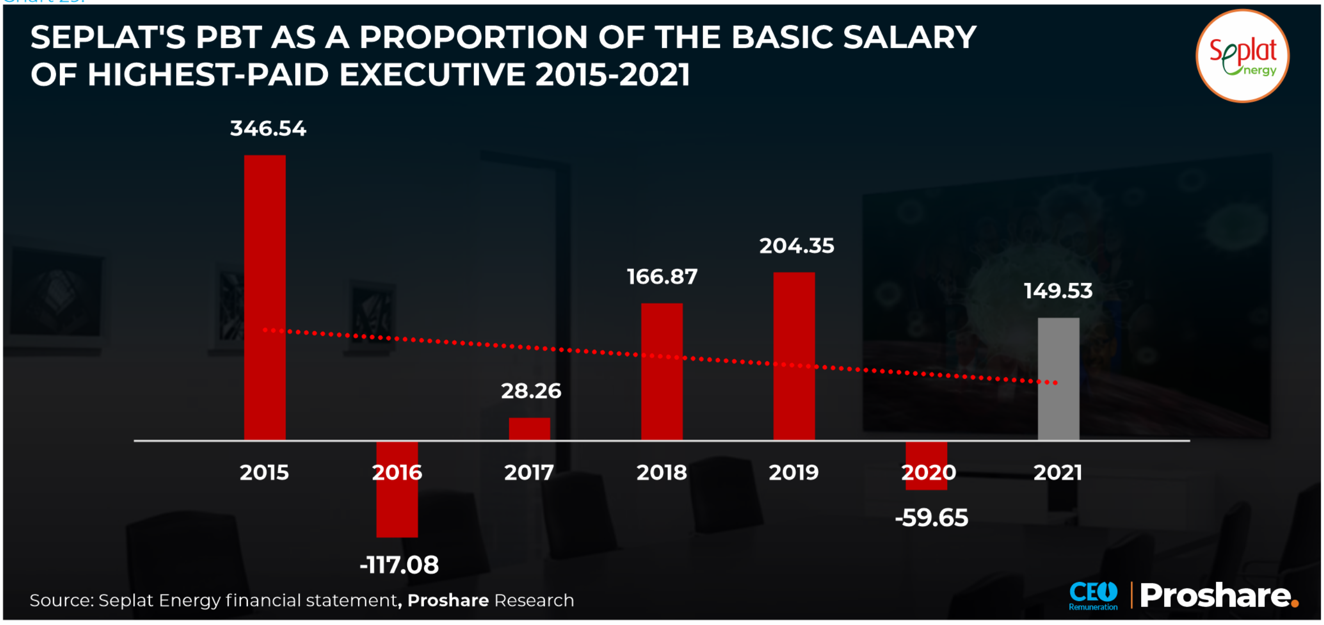
Chart 28:



PBT-to-CEO's Pay

In the year 2021, PBT-to-CEO's pay in the oil and gas company was positive and had a huge improvement from a negative PBT contribution per naira earned as remuneration in 2020 to a N149.53 PBT contribution per naira earned as remuneration in 2021. (*see chart 29*)

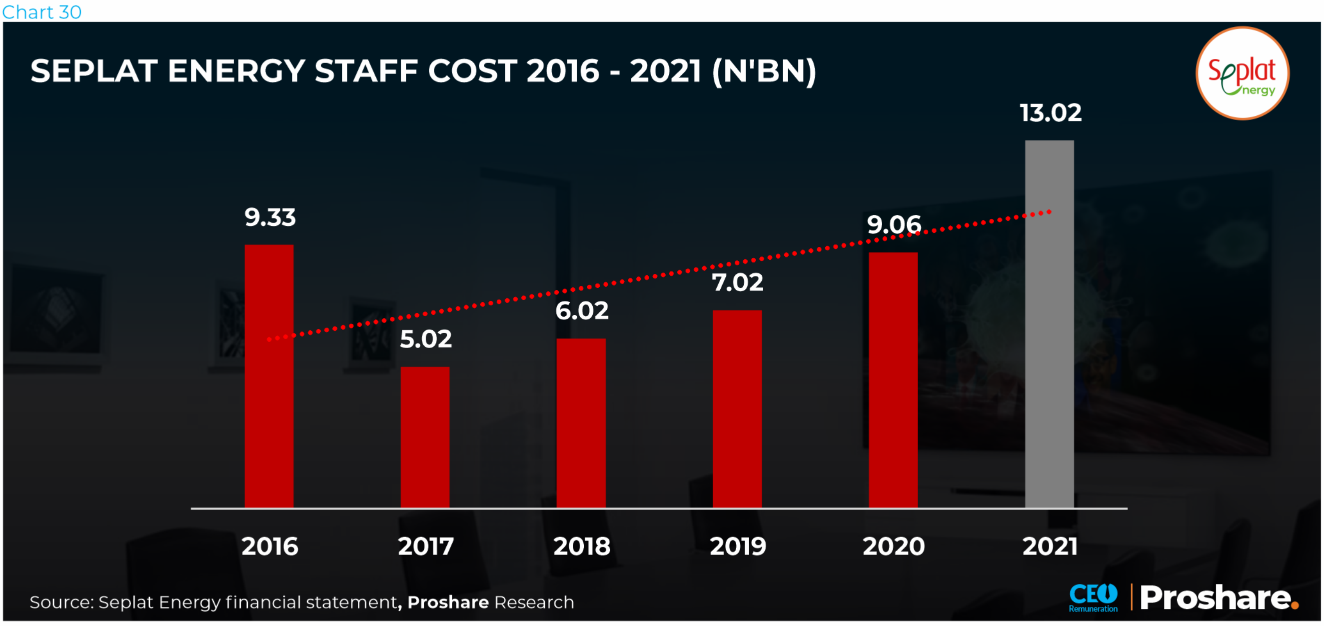
Chart 29:



Staff Cost

Staff cost increased by +43.71% from N9.06bn in 2020 to N13.02bn in 2021, and this is the highest the company has recorded in the past 5 years. Staff cost has grown by 27% on average in the last four years (*see chart 30*)

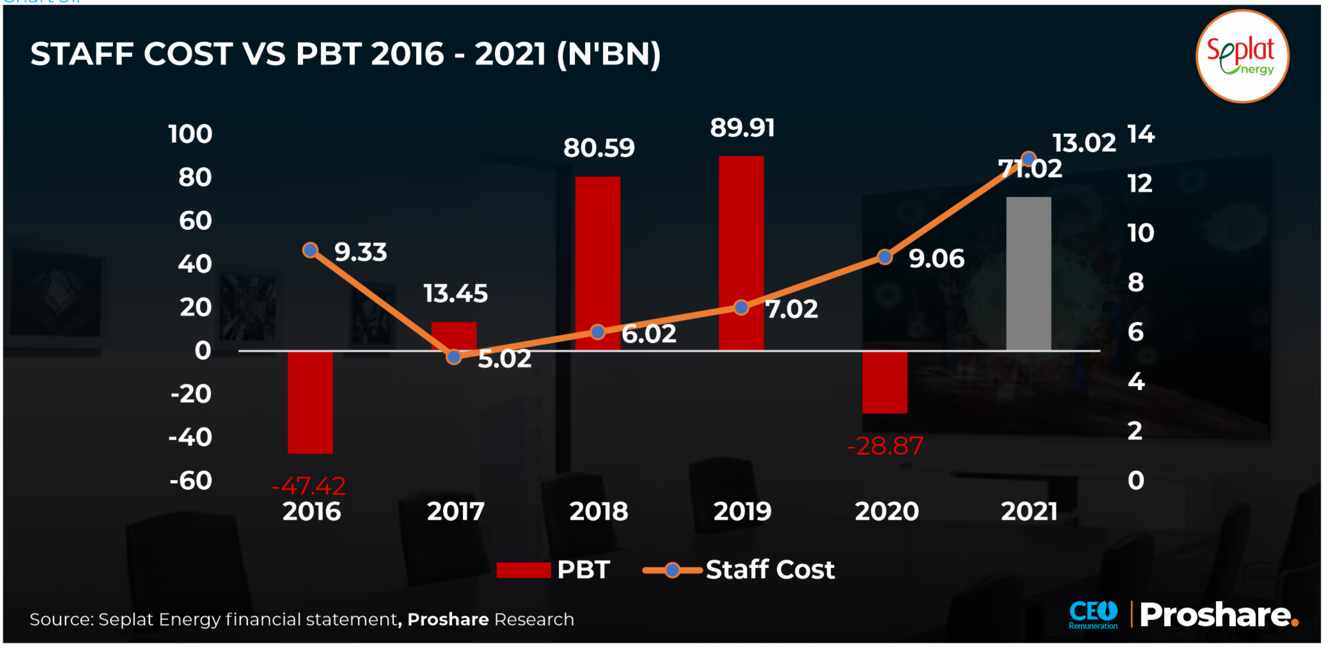
Chart 30



Staff Cost vs PBT

Seplat Energy's PBT and staff cost both increased in 2021. The company's result showed a 43.7% increase in staff cost matched by a 345.9% increase in PBT over the period 2020 to 2021 (*see chart 31*)

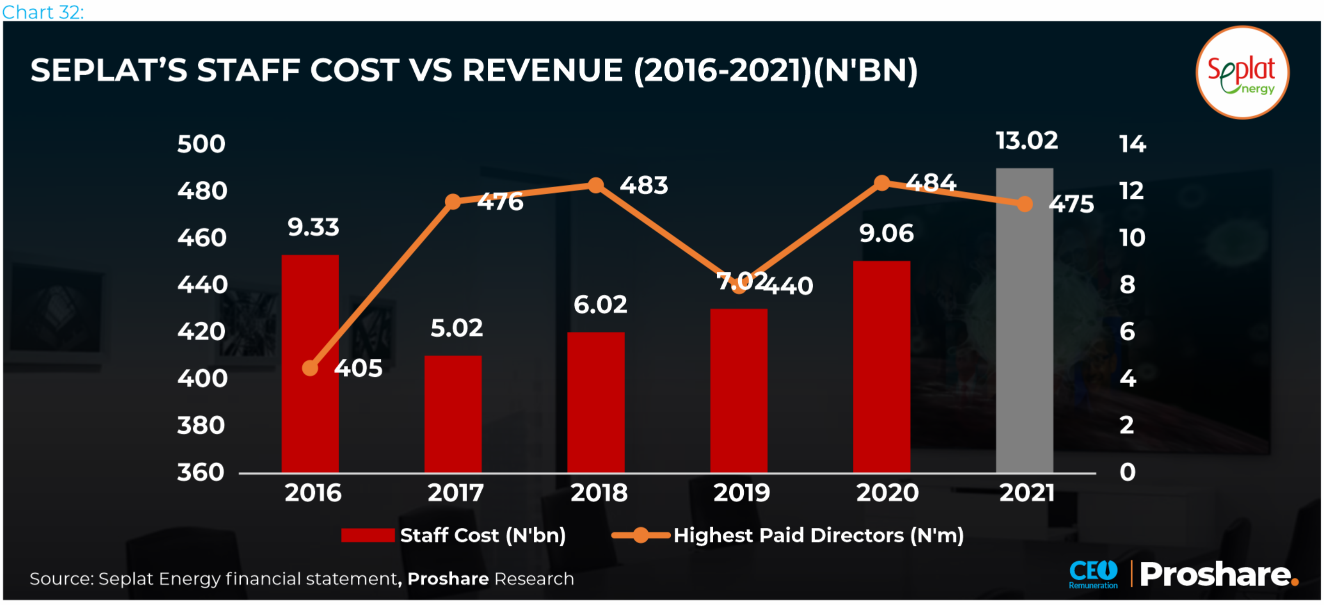
Chart 31:



Staff Cost vs Revenue

There are indications that the recent increase in Seplat's oil price stimulated the growth in its revenue which rose by +53.80%. That is N293.63bn in 2021 compared to 190.92bn in 2020 when the pandemic weekend the oil sales. In 2021, the relationship between revenue and staff cost was positive as the staff cost maintained its upward trajectory which increased by +43.71%. (*see chart 32*)

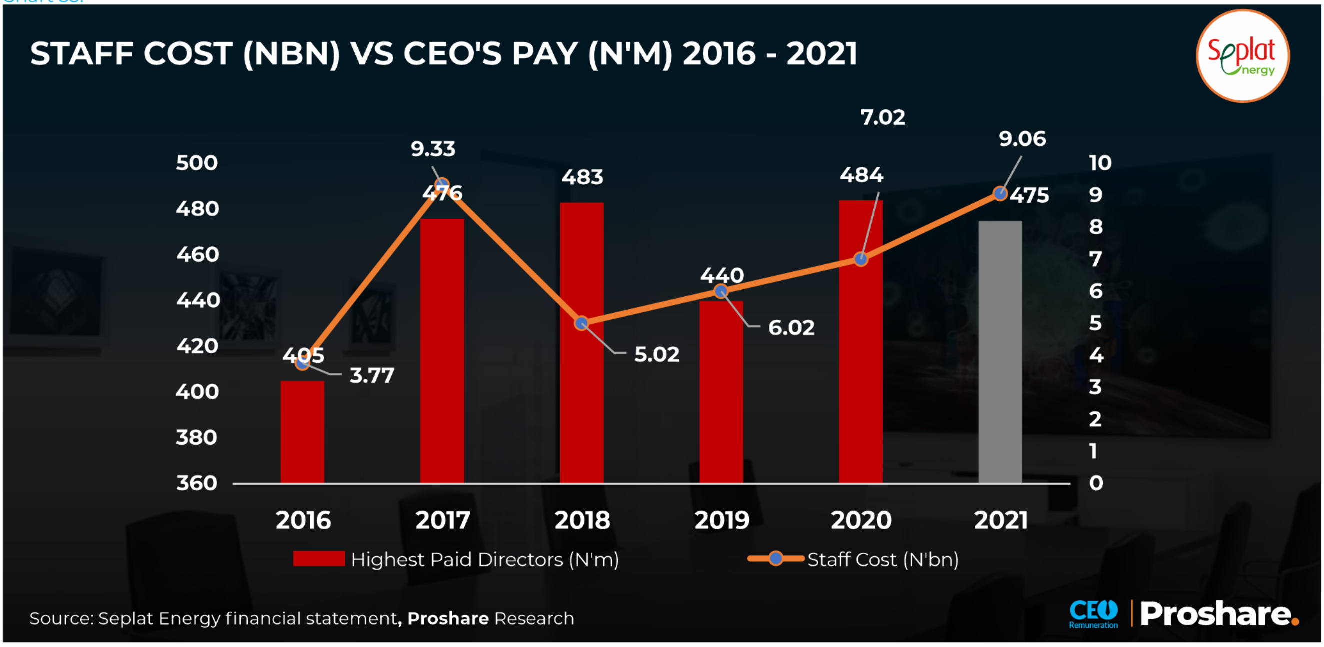
Chart 32:



Staff Cost vs CEO's Pay

In 2021, the CEO's pay declined by -1.86% from N484m (received by Austin Avuru) in 2020 to N475m received by Roger Brown. Meanwhile, Staff cost rose by +43.71% from N7.02bn to N9.06bn (*see chart 33*)

Chart 33:

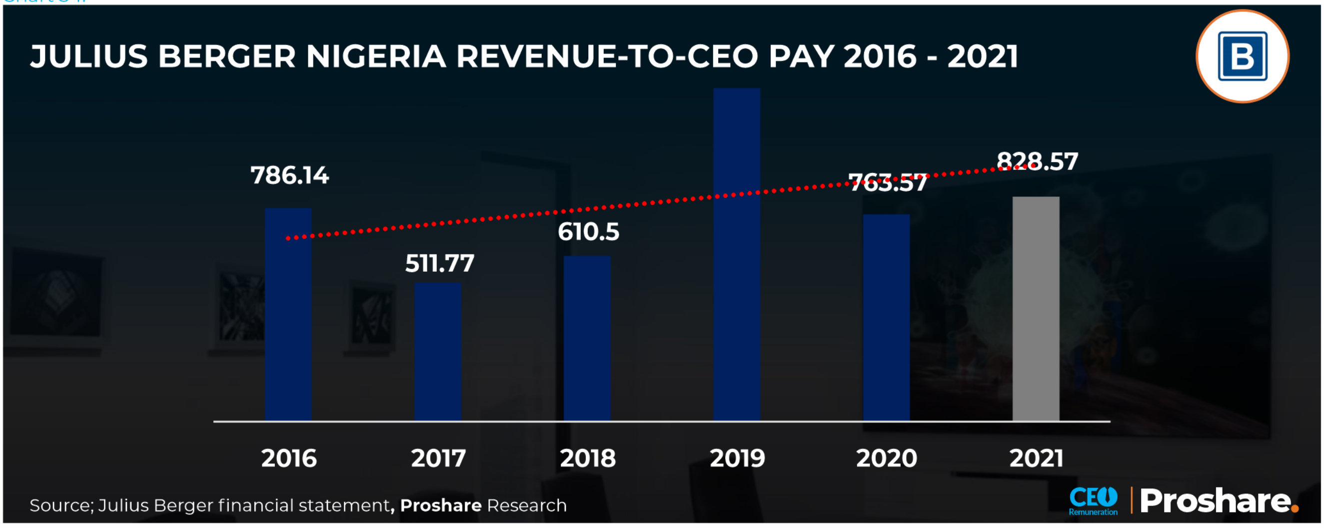


Julius Berger / Dr. Lars RICHTER

Revenue/ CEO's Pay

Julius Berger Nigeria Plc grew its revenue from N241.8bn in 2020 to a N338. 8bn in 2021, representing an increase of +40.13%, while the CEO's pay increased year on year by +29.14% from N316m to N408.9m. By deduction, Richter, Julius Berger's CEO generated N828.57 in revenue for every N1 he was paid in 2021, this performance is up +8.51% from a N763.57 contribution in the previous year (*see chart 34*)

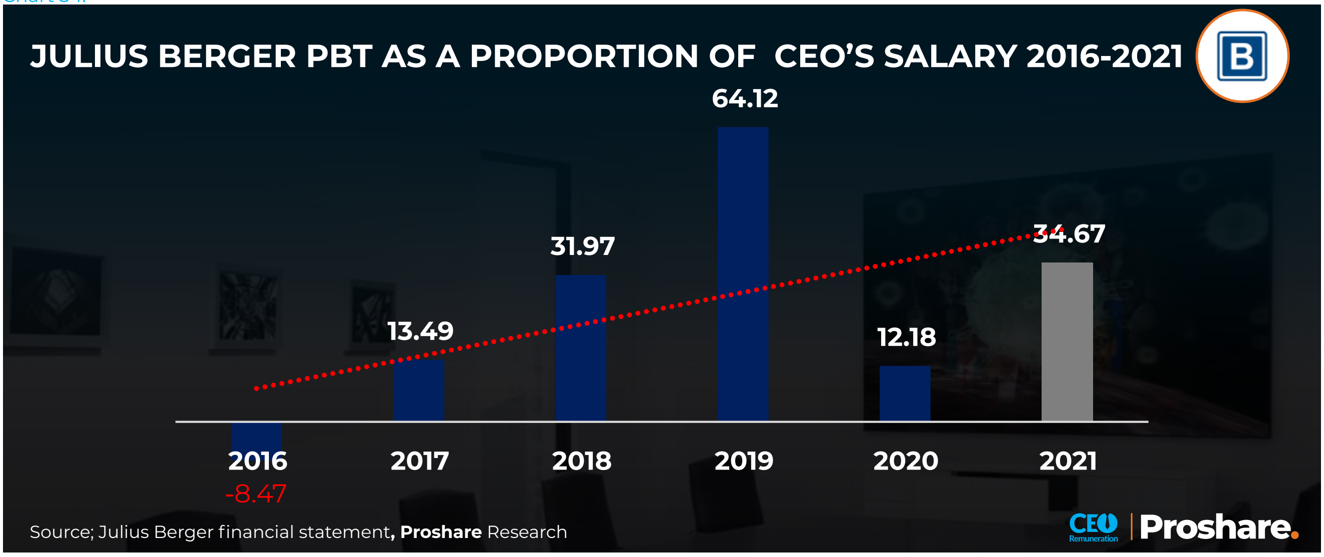
Chart 34:



PBT-to- CEO's Pay

In 2021, Julius Berger's PBT-to-CEOs pay ratio rose by +184.64% from a N12.18 contribution to PBT in 2020 to N34.67 in 2021 (*see chart 35*)

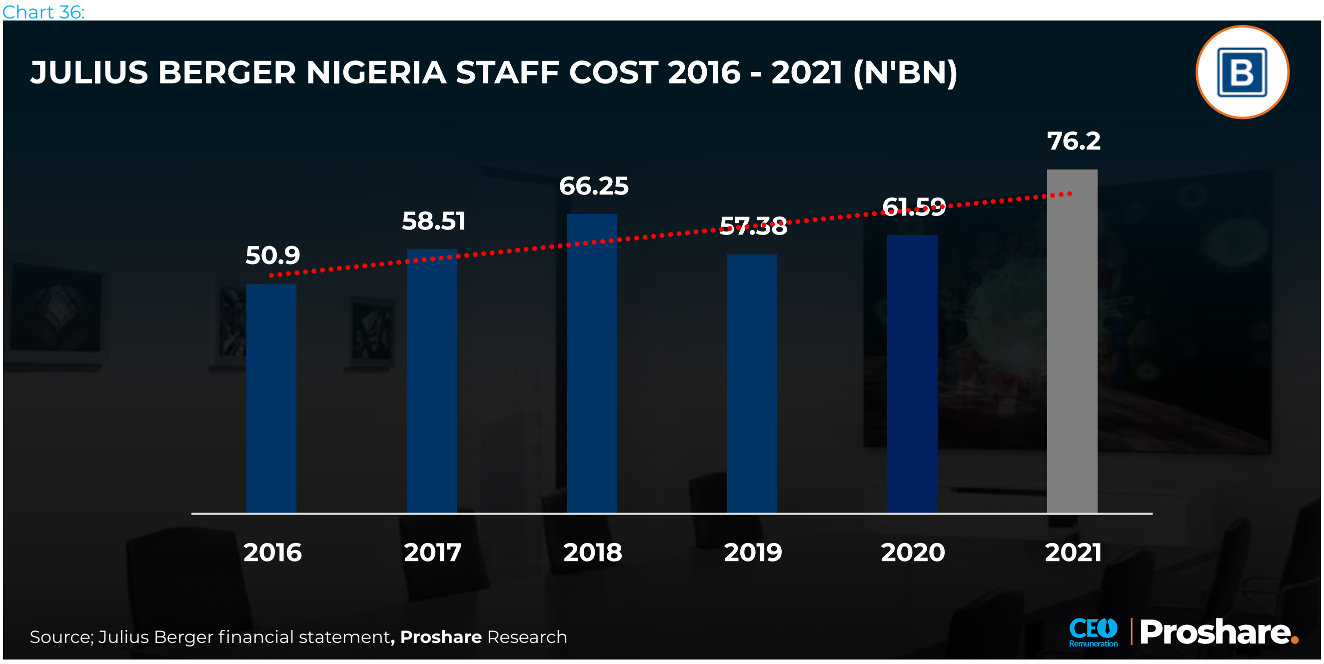
Chart 34:



Staff Cost

Julius Berger's staff cost increased to N76.2bn in 2021 from N61.59bn in 2020 making a +23.72%, this is the fastest growth rate in five years over which period annual salary costs grew at an average rate of 7.7% (*see chart 36*)

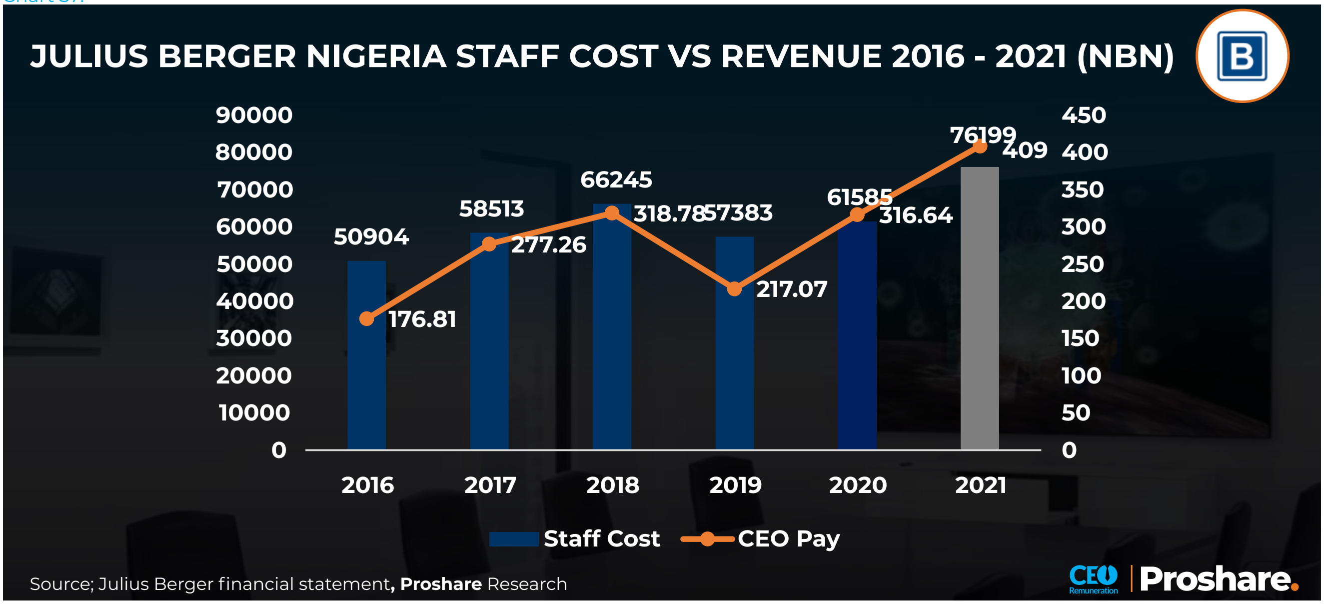
Chart 36:



Staff Cost vs Revenue

The company's revenue recorded an increase of +40.13% from N 241.78 to N338.81bn, while staff cost increased by +23.72% from N61.59m to N76.20m (*see chart 37*)

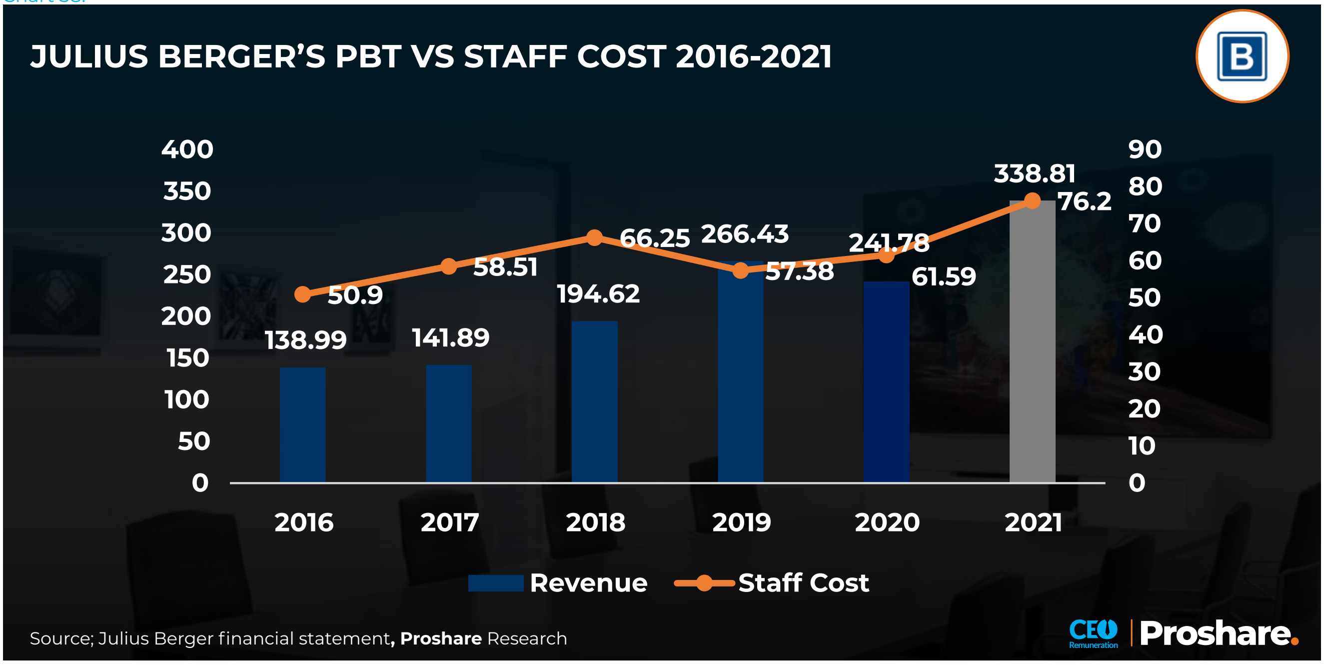
Chart 37:



PBT vs Staff Cost

Julius Berger increased its Profit Before Taxation from N3.9 bn in 2020 to N14.2 bn in 2021 while staff cost also increased but at a slower pace from N61.59bn to N76.2bn (*see chart 38*)

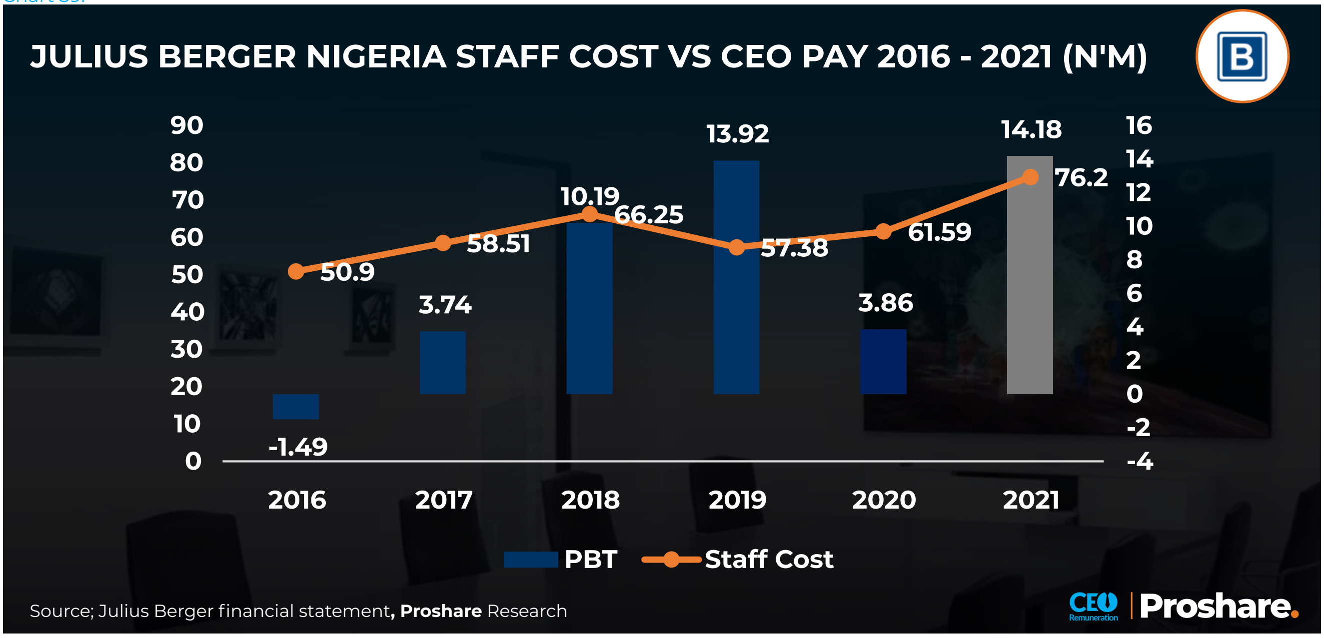
Chart 38:



CEO's pay vs Staff Cost

Julius Berger's staff cost, and CEO's pay followed an upward trend between 2019 and 2021. But while they both grew in the year 2021, CEO's remuneration grew faster by +29.14% while staff cost grew by +23.73% (*see chart 39*).

Chart 39:

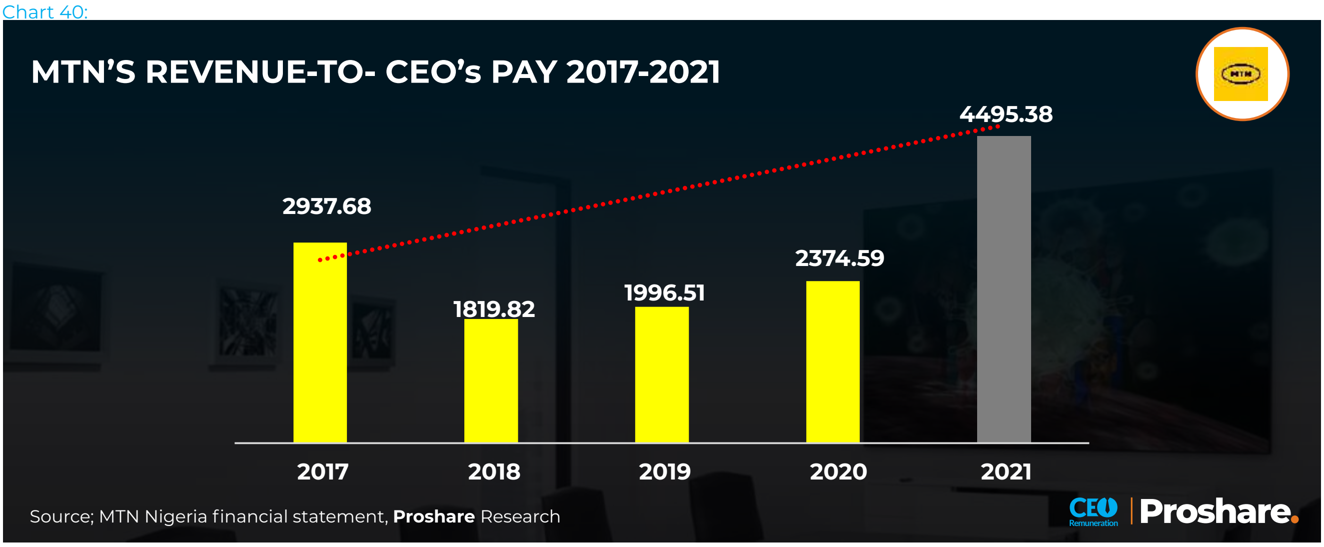


MTN Nigeria / karl TORIOLA

Revenue vs CEO's Pay

MTN Nigeria Communication plc has increased its revenue by +22.87% to N1.654trn from N1.346trn in 2020. As the telecoms giant recorded a huge decline of -35.10% in CEO pay, revenue-to-CEO pay ratio increased to N4,495.38 from N2,374.59 (*see chart 40*)

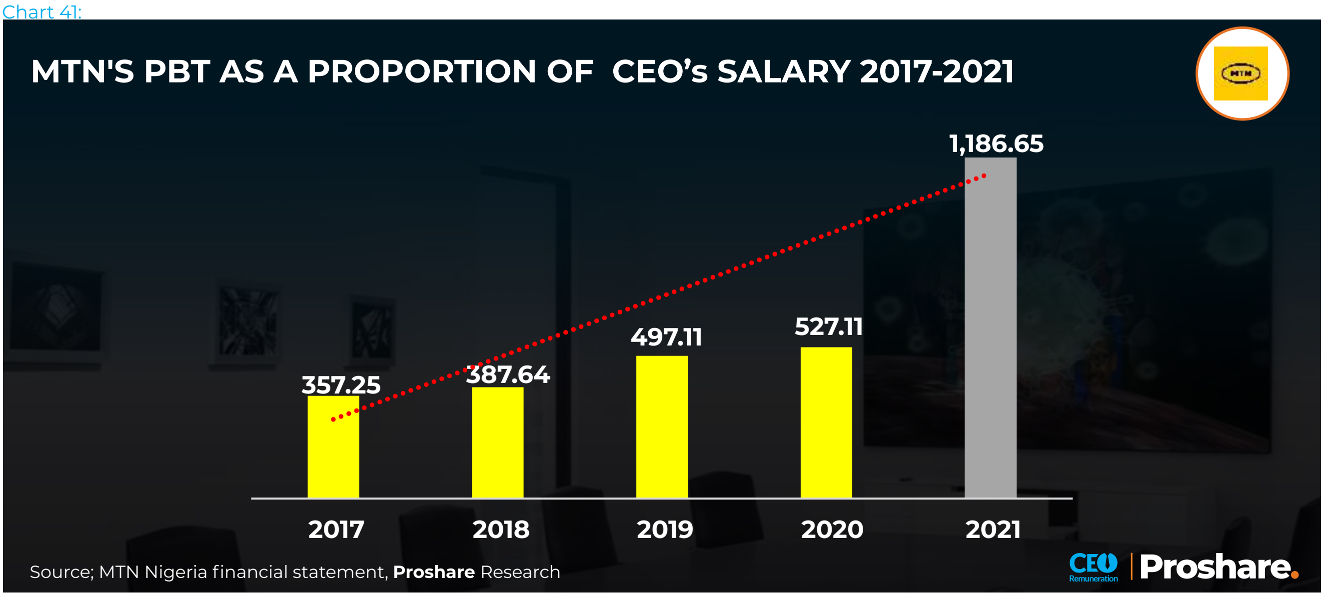
Chart 40:



PBT vs CEO's Pay

In 2021, the profit before tax of the telecom company rose by +46.11% which was higher than the previous year while the CEO's pay fell by -35.10%. Therefore, the PBT-to-CEO's pay ratio rose by +125.12% (the highest percentage of growth) to hit N1186.65 in 2021 from N527.11 in 2020 (*see chart 41*).

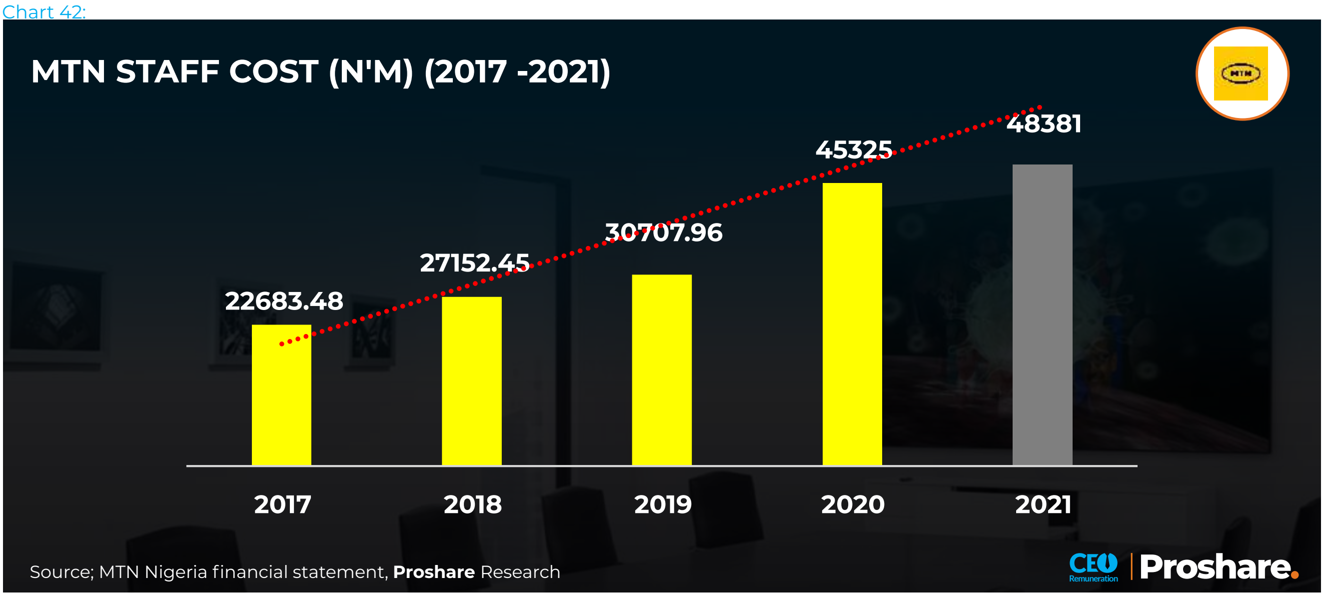
Chart 41:



Staff Cost

There has been a steady growth in MTN's staff cost as personnel expense has shown an upward trend over the years. However, MTN recorded the lowest percentage growth in 2021, as staff cost only grew slightly by +6.74% having grown by as much as +47.60% in 2020 (*see chart 42*)

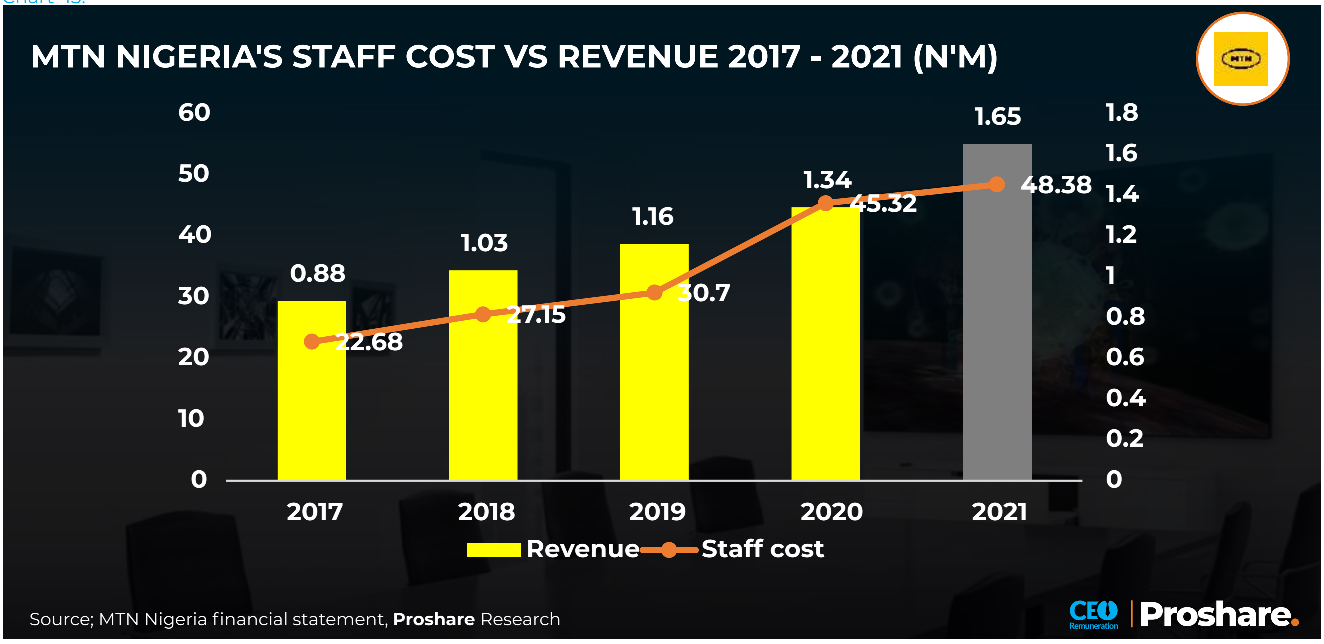
Chart 42:



Revenue vs Staff Cost

In 2021, staff costs rose by +6.74% while revenue was up by +22.87% to N1.65trn which is the highest revenue the company has recorded (*see chart 43*)

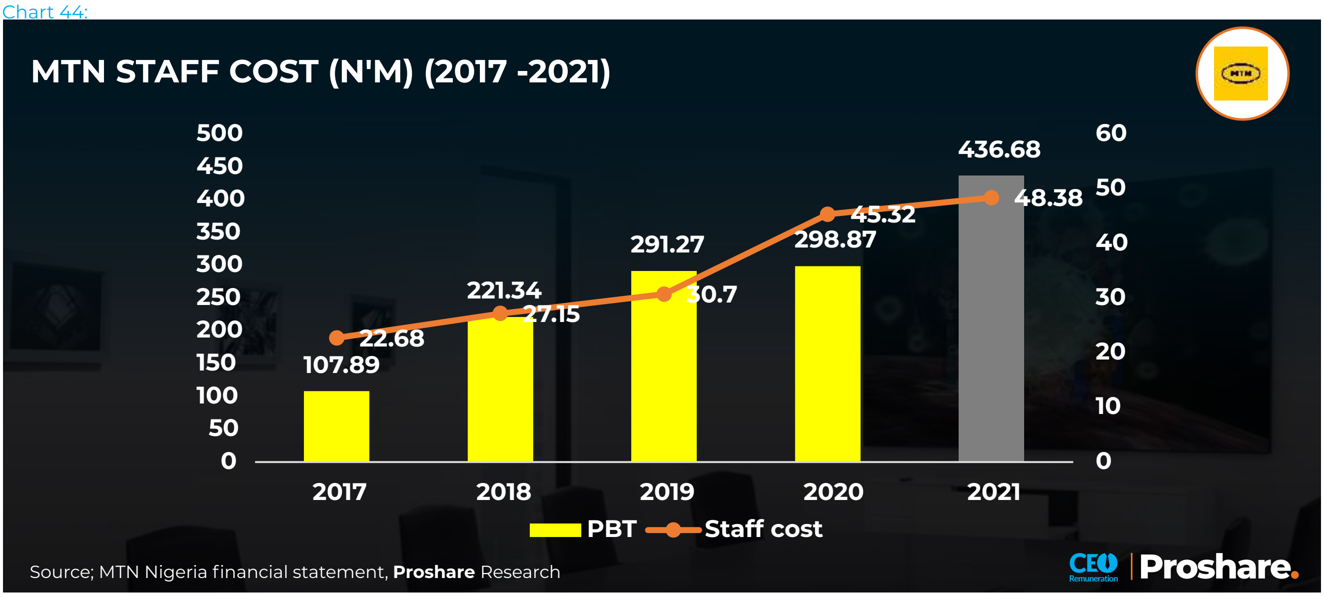
Chart 43:



PBT vs Staff Cost

The relationship between PBT and staff cost of MTN has been positive over the years. In 2021, PBT grew by +46.11%, while the company recorded the lowest percentage growth on PBT by +2.61%. The company's staff cost increased slightly by +6.74% compared to the previous year where it recorded +47.60% (*see chart 44*)

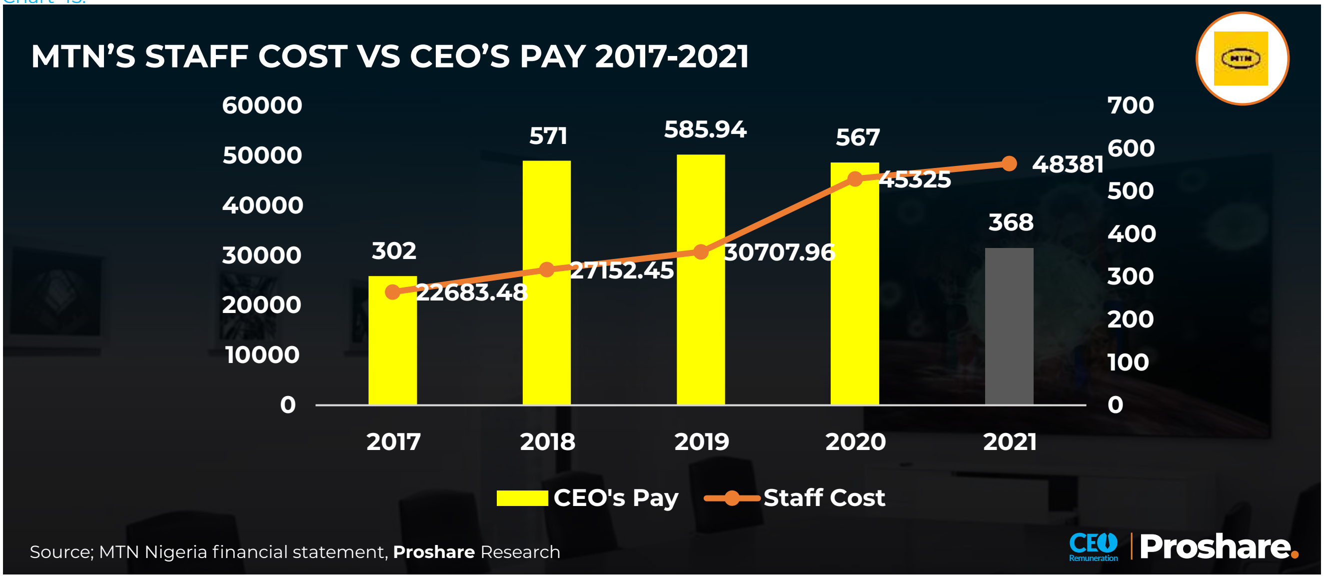
Chart 44:



Staff Cost vs CEO's Pay

MTN staff cost recorded its lowest percentage growth as it grew at a slow rate of +6.74% and the CEO remuneration declined by -35.10% in 2021. In 2018, the company recorded the highest percentage growth in its CEO's remuneration as it grew by +89.07% while the staff cost grew by +19.70% (*see chart 45*).

Chart 45:



Dangote Sugar Refinery / Ravindra **SINGHVI**

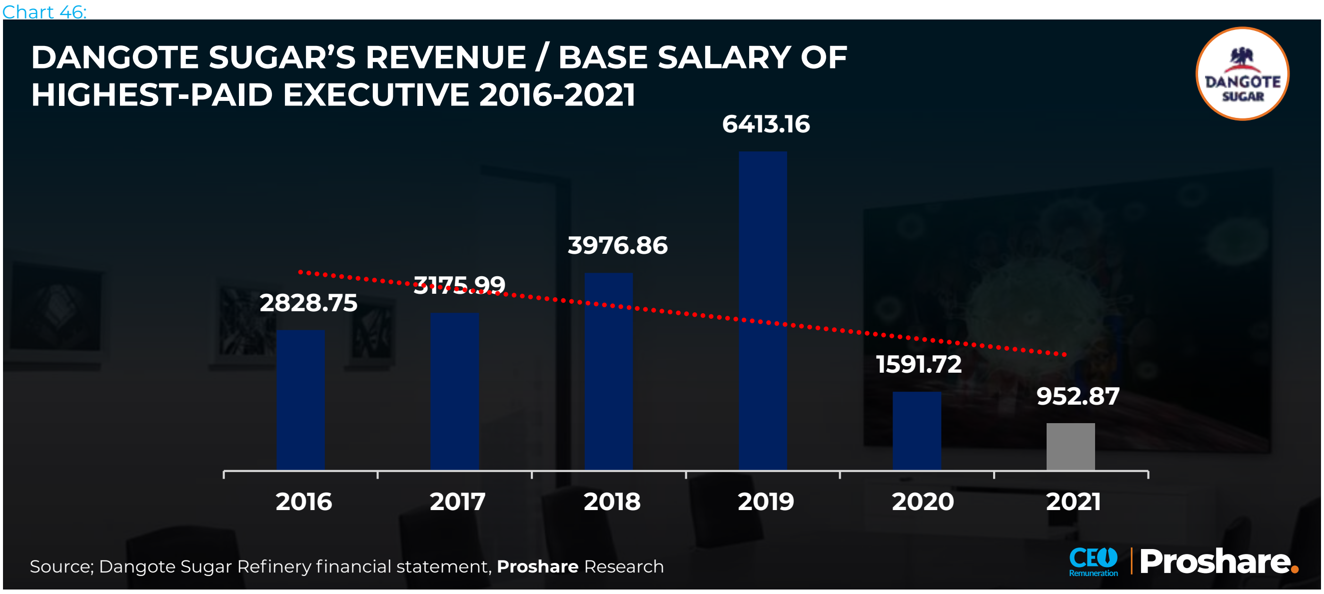
Revenue vs CEO's Pay

The ratio of Revenue to CEO remuneration at the Dangote sugar refinery's has followed a checked pattern between 2016 and 2021, rising and falling in different years. In its latest results, Dangote Sugar Refinery recorded N276.5bn in revenue in 2021 up by +28.82% from N214. 30bn recorded in 2020 while the CEO's pay increased by +115.18%.

In 2021, Ravindra Singhvi generated revenue of N952.87 for every one naira he received as remuneration being a record low revenue as per CEO pay. Back in 2019, the company recorded the highest revenue per CEO pay (*see chart 46*)

Chart **46**

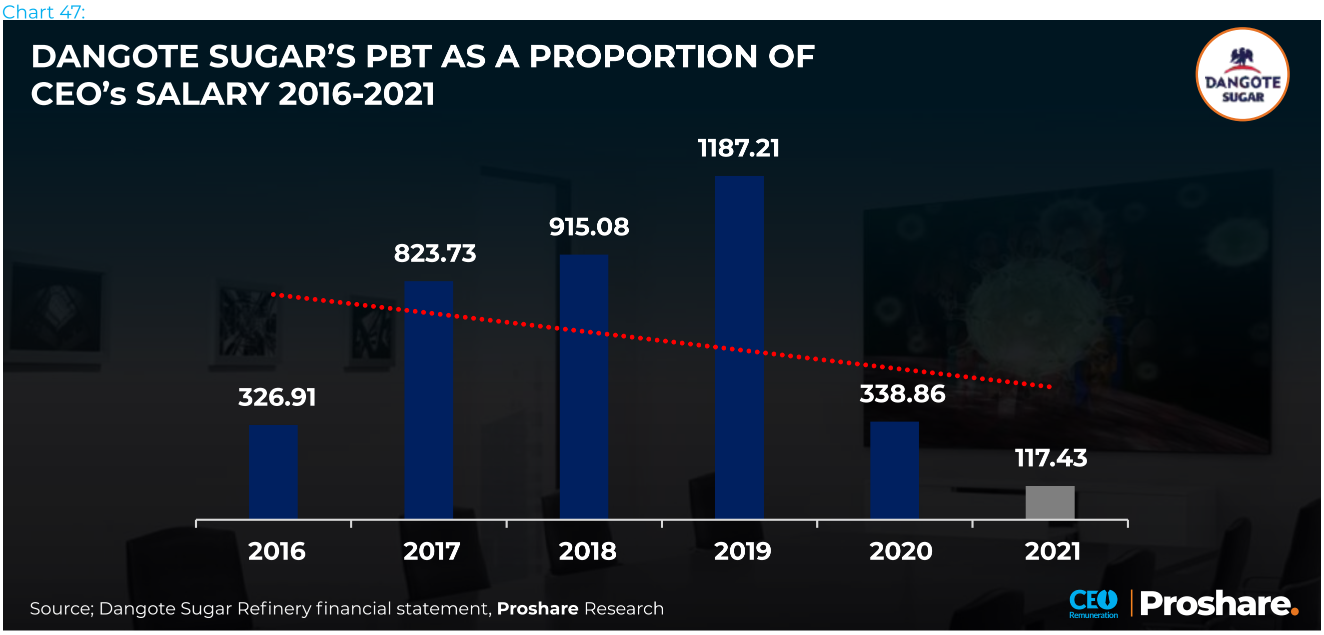
Chart 46:



PBT vs CEO's Pay

The refiner's audited financial results showed that the PBT of the company declined by -25.43% from N45.62bn to N34.02bn while the CEO's pay increased by +115.18%. Dangote Sugar's PBT and its highest-paid director's remuneration did not trend in the same direction. They both moved in opposite directions in 2020 and 2021. Despite the reduction in the company's PBT in 2021, its CEO's remuneration rose to N289.7m from N134.6m, while the CEO received its lowest pay in the year 2019 due to a decline in its profit. (*see chart 47*).

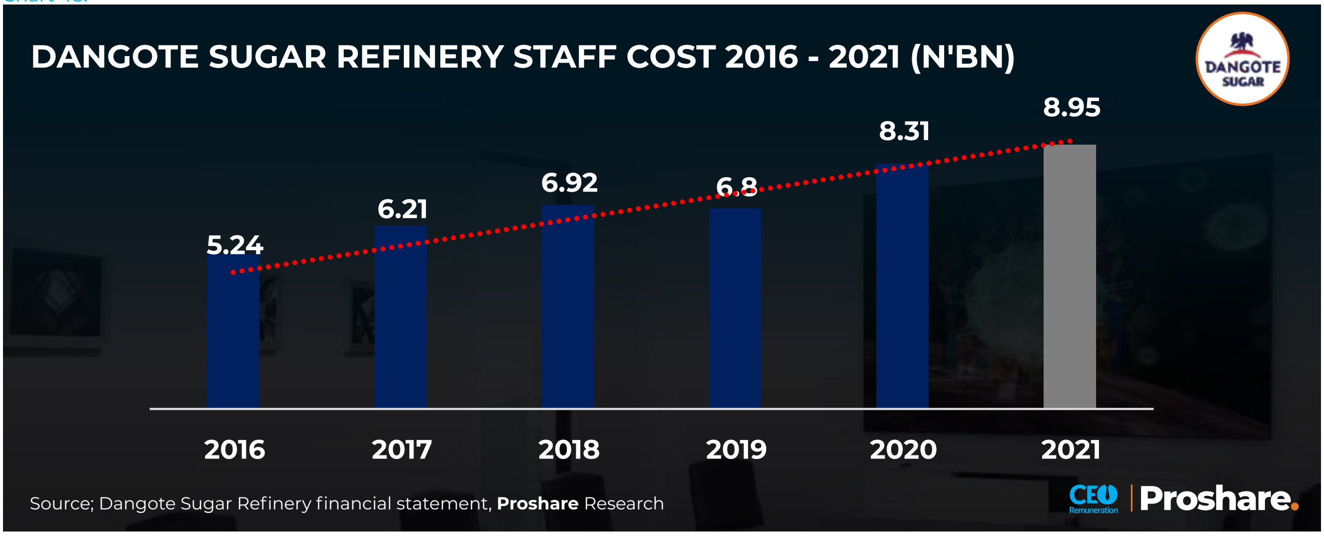
Chart 47:



Staff Cost

Dangote Sugar Refinery's staff cost recorded a consistent rise from 2016 to 2021 except in 2019 when it declined a bit by -1.73%. in 2021, the staff cost rose by +7.74% from N8.33m to N8.95m recording its highest percentage in 2020 by +22.50%. (*see chart 48*).

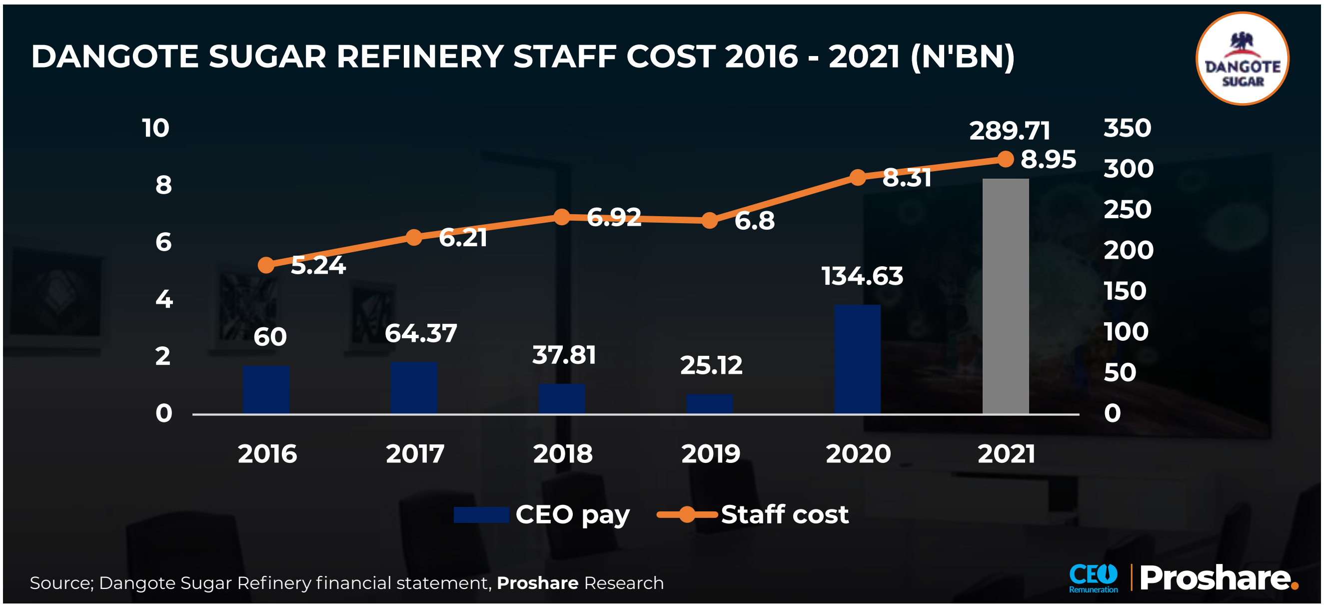
Chart 48:



CEO's pay-to-Staff Cost

In the year 2021, the company's Staff cost increased slightly by +7.70% while the CEO's pay increased marginally by +115.19%. This shows that in 2021, there was a positive relationship between the company's staff costs and its CEO's pay (*see chart 49*)

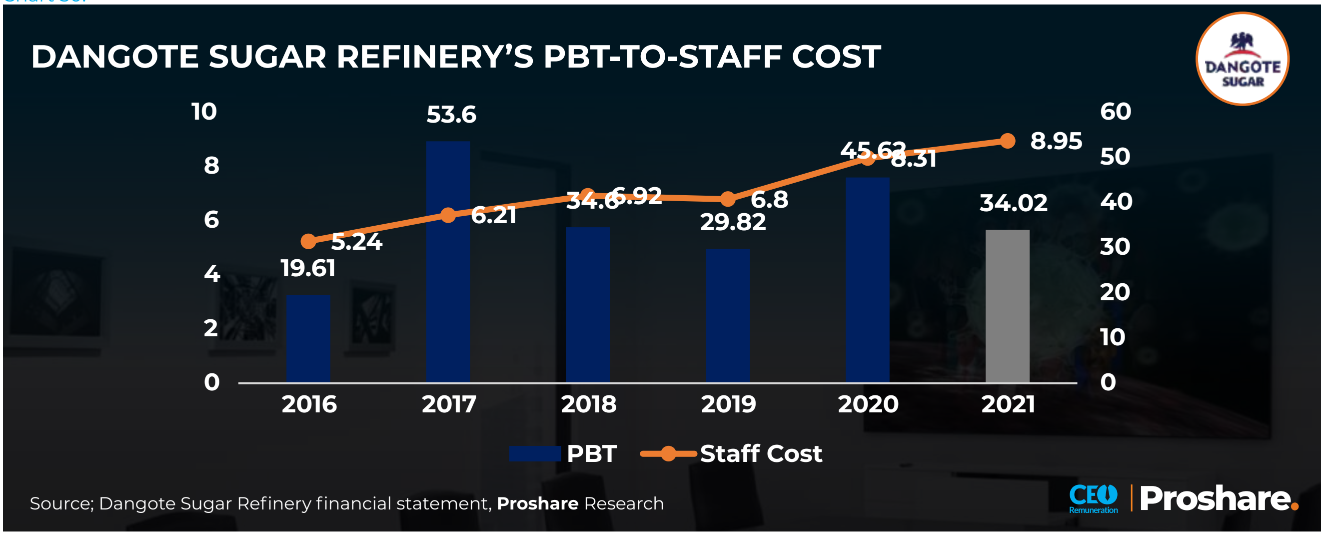
Chart 49:



PBT-to-Staff Cost

Dangote sugar refinery's PBT to staff cost drifted in opposite directions in 2021 as staff cost grew by +7.70% while PBT declined by -25.43% (*see chart 50*)

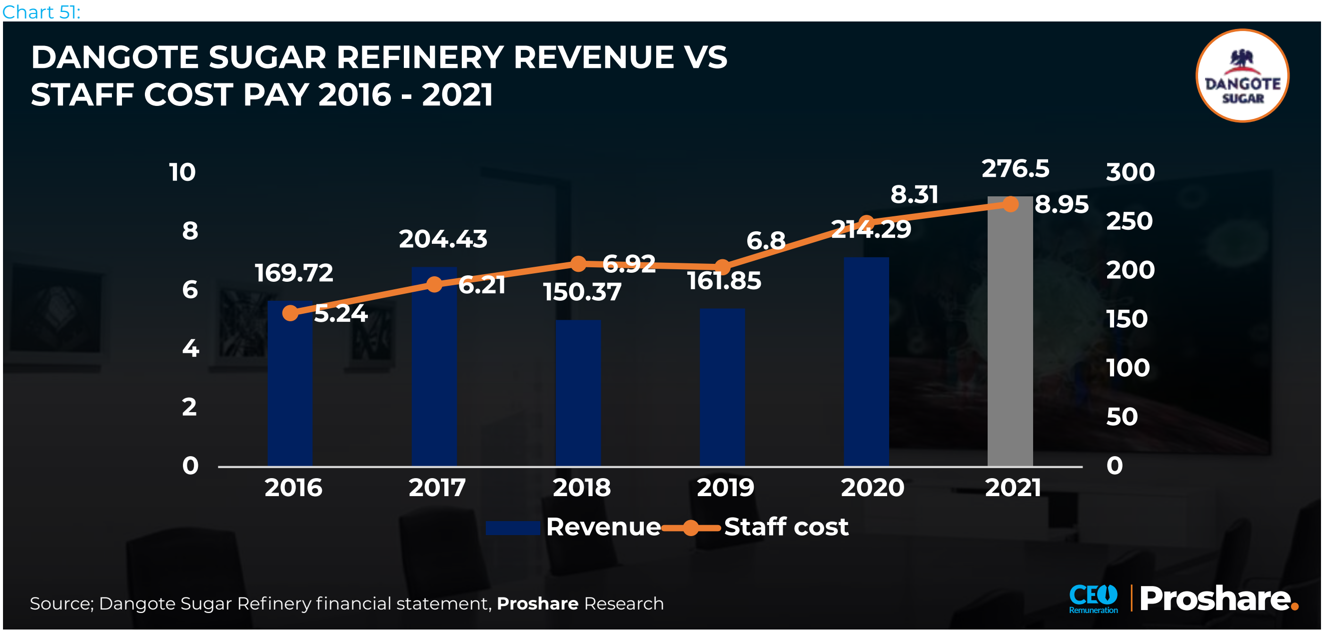
Chart 50:



Revenue-to-Staff Cost

The company's staff cost and revenue both moved in the same direction, and both recorded positive growth from 2020 to 2021. Its revenue growth outpaced the growth of staff costs in 2021. In 2021, the revenue grew by +28.82% and staff costs grew by +7.48% (*see chart 51*)

Chart 51:

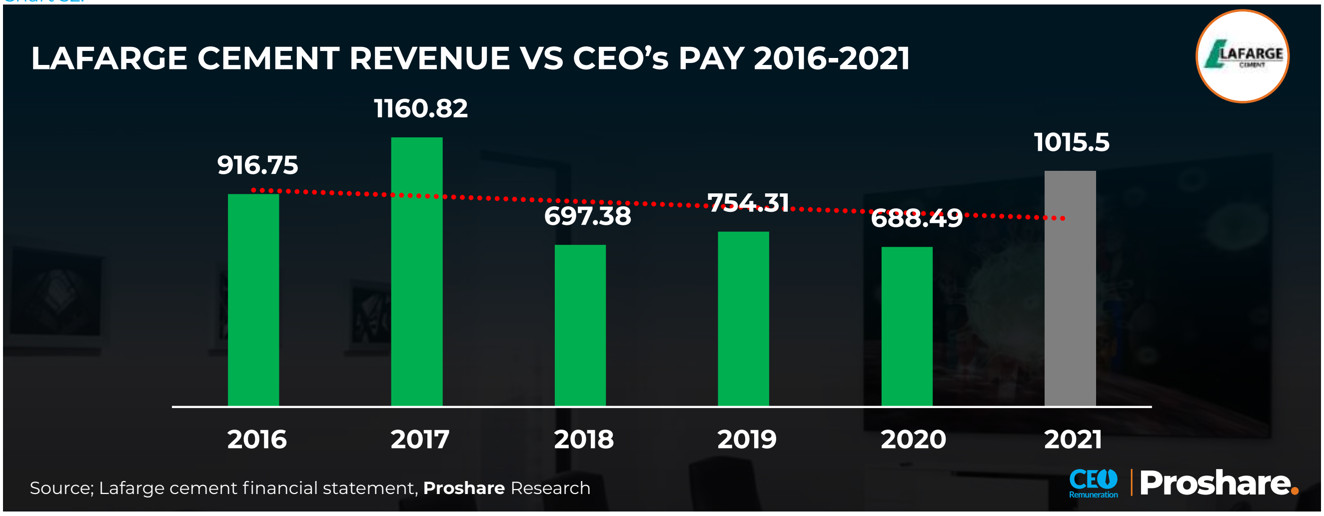


Lafarge Cement / Khaled Abdel Aziz **EL DOKANI**

Revenue vs CEO's Pay

Lafarge (Wapco) Cement Plc has experienced a sharp increase in its earnings as revenue grew by +27.11% to N293.1bn from N230.6bn last year while the CEO's pay decreased marginally by -13.82%. Lafarge's revenue to CEO's remuneration has been fluctuating in the past few years as the amount rose to its highest value in 2017 before reducing to its lowest in 2020 and regaining its value back in 2021. (*see chart 52*).

Chart 52:



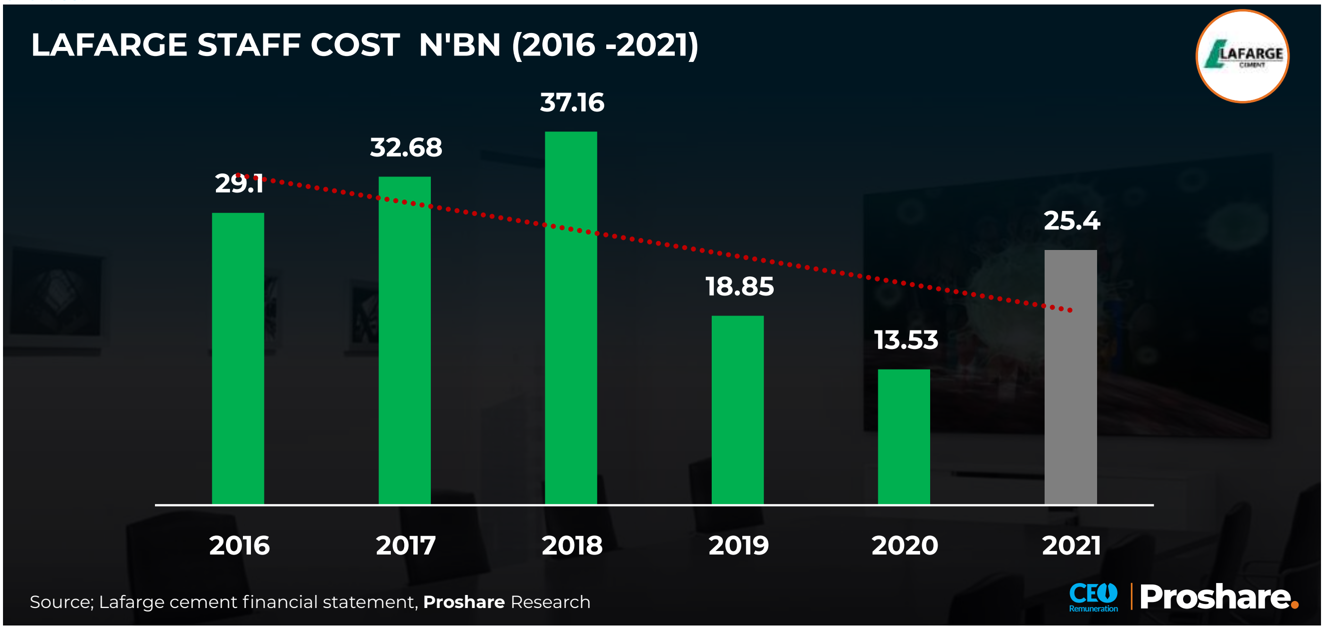
PBT vs CEO's Pay

The cement-maker, Lafarge Africa, recorded profit as the company's Profit before tax advanced to N62.3 billion at a pace of +65.7%. But still, the company lagged behind the figure reported four years back in 2017.

In 2021, the company's performance showed a significant improvement as Khaled Abdel was able to generate N215.70 which is the highest profit the company has had for every one naira a CEO had received. The Lafarge PBT-to-CEO's remuneration was negative from 2015 to 2018 before a turnaround occurred in 2019 as it increased significantly to its highest percentage of +87.73% from N13.5mn in the year 2020 to N25.4m in 2021. Lafarge's staff costs rose consistently from 2016 to 2018 before dipping down by -49.27% and -28.22% in 2019 and 2020 respectively (*see chart 53*)

Chart **53**

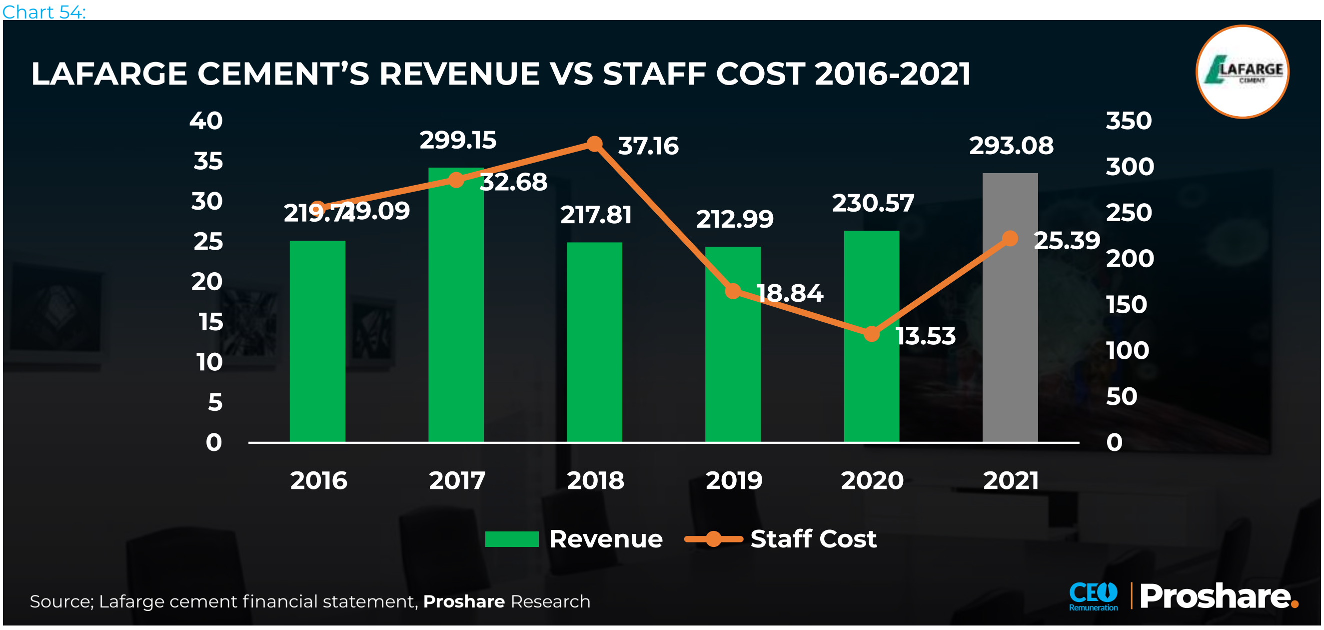
Chart 53:



Revenue vs Staff Cost

The year 2021 showed a positive relationship between Lafarge's revenue and the wages and salary received by its employees. Its revenue and staff costs moved in the same direction as the company's staff cost recorded its highest percentage growth of +87.68% compared to the years 2019 and 2020 when it grew negatively by -49.29% and -28.20% respectively. In the year 2021, Its revenue grew by +27.11% compared to the +8.25% it recorded in the previous year. (*see chart 54*).

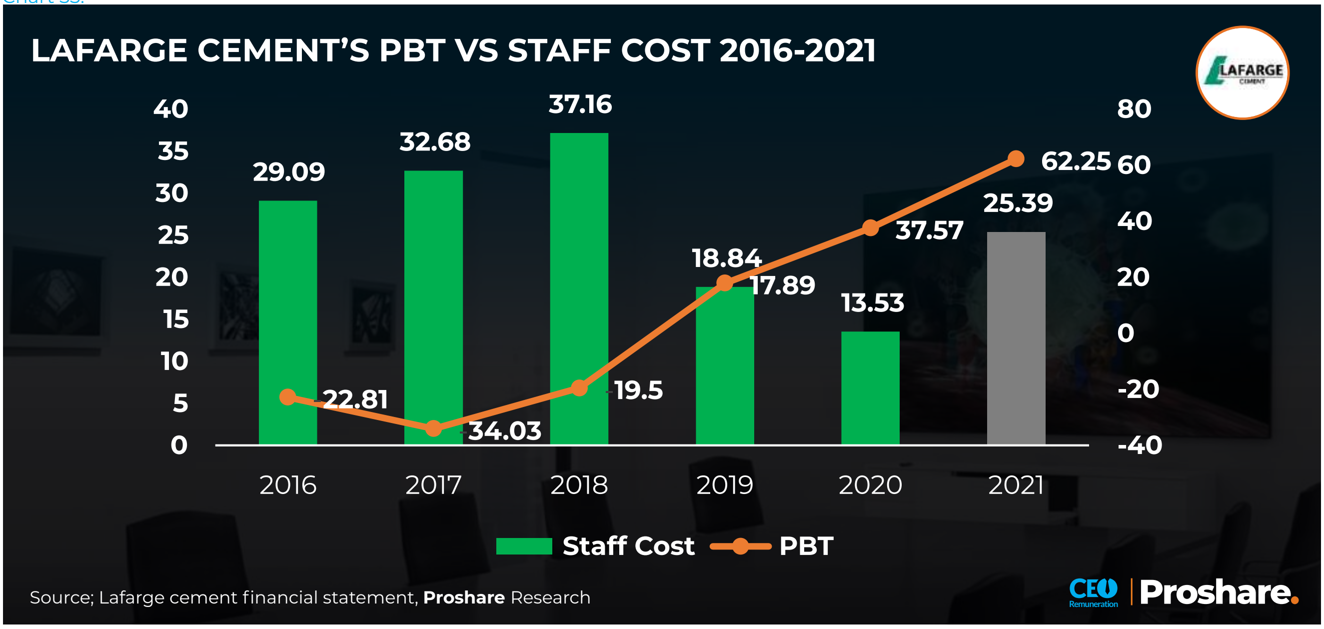
Chart 54:



PBT vs Staff Cost

In the year 2021, Lafarge cement's PBT and Staff cost had a positive relationship as the PBT increased, and the staff cost also increased (*see chart 55*).

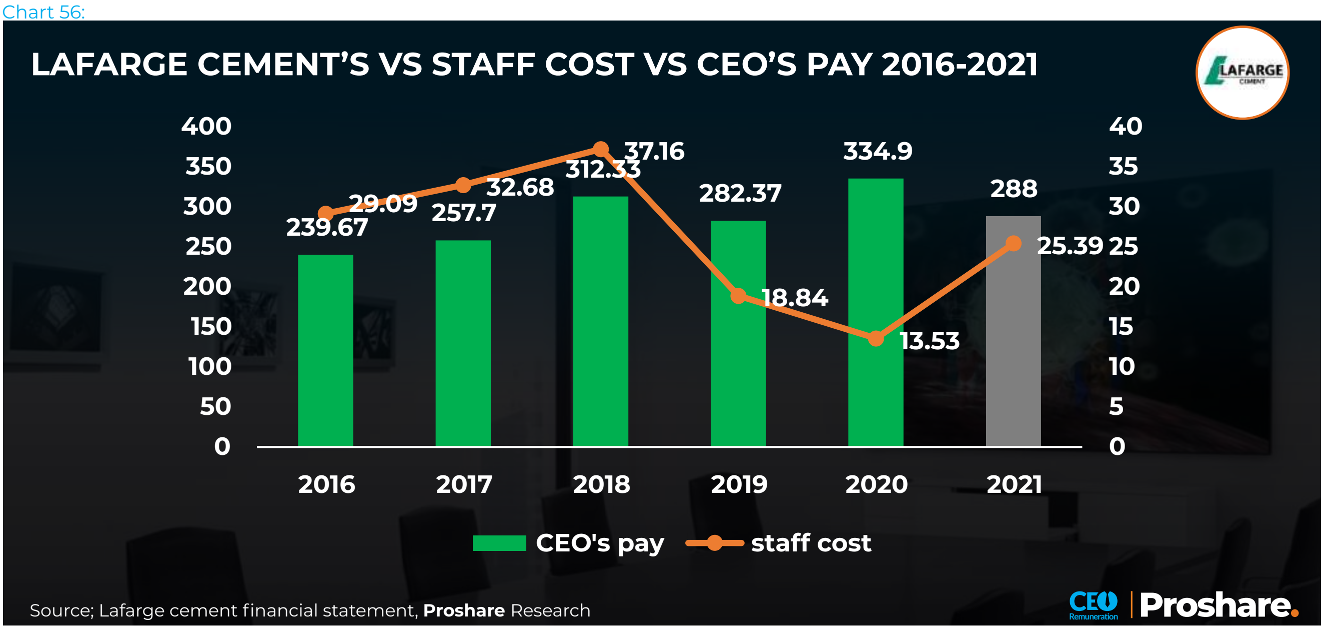
Chart 55:



CEO's Pay vs Staff Cost

2021 results of the company showed a clear correlation between Lafarge's CEO remuneration and its staff cost. In some years, both the CEO remuneration and the staff cost moved in a similar direction while in some years, they moved in different directions. In 2021, Staff costs increased by +87.68% while CEO remuneration increased by -13.82% (*see chart 56*).

Chart 56:



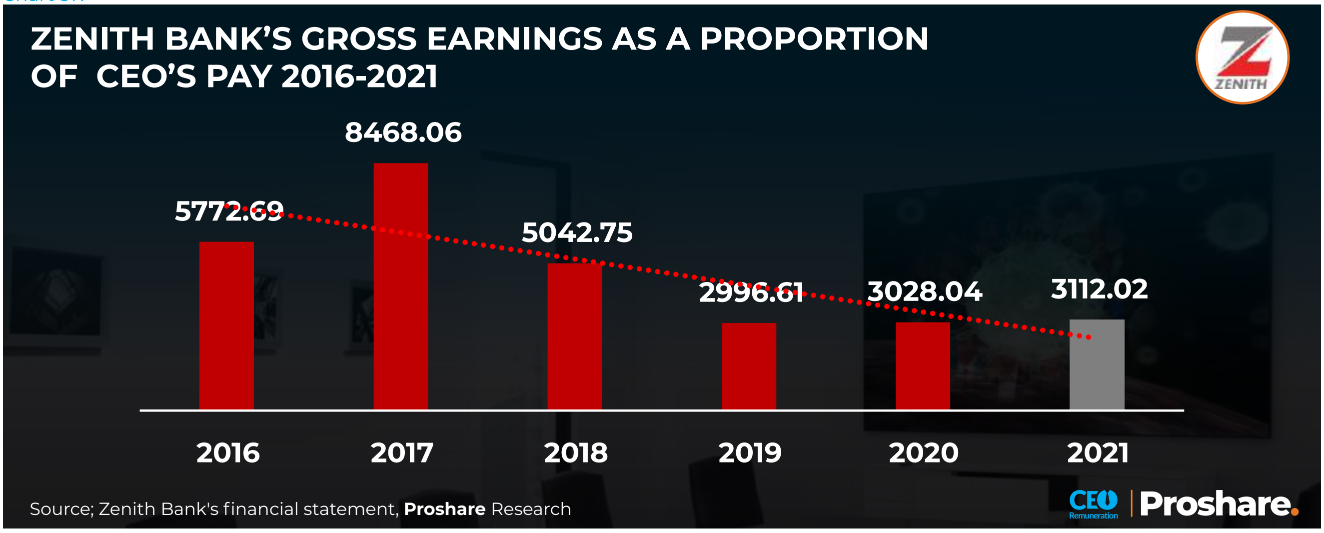
Zenith Bank / Ebenezer ONYEAGWU

Gross Earnings/ CEO'S Pay

According to the audited financial result for the 2021 financial year, the group achieved +9.92% year-on-year growth in gross earnings. The bank's CEO was paid N246mn in 2021 compared to the N230mn reported in 2020. Zenith bank's gross earnings-to-CEO pay fluctuated between 2016 and 2021. It rose to its highest percentage in 2017 before dipping down to its lowest in 2019.

Ebenezer Onyeagwu was able to generate a gross earning of N3,112.02 for every naira he received as remuneration in 2021, an improvement from the N3,028.04 recorded in 2020 (*see chart 57*).

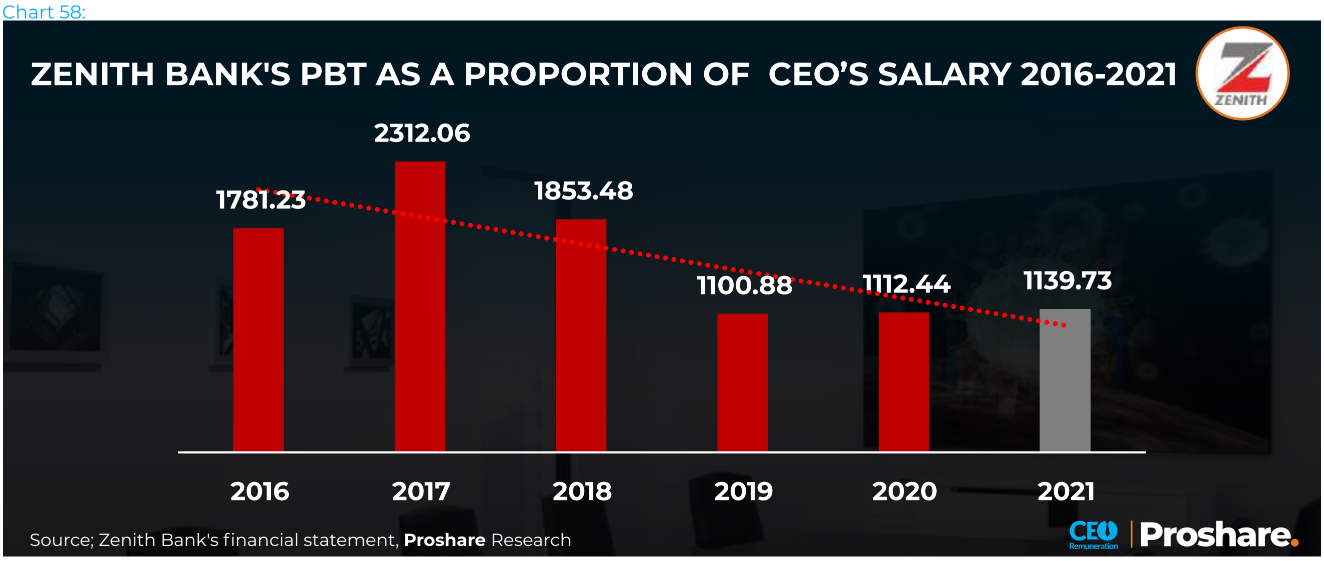
Chart 57:



PBT vs CEO's Pay

The group recorded growth on PBT of +9.58% from N255.9bn to N280.4bn. The result has shown a downward trend from 2017 to 2021, that is it is increasing at a decreasing rate (*see chart 58*).

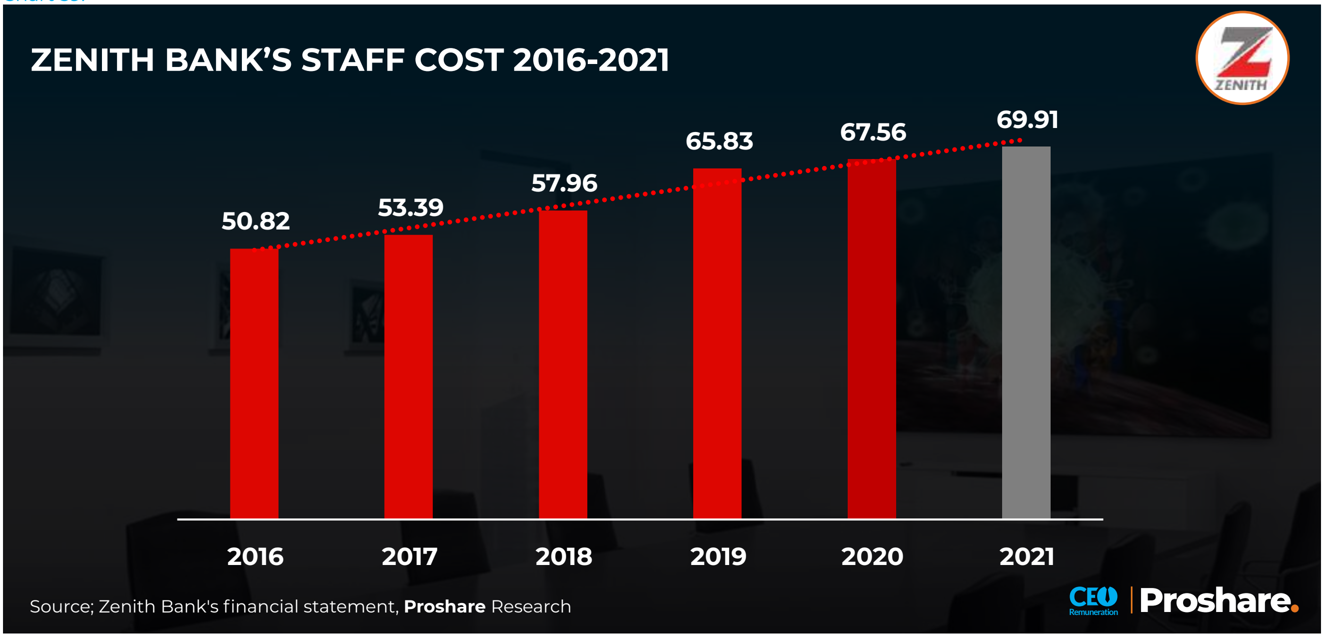
Chart 58:



Staff Cost

Zenith bank increased wages and salaries for the period was up by +3.48% from N67.56bn in 2021 to N69.91bn in 2022. 2019 recorded the highest percentage growth while 2020 recorded the lowest (*see chart 59*).

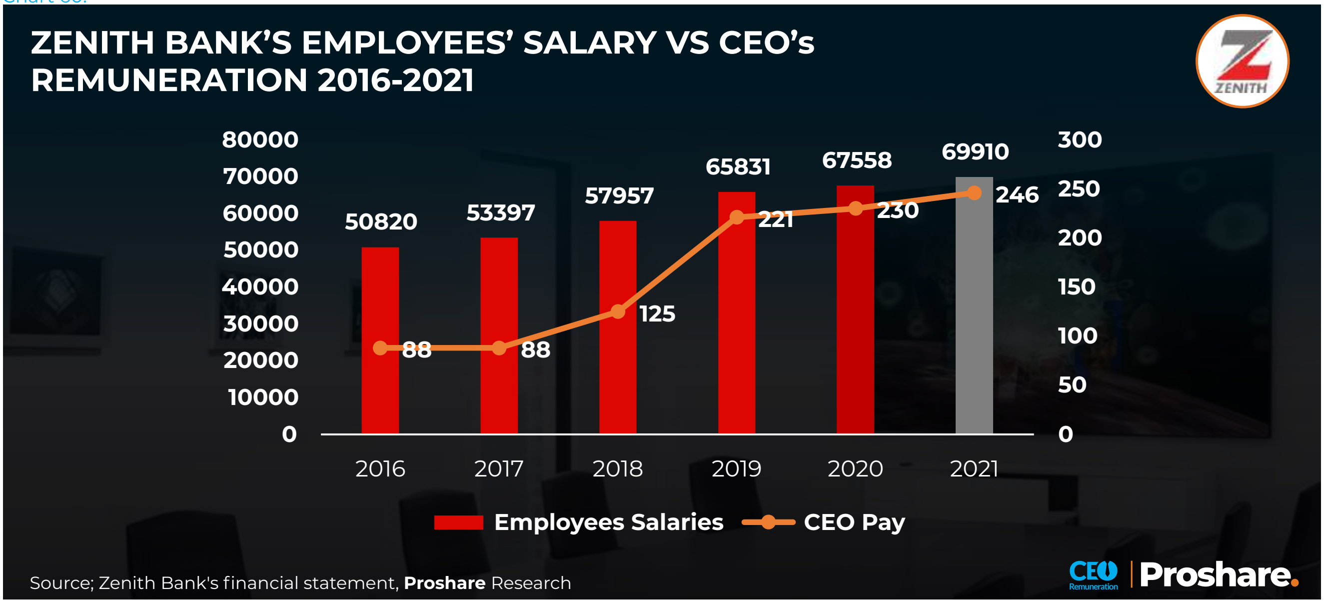
Chart 59:



Employees' salary vs CEO's Remuneration

Over the years, the relationship between Zenith bank's employee salaries and CEO's pay has been positive. The personnel salary increased Y-o-Y by +3.48% to N69.91bn while the remuneration paid to the highest director was also up by +6.96% (*see chart 60*).

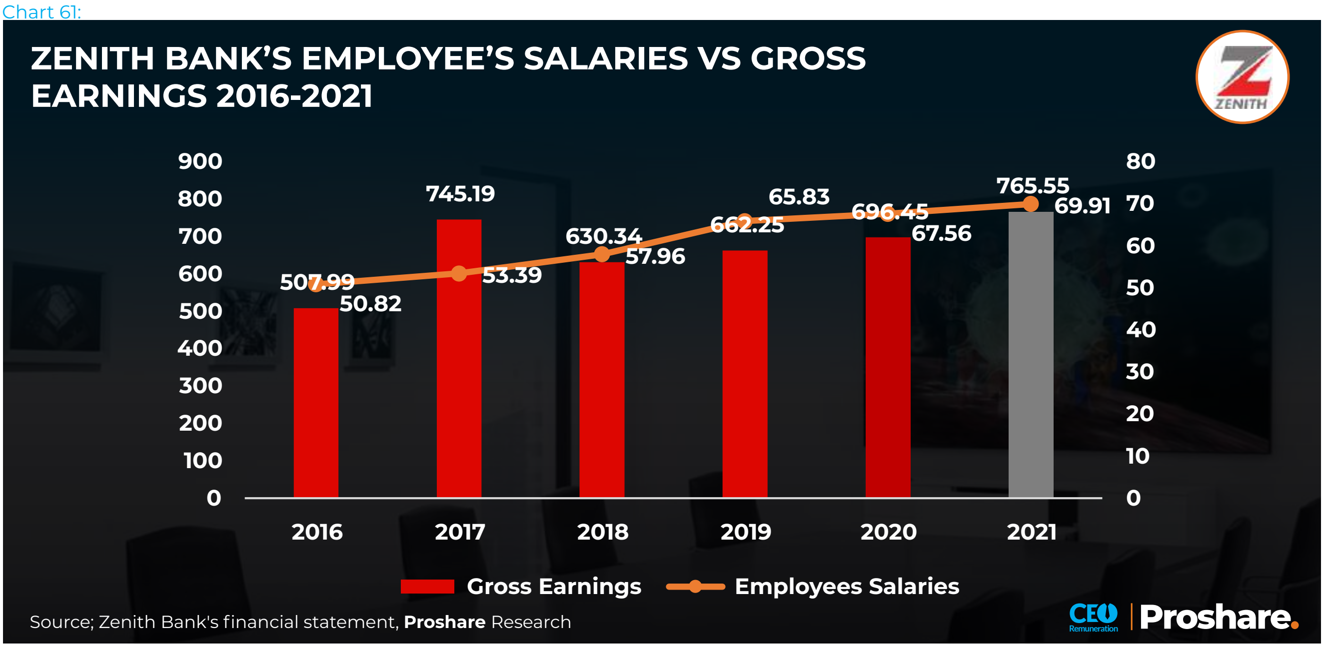
Chart 60:



Employee's Salaries vs Gross Earnings

In 2021, Employee's salaries increased slightly by +3.48% while the gross earnings also improved by +9.92%. Between 2016 and 2021, employee salary and gross earnings moved in the same direction as they have a positive relationship except in the year 2018 when the gross earnings showed a negative result of -15.41% (*see chart 61*).

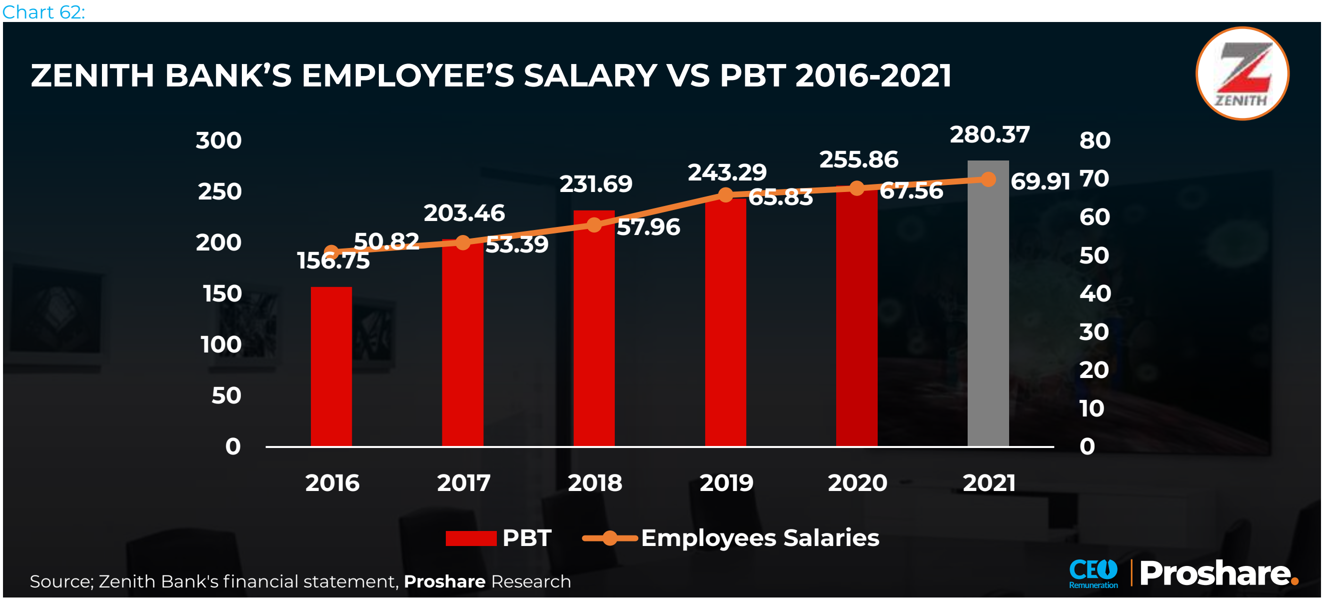
Chart 61:



Employee's Salary vs PBT

There has been a positive relationship between Zenith Bank's staff cost and PBT in recent years. Although the degree of change in employees' salaries seems to have steadied between 2020 and 2021 while PBT has grown at around the same pace over the years (*see chart 62*).

Chart 62:

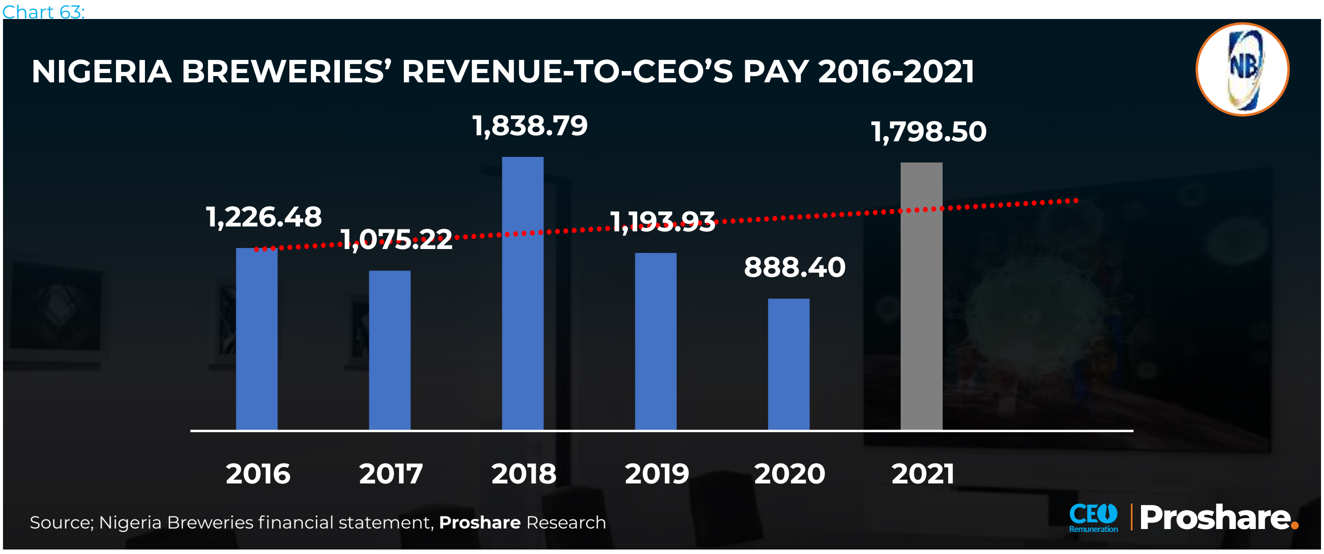


Nigerian Breweries / Hans ESSAADI

Revenue to CEO's Pay

Nigeria's biggest beer-maker, Nigeria Breweriesbeer makerthe highest percentage growth in its Revenue-to-CEOs' pay ratio, as CEO revenue outcomes rose by +102.44% driven by a +29.71% increment in revenue and a -5.93% decline in CEO's pay. In effect, Hans Essaadi generated N1,798.50 in revenue for every N1 he received in remuneration which increased from N888.40 paid to him in 2020 (*see chart 63*).

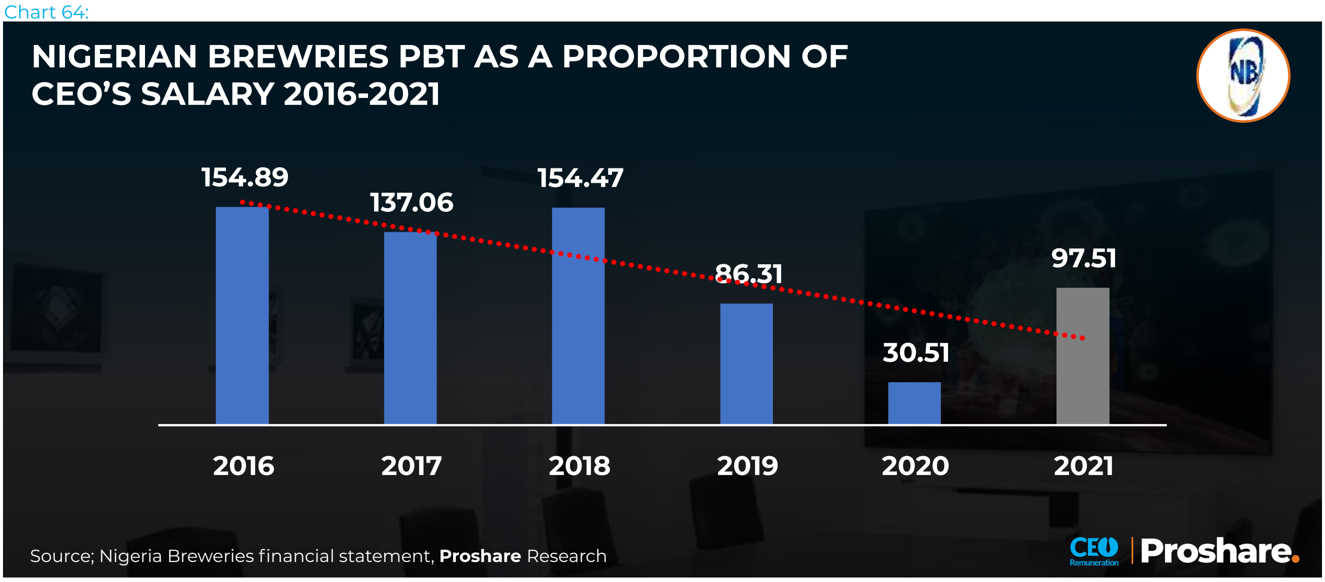
Chart 63:



PBT to CEO's Pay

The company's PBT-to-CEO's pay rose significantly by +219.53% in 2021 to N97.50 from N30.51, propelled by a 104.73% increase in its Profit before tax and a drastic decline in the CEO's pay by -35.93% (*see chart 64*).

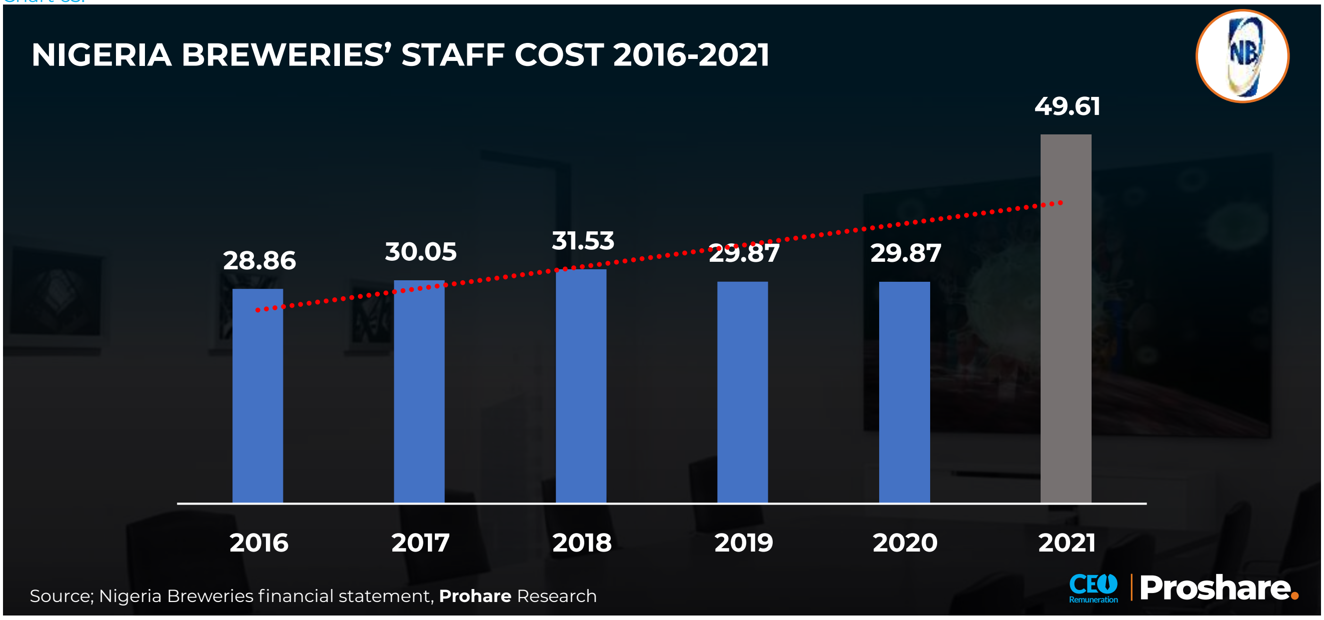
Chart 64:



Staff Cost

In 2021, Nigeria Breweries' staff cost grew a record growth rate of +66.10% to N49.61bn from N29.87bn in 2020. Staff cost had declined in 2020 by -0.01% (*see chart 65*)

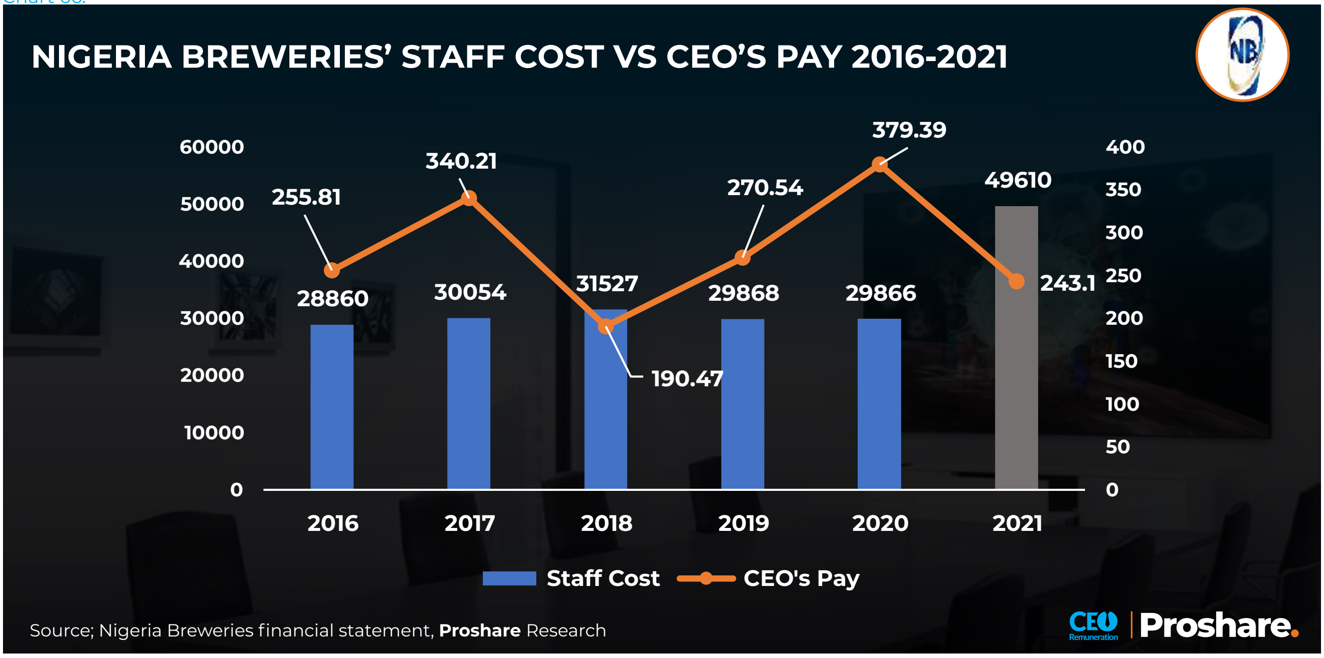
Chart 65:



Staff cost vs CEO's Pay

In 2021, Nigerian Breweries staff cost, and CEO's pay did not move in tandem. While staff cost recorded its highest percentage growth rate in decades (+66.10%) from N29.87bn to N49.61bn CEO's pay declined marginally by -35.92% (*see chart 66*)

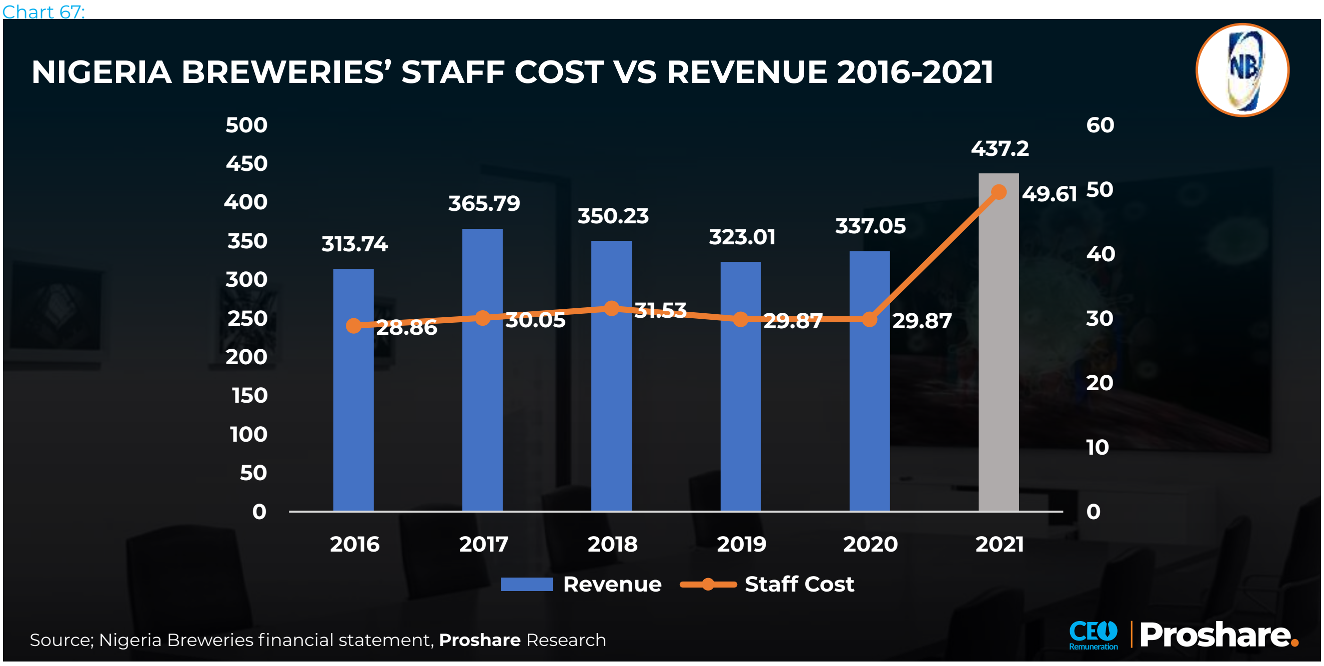
Chart 66:



Staff Cost vs Revenue

The company's revenue increased by +29.71% compared to the previous year having increased Revenue from N337.05bn to N437.2bn while the staff cost increased marginally by +66.10% in the year 2021 compared to the 0.00% (*see chart 67*)

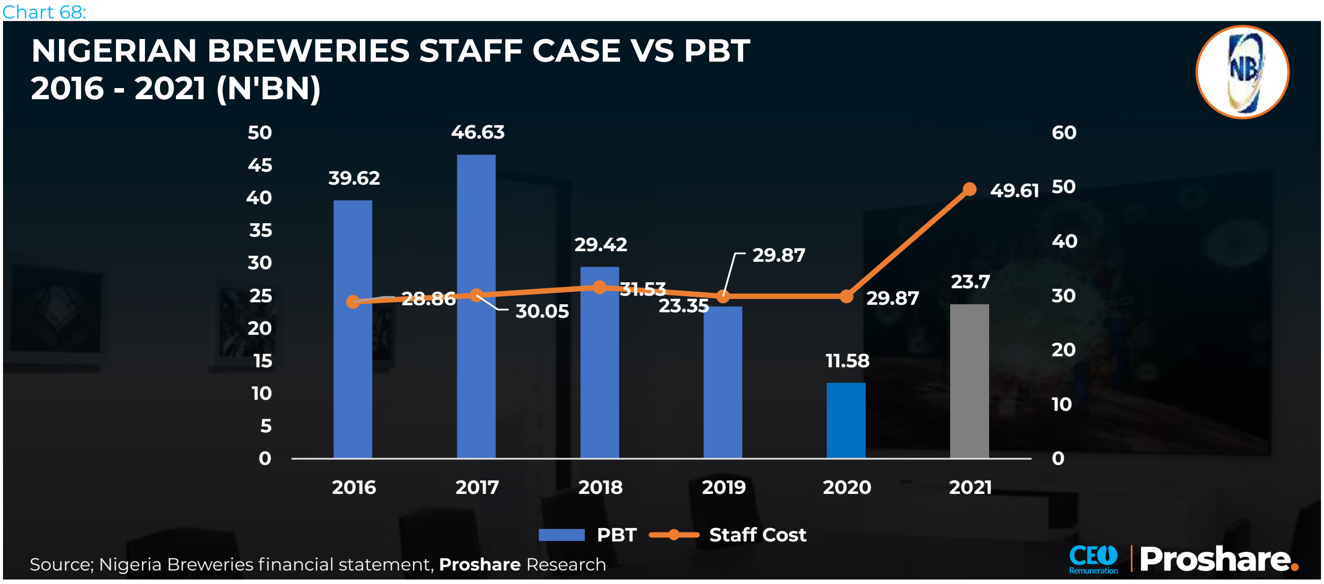
Chart 67:



Staff Cost vs PBT

Nigeria Breweries Profit before tax grew by +104.73% from N11.6bn to N23.7bn in 2021 exceeding the average growth rate of the last three years. Employee cost on the other hand grew by +66.09%, about half as much as the growth rate of PBT. This shows a moderate positive relationship between Nigeria Breweries' PBT and Staff cost (*see chart 68*).

Chart 68:



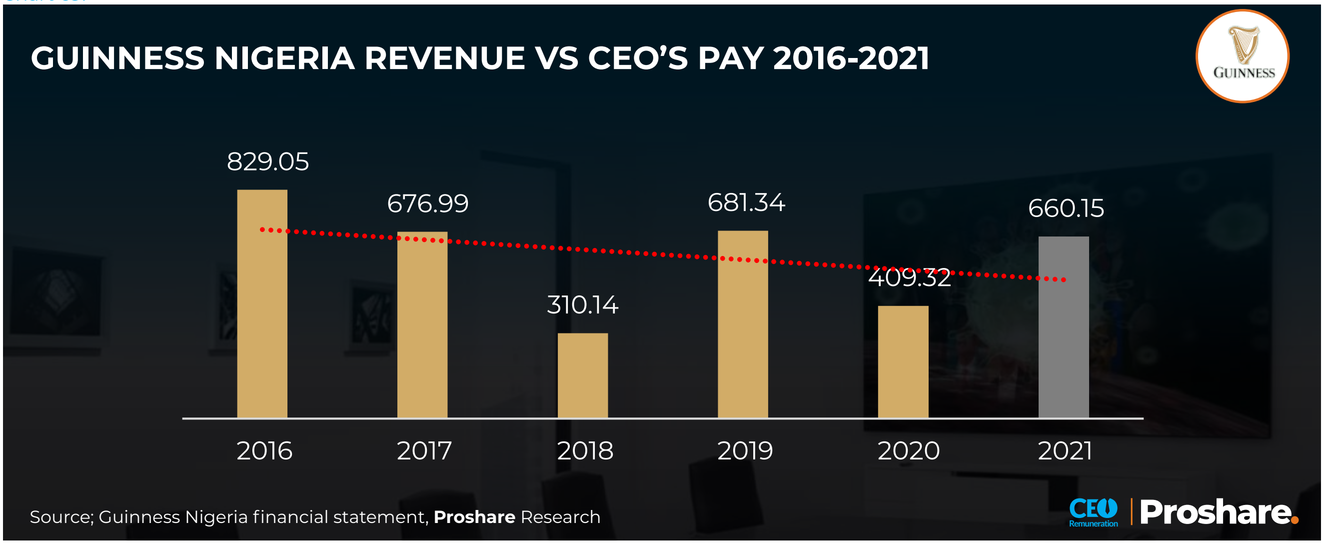
Guinness Nigeria / Baker **MAGUNDA**

Revenue vs CEO's Pay

Guinness Nigeria's revenue increased by +53.69% to N160.416bn in 2021 making the highest percentage growth in revenue in over four years. In 2020, revenue which stood at N104.376bn. CEO's remuneration on the other hand declined remarkably by -4.71% in 2021. By implication, the pattern of the Revenue-to-CEO's remuneration ratio of the company has been inconsistent over the past five years.

Baker Magunda generated N660.15 in revenue for every N1 he was paid in remuneration in 2021 which corresponds to +61.28% in CEO revenue outcomes in 2021 up from N409.32 in 2020. (*see chart 69*)

Chart 69:



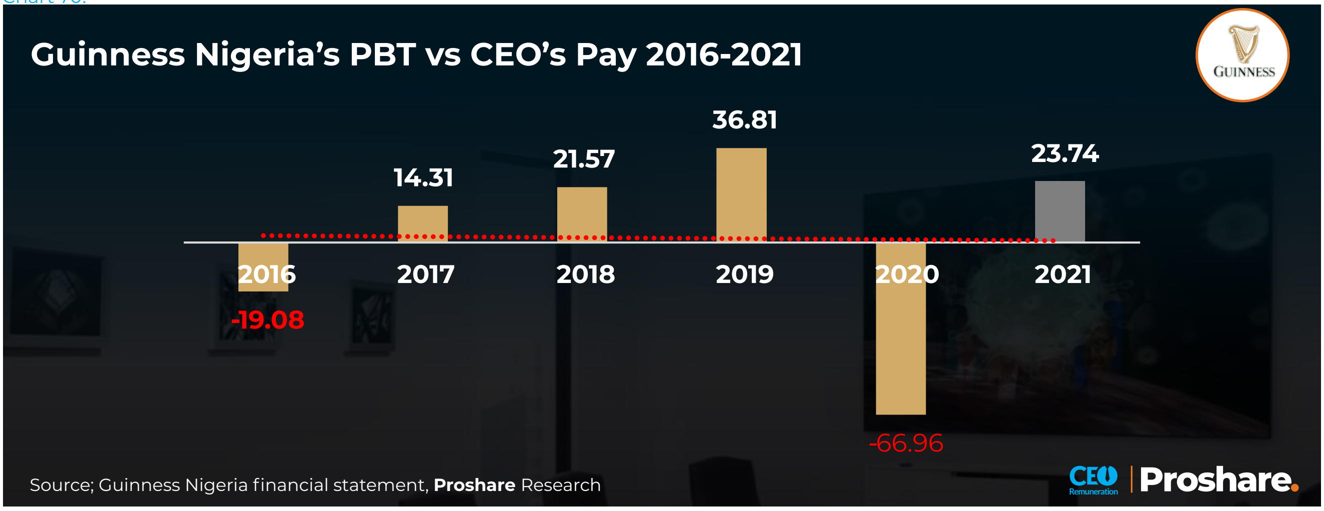
PBT vs CEO's Pay

In 2021, Guinness Nigeria upturn its losses as it was able to make a profit of N5.769bn after it made a huge loss of N-17.073bn in 2020.

Despite the upturn in its profit, the amount paid to its CEO grew negatively by -4.71% from N255m to N243m. Consequently, PBT to CEO remuneration rose showing that Baker Magunda was able to generate N23.74 for every N1 he received as CEO, a modest improvement when compared to -66.96 loss that was recorded in the previous year (*see chart 70*).

Chart **70**

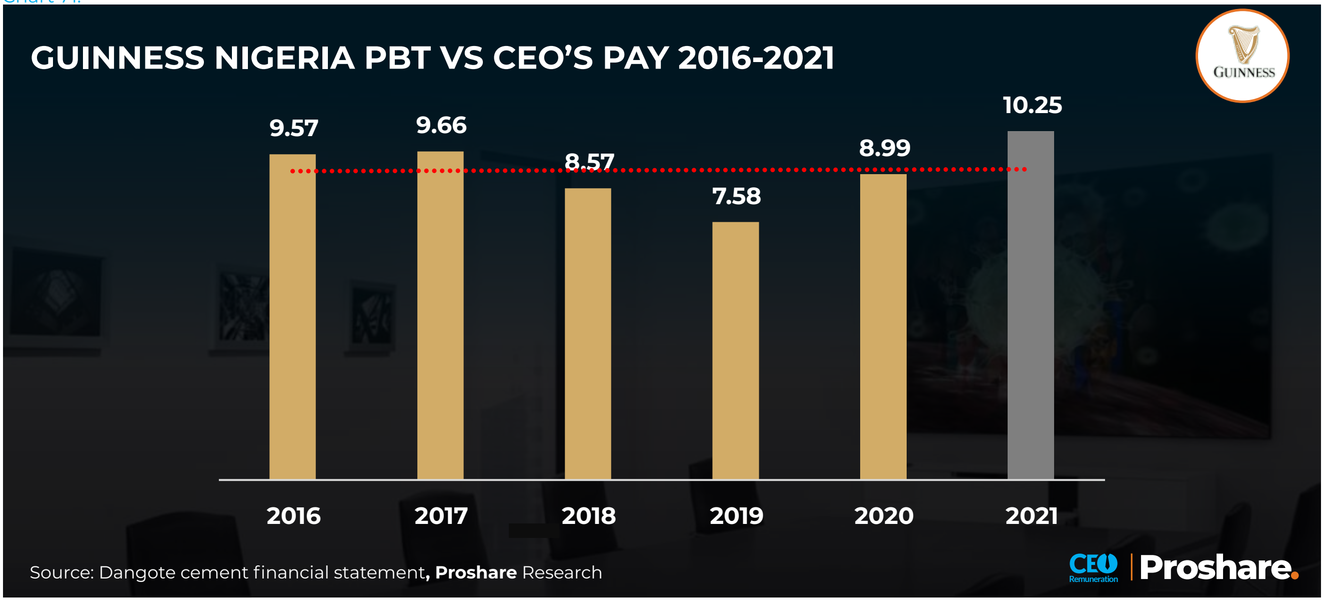
Chart 70:



Staff Cost

The company's staff cost has followed an upward trend in 2021 as it moved to its highest value of N10.25m in 2021. (*see chart 71*).

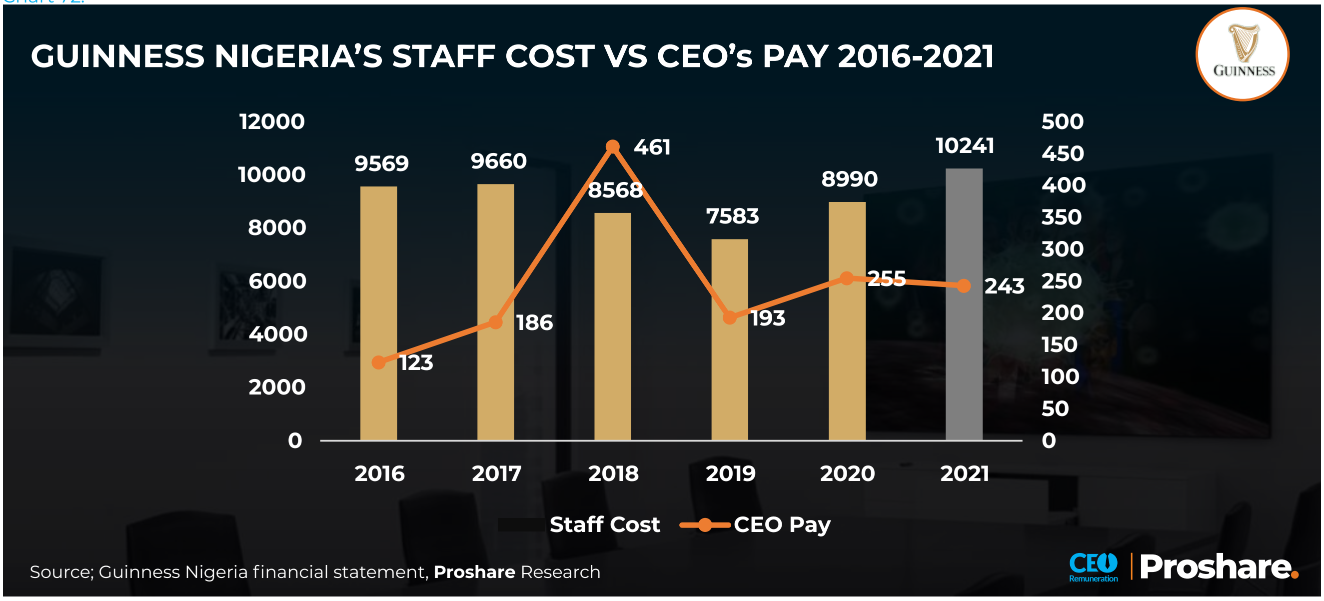
Chart 71:



Staff Cost vs CEO's Pay

In 2021, CEO remuneration declined by -4.71% while staff costs increased by +13.92%. The narrative was different in 2020 when an increase of +18.56% in staff costs was complemented by a 32.12% increase in CEO pay. Staff cost and CEO remuneration have followed similar movements only in 2017 and 2020 while they moved in the opposite direction between 2018,2019 and 2021 (*see chart 72*).

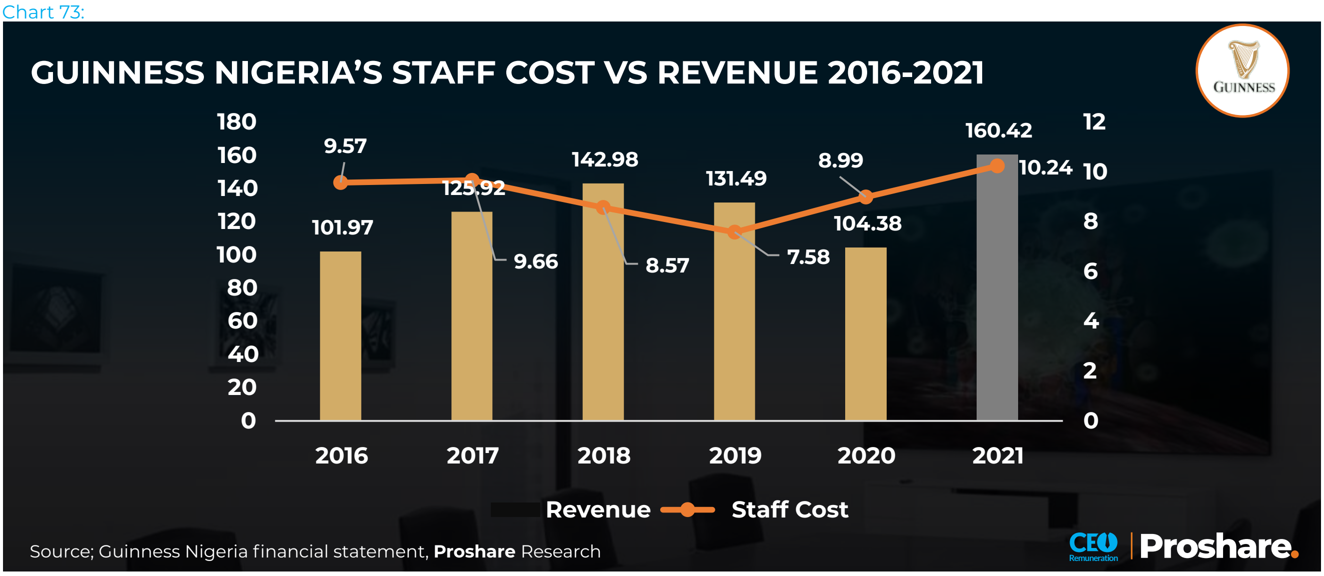
Chart 72:



Staff Cost vs Revenue

Over the years, Guinness Staff reward has failed to reflect changes in the company's revenue with the exception of 2017 and 2021. Revenue and Staff costs moved in opposite directions in three of the last five years; 2018, 2019 and 2020. In 2021, revenue increased by +53.69% from N104.38bn to N160.42bn while staff costs increased by much less +13.90% (*see chart 73*).

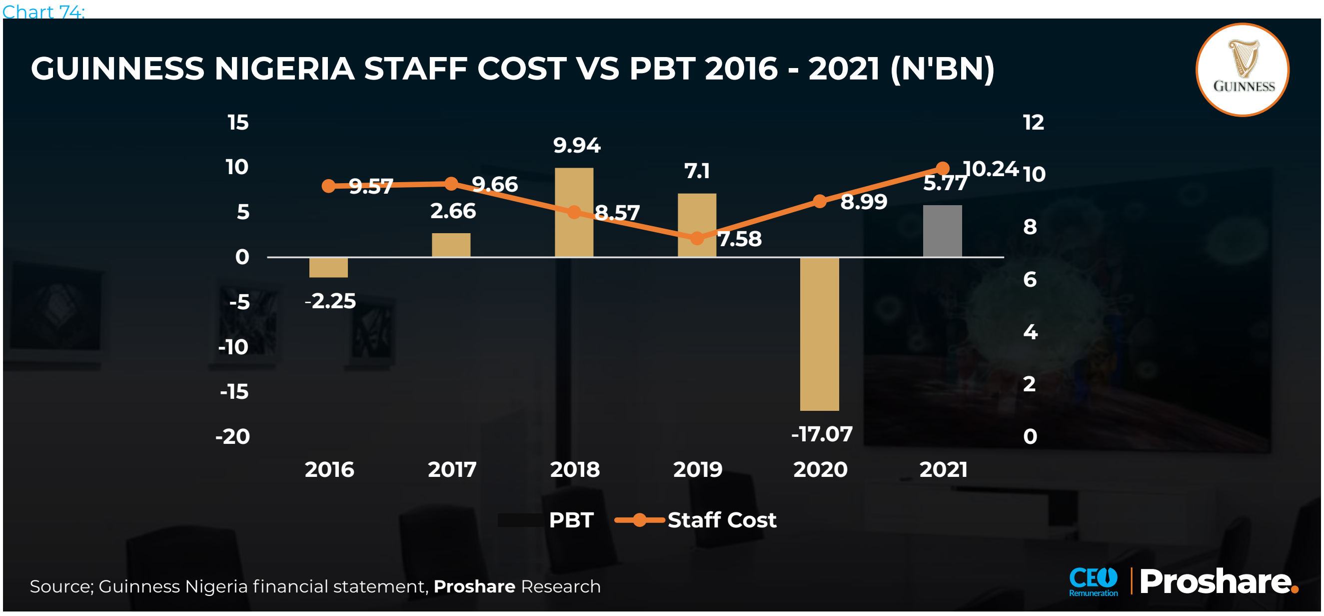
Chart 73:



Staff Cost vs PBT

In 2021, Staff cost rose in Unilever by +13.90% this was despite a -133.80% decline in PBT (*see chart 74*).

Chart 74:

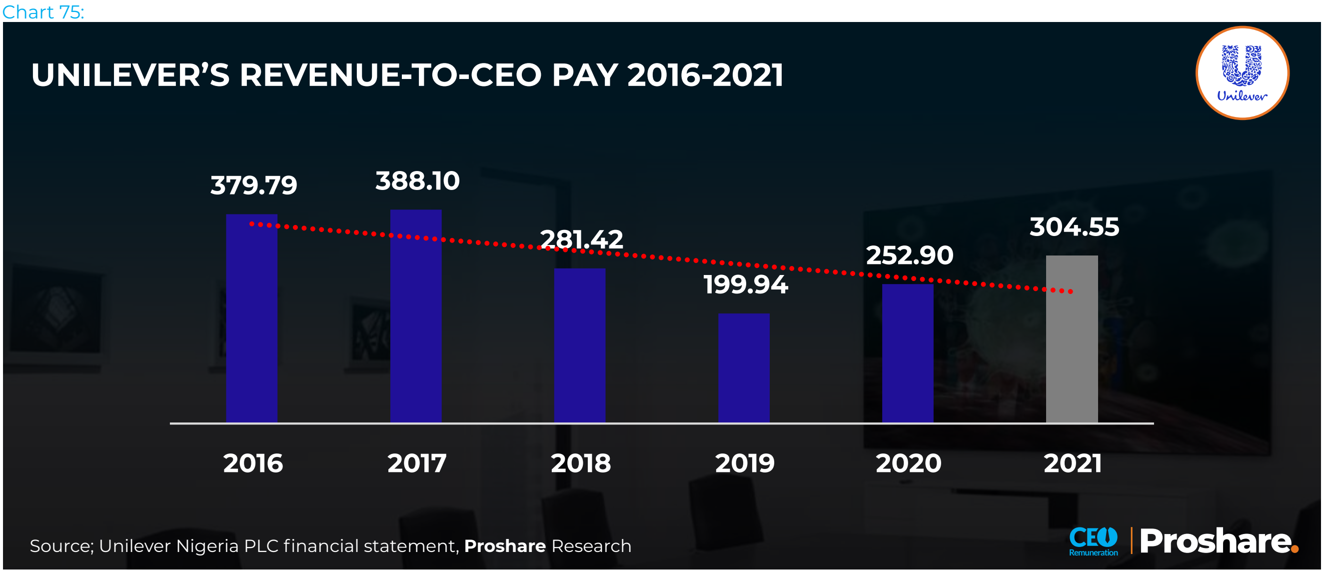


Unilever Nigerian / Carl **CRUZ**

Revenue-to-CEO Pay

Unilever Nigeria plc recorded revenue of N70.5bn from its continuing operations which represents +13.82% growth compared to N61.9bn revenue recorded in 2020. Despite the growth in Revenue, CEO's pay declined by -5.48% from N245m to N231.5m. Unilever's revenue to CEO's pay has seen a consistent rise since 2019. In effect, Carl Cruz generated N304.55 in Revenue in return for every N1 received as remuneration (*see chart 75*).

Chart 75:

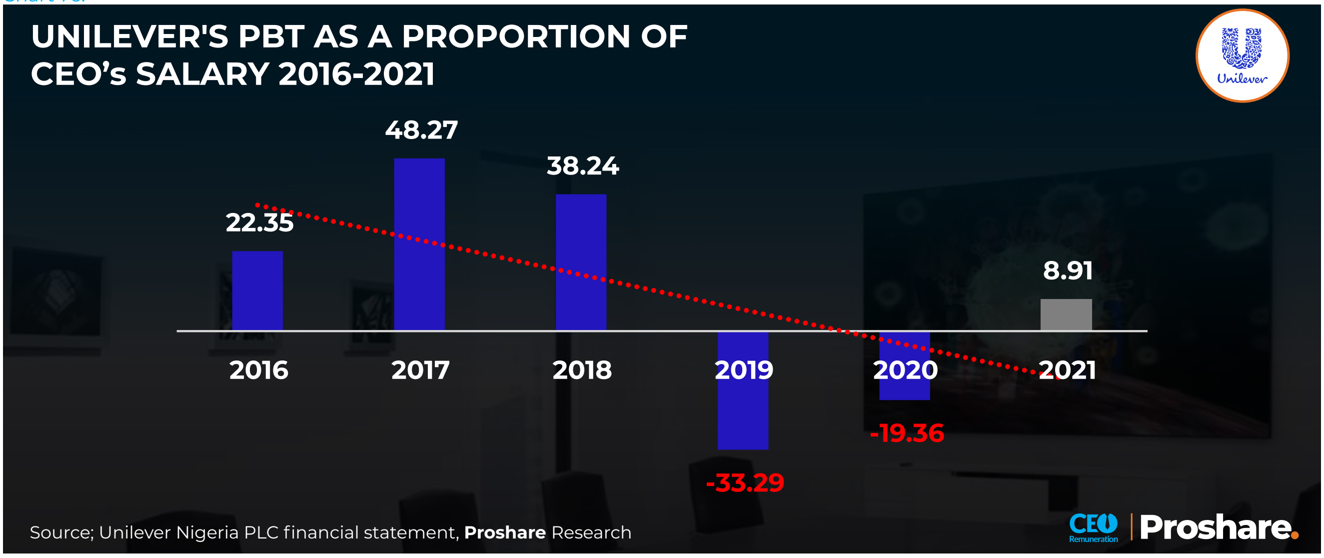


PBT-to-CEO Pay

The multinational consumer goods company recorded a profit before tax of N2.06bn reflecting a loss of -143.45% from a loss of N4.74bn in the corresponding period while its CEO's remuneration also decreased by -5.48%.

Unilever's PBT to CEO remuneration has not moved in the same direction from 2016 to 2021. It recorded an upturn in 2019 and 2020 and rose from a loss of N-19.36 in 2020 to N8.90 in 2021 (*see chart 76*)

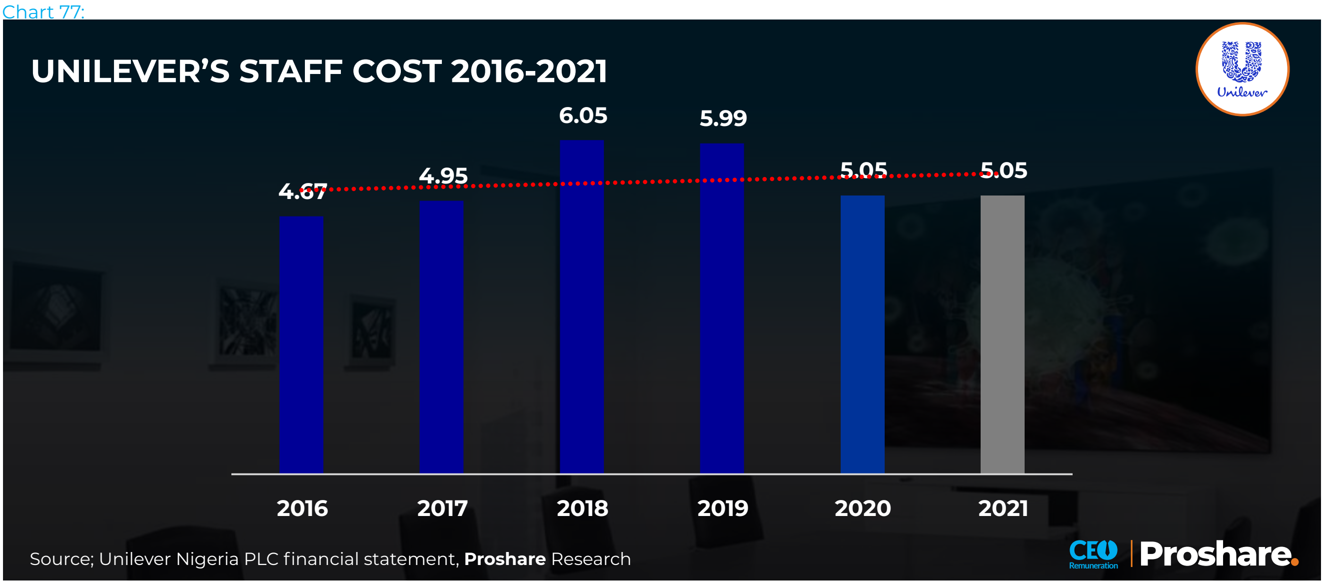
Chart 76:



Staff Cost

The financial statement revealed that the employee's entitlement during the period grew slightly by +0.05% from N5.047m to N5.049m. (*see chart 77*).

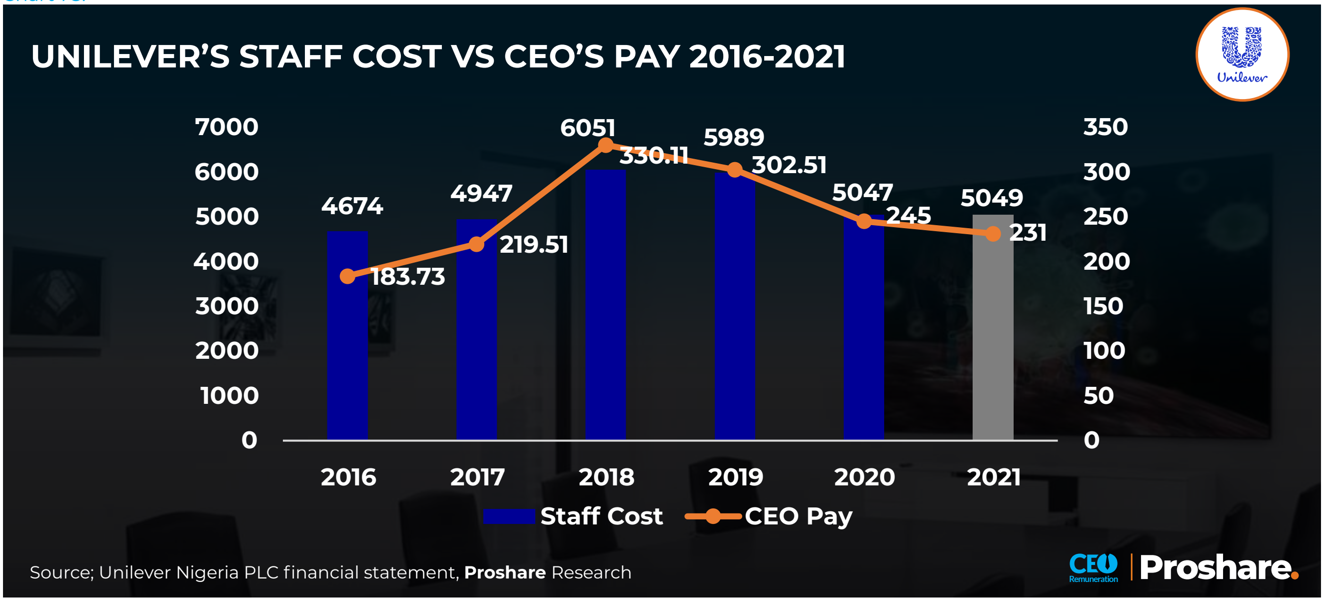
Chart 77:



Staff Cost vs CEO's pay

Unilever's staff cost does not align with the movement in its CEO's pay. The company's staff cost, and CEO's pay moved in opposite directions in 2019,2020 and 2021. In 2021, the staff cost increased by +0.05% while the CEO's pay declined by -5.48%. The narrative was different in 2020 when they both recorded a decline. (*see chart 78*).

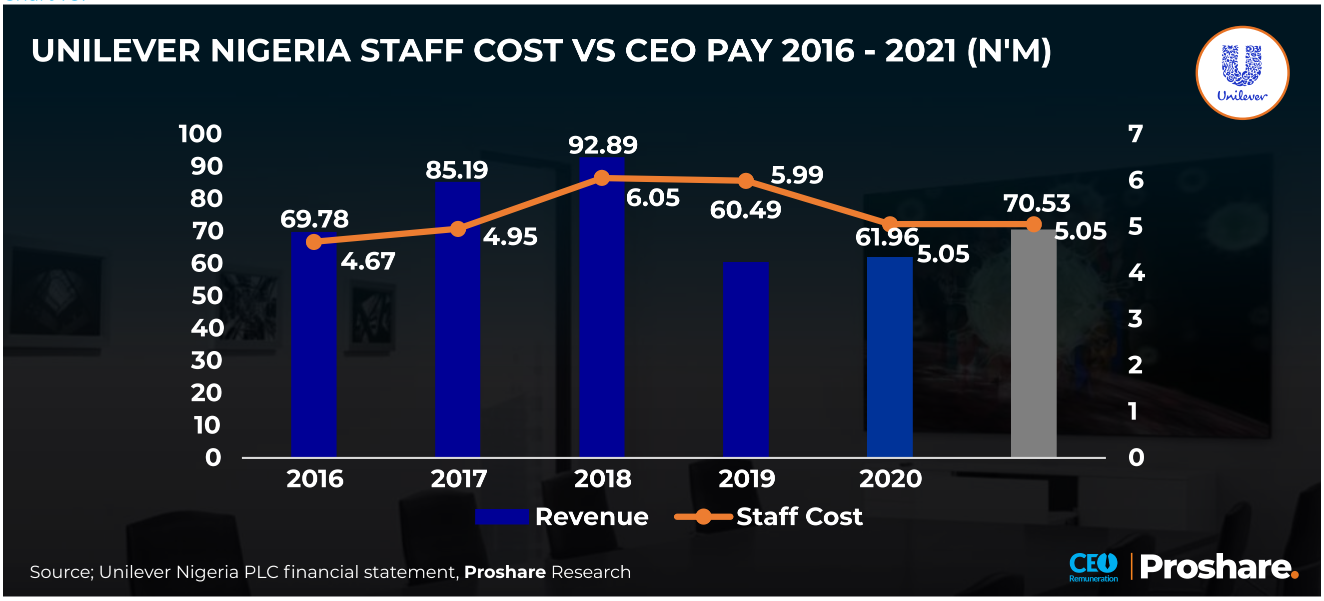
Chart 78:



Staff Cost vs Revenue

Unilever's revenue appreciated between 2020 and 2021, inducing a modest but less equal rise in staff remuneration as well. Staff cost grew by +0.05% while Revenue grew by +13.83%. (See chart 79).

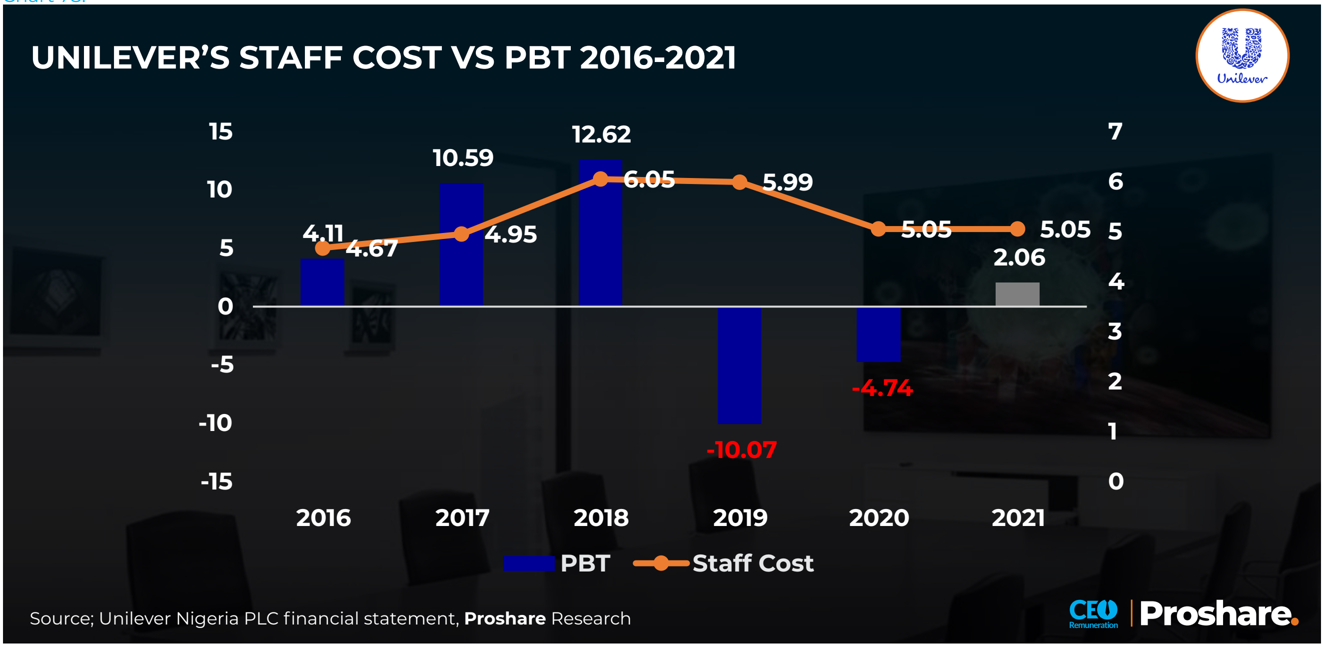
Chart 79:



Staff Cost vs PBT

Apart from 2019 and 2021, staff cost has typically mirrored the company's performance in terms of PBT. In 2021, Staff cost steadied at N5.05bn although the consumer goods maker returned to profitability with a N2.06bn PBT (*see chart 80*).

Chart 78:



Key Findings – Realigning Pay, Perks, And Productivity

Global Dimension

- In regions where marked progress toward **energy transition has been recorded**, such as Europe and the US, **Tech companies earned the largest revenue** in 2021 although Telecoms (which may also pass as tech companies) paid the highest in terms of CEO pay packets. In Asia and Africa where the drive for energy transition is at the tethering stages, energy companies earned the largest revenue. But the point of departure is however that Tech companies tend to reward their CEOs the most in Asia while in Africa Energy companies recorded the highest CEO pay.

- Among Tech companies, CEO Remuneration is **highest in Europe**, using the example of T-Mobile which paid a total basic pay of US$9.03m and an allowance of US$8.3m to its CEO. Africa's Naspers paid the highest on the continent (US$1.45m) while Amazon paid the highest in the Americas. In Asia China Mobile paid the highest.

- The Index shows that an increasing number of firms are embracing **stock awards** as a form of CEO remuneration. For instance, Tesla paid its CEO Elon Musk a total of US$10.08bn (100%) in stock awards, and Apple paid Tim Cook a total of US$837m (98%) by way of stock awards. Peter Rawlinson of Lucid received a total of US$570m (98%) in stock awards. This is a reflection of the fact that Tech companies generate value from balance sheet gains and reward their CEOs accordingly.

Nigerian Dimension

- The Top 5 highest Paid CEOs in Nigeria in 2021 were Herbert Wigwe of **Access Bank** (N1.68bn or US$2.89m), Roger Thompson Brown of **Seplat who** ranked second (N610m or US$1.05m) **Airtel's** Olusegun Ogunsanya who came in third place with a total remuneration of N590m (or US$1.02m), Michael Purchercos of Dangote earned a total of N531m (US$0.91m) to rank fourth in 2021 while **UAC's** Folasope Aiyesimoju ranked fifth having earned N497m (US$0.85m).

- Herbert Wigwe rose from (N1.33bn) third place in 2020 to first place in 2021, and Roger Brown rose from 10th place N358.1m in 2020 to N610m in 2021. Ogunsanya of Airtel, Khaled El-Dokani of Lafarge, and Yusuf Binji of BUA made a first-time entry into the top ten list. Michael Purchercos rose from 7th place (N448m) in 2020 to N531m in 2021. Fola Aiyesimoju retained the fifth spot although he saw a 9.8% reduction in his overall compensation. Aiyesimoju's basic salary dropped from N216m to N96m in the period.

- The list of the top ten highest-paid CEOs is still dominated by companies in the Industrial sector, the Banking sector, and the Energy sector showing the dominance of traditional sectors. While MTN and Airtel represent the Tech sector, this marks a departure from the trend in Europe and US.

- In the Industrial Sector, Dangote Cement's Michael Puchecos received a total remuneration of N531m to rank as the highest paid in the sector. The CEOs of Lafarge(N391m), and BUA cement (N320m) came in in the second and third places while the CEO of Notore Chemicals who received N154m in the period came in fourth place. CEO salary and PBT mismatches have in times past led to a situation where high-performing and under-rewarded CEOs are hired by larger organizations

- In the Banking Sector, Access bank's Herbert Wigwe earned the highest in overall compensation with a total of N1.18bn (US$2.03m), N1.06bn of which was earned from Dividends. Zenith Bank's Ebenezer Onyeagwu came in second place with a total remuneration of N447.69bn (US$772,000). GTCO's Segun Agbaje earned the third highest in the Banking Sector with total compensation of N268.84bn (US$463,000).

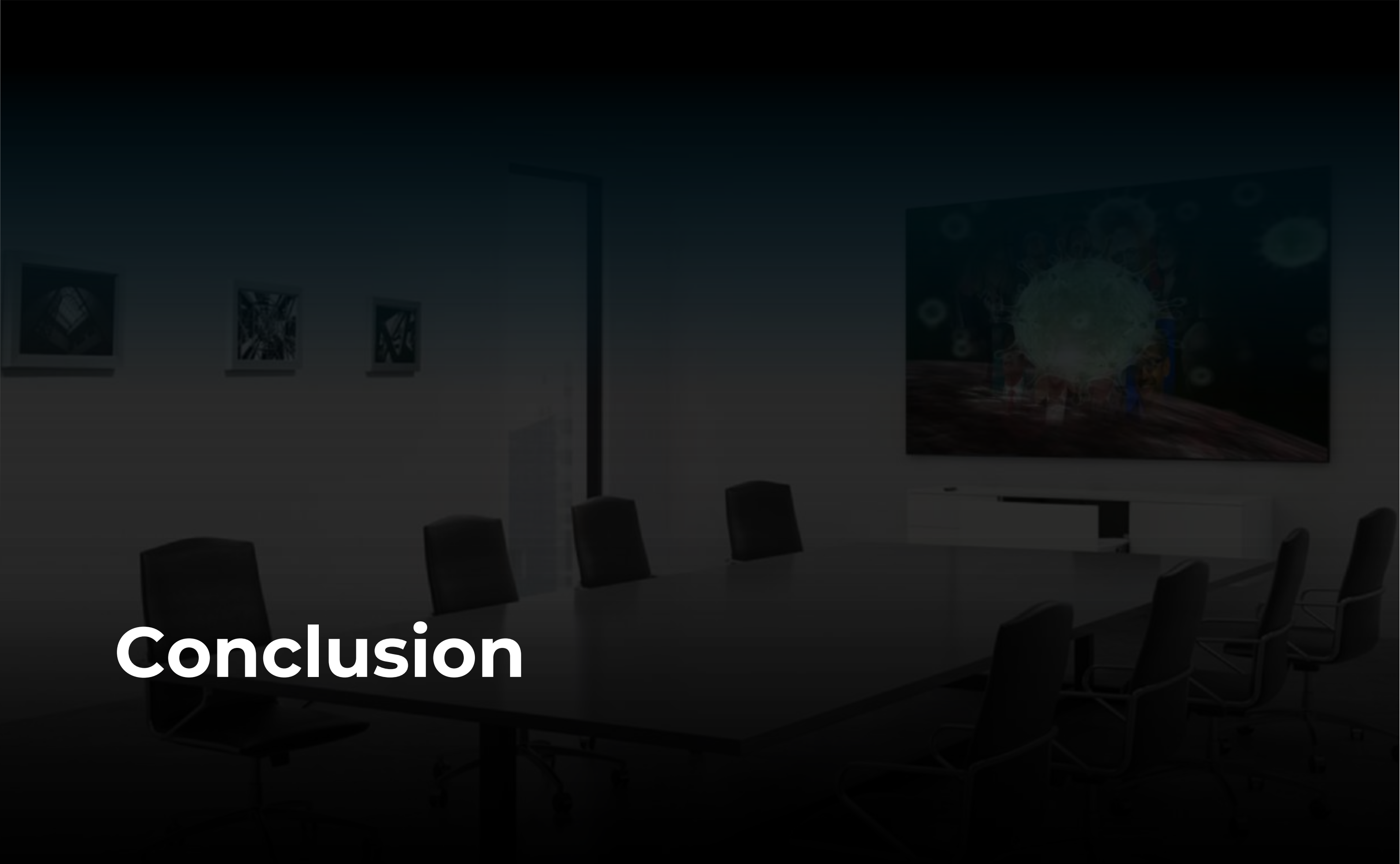
- Of the top ten remunerated CEOs the most **equitably remunerated CEO** was that of Zenith Bank, whose remuneration was an equivalent of 0.35% of the staff cost. The CEOs of Nigerian Breweries, and Julius Berger received an equivalent of 0.5% of staff salaries. Those of MTN and Dangote Cement both received an equivalent of 0.7% of staff salaries. While the pay of the CEOs of Lafarge, Seplat, Guinness and Unilever received amounted to 1.1%, 2%, 2.4%, and 4.5% of their respective organization's personnel expenses. On average the 10 firms paid an equivalent of 1.5% of staff cost to CEOs as annual remuneration.

- Of the top ten remunerated CEOs, the most **efficient CEOs** were those of Zenith Bank, MTN, and Dangote. For each Naira received as remuneration, the CEO of Zenith Bank generated Pre-tax Earnings of N3112, and the CEO of MTN generated Pre-tax Earnings of N1186.67. The CEO of Dangote generated Pre-tax Earnings of N1013, while the CEO of Seplat generated N149.53, that of Julius Berger generated N34.67, and Lafarge N215.

- A comparison of the Revenue of Nigeria's largest companies to the Internally Generated Revenue (IGR) of Nigerian Sub-nationals shows that MTN alone generated more revenue in 2021 than the top four IGR-generating states combined. While MTN generated a total of N1.65trn in 2021, Lagos State generated a sum of N753.46bn, Rivers State raised N123.25bn, Kaduna State generated N52.86bn, and Delta State managed to generate N80.2bn. Similar patterns were observed when comparing the revenue generated by Airtel (N1.65tr) and Dangote (N1.34trn) on the one hand with revenue generated by Nigerian states (*see illustration 12*).

Illustration **12**

Illustration 12:



Conclusion

CEO Activism: **What Matters Most Post-covid-19**

Conclusion - CEO Activism: **What Matters Most Post-covid-19**

CEO Activism: A Race Against Time

As global inflationary pressures and exchange rate movements force Chief Executive Officers (CEOs) to contemplate the next moves concerning human capital compensation, they must think fast and hard about the future. They must also think of new actions to ensure corporate sustainability in economic, social, and governance (ESG) concerns.

The CEO's job has recently become more complex, with headwinds pressing in from different fronts. However, while old challenges fester and remain essential, the new challenges of retaining talent, adopting new technology, and the rising cost of giftedness become critical. Further, high labour mobility, new work dynamics (virtual vs physical), and changing consumer fulfilment requirements make the CEO's job as pliable as a calisthenic guru; flexibility and agility become critical talents.

In the new era, the CEO cannot pass on the technology responsibility to 'IT.' The 'IT' executive must be a board member with board-level responsibility. However, the CEO must know the direction of technology evolution, if not the nuts and bolts of tech applications and deployment. The CEO must be the cheerleader of the tech team and ensure that the effects of uncertainty on corporate objectives are tackled. In the broad scheme of things, corporate chiefs must appreciate their history but work from imagination if they are to support their companies' sustainability. The future nods to the past but handclaps to the envisaged consumer journey experience yet to exist. The art of meeting the unexpressed demands of consumers will separate corporate laggards from winners. In doing this, companies require artificial intelligence and machine learning (AI/ML) to enhance product and service development.

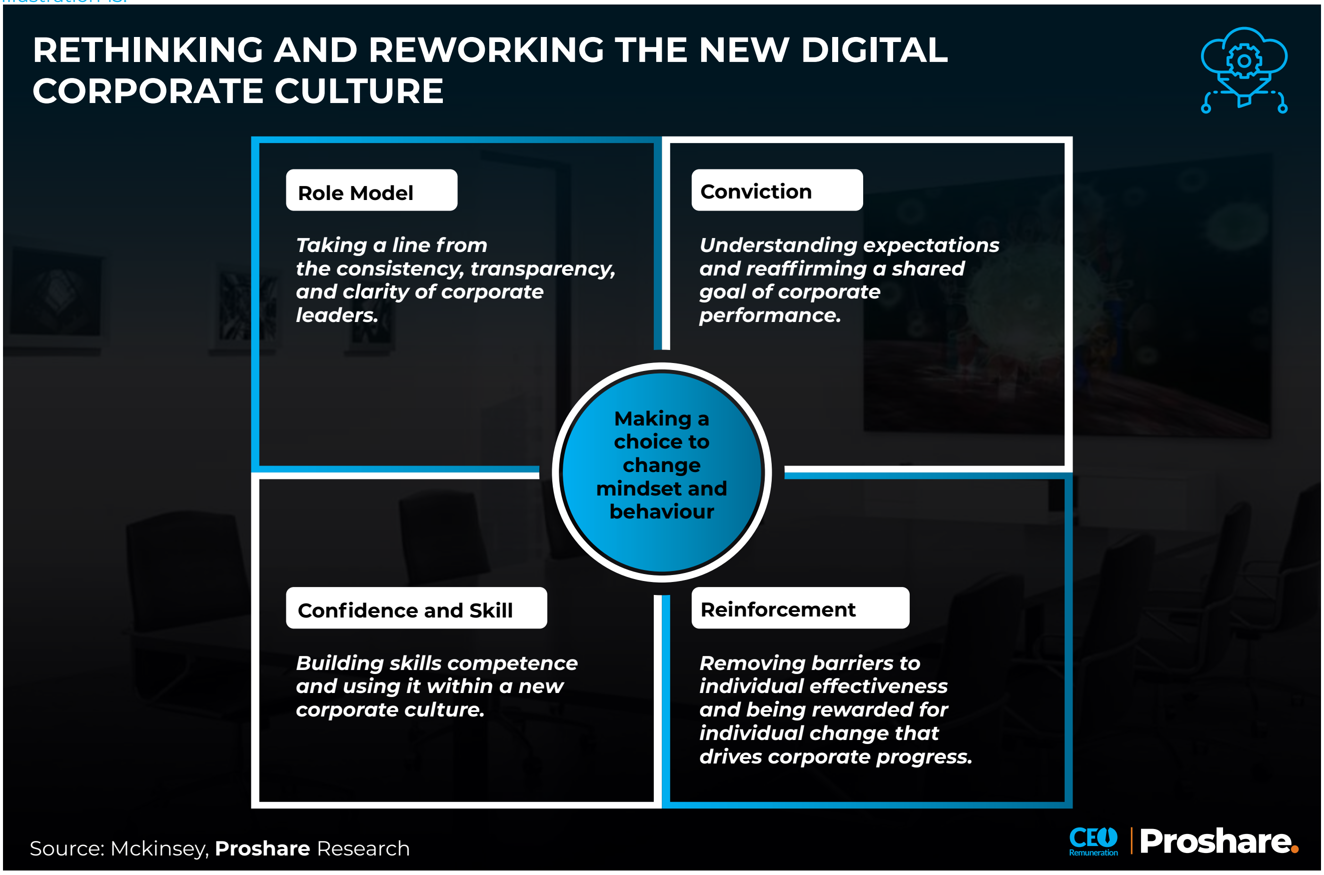
Uncertainty will be a key underlying feature of the future consumer marketplace, but this should not be feared but embraced. As was pointed out in the executive summary of the report, the effect of uncertainty on corporate outcomes is not a jail sentence; it is a call to action. CEOs will need to raise their skill levels to cope with rapidly changing markets and faster-changing customer expectations.

In addressing what matters in a post-COVID-19 era, companies need to do the following:

- Become agile- assert a forward-looking approach to customer needs by pre-empting them rather than responding to the observed changes. The method is like the "blue ocean" strategy of creating uncontested markets. Still, it differs because, apart from making the competition irrelevant, it focuses on the consumer and aligns corporate action with the predicted needs of end users rather than their current situations. The consumer as king moves from being a maxim to a series of processes and procedures that satisfy their anticipated journey experiences.

- Take technology as a part of the business and not as an add-on. Companies must see technology as part of the customer satisfaction journey and not as an add-on to the old ways of meeting customers' expectations. Technology must be on the shop floor, understanding the customer and providing information to improve customer service or product experience. Customer feedback creates a loop for creating enhanced services or products. The new approach towards the customer would require rethinking and reworking the corporate culture (*see illustration 13*).

Illustration 13:



- The CEO's most prized asset is their staff. High-quality workers are becoming "fungible" or flexible across and within an industry. Quality talent attracts premiums, and the CEO must pay higher wages to retain top-grade staffers that can drive earnings. In an inflationary environment, upward pay adjustments put considerable pressure on the corporate bottom line. Balancing the need for acceptable returns on shareholders' funds while meeting the monetary demands of an expectant workforce will be critical to the success of companies in a post-COVID-19 era. In this context, agile companies may need to look beyond the pay cheque to keep workers happy and design templates that give workers non-pecuniary compensation that meets their lifestyle expectations.

- The pay packet of CEOs will increasingly reflect ability, foresight, and managerial capacity. The freebie-guzzling CEO era is over. The corporations that will be around tomorrow are those that work hard today. Free-riders will spin off the market freeway as consumers exacting service standards and expectations punish charlatans and reward real McCoys.

The last two decades have seen a spirited rise in the pay packets of CEOs, some merited and some not-so-merited. However, in the general course of business growth, the CEO of tomorrow must prepare today to act differently. In a post-COVID-19 corporate world, these are the things that matter most.

Methodology.

The report relies on three (3) primary sources of information:

The Nigerian Exchange Group (NGX)

Audited Accounts of Listed Companies on the NGX

Proshare Investor Relations (IR) Pages

Methodology.

The report relies on three (3) primary sources of information:

1. The Nigerian Exchange Group (NGX)
2. Audited Accounts of Listed Companies on the NGX
3. Proshare Investor Relations (IR) Pages

The report relied on the audited corporate statement of accounts over six years, 2016- 2021, for the remuneration of the highest-paid directors of each company analyzed and listed in the relevant pages of the report. We also relied on disclosures in notes to the respective accounts. We disaggregated the data set for meaningful analysis and interpretation. We equally engaged in other in-house modelling processes to provide clarity by dimensioning time series and cross-sectional data. The cut date for our analysis was September 2022, reports submitted outside this date were not considered and will be included in any subsequent report we publish on CEO Remuneration of listed companies on the NGX.

Full-year annual accounts used for data analysis were from the financial year ended December 2020 to the financial year ended in December 2021. We did not take into consideration the accounts of companies that released their year-end 2021 results after the cutoff date of 30 September 2021. We also classified as unavailable data on highest-paid executive remuneration that combined the remuneration of all the top executives of the company. In some cases, this included payment to the chairman, who is a non-executive. The lack of clarity over who earns what in these companies required us to govern the reporting process by only those companies that reported the remuneration of their highest-paid corporate executive separate from other directors. Where the remuneration of the highest-paid executive is lumped with the pay of other directors, we have chosen to state that the income of the company's highest-paid executive is not available.

List of Charts, Tables and **Illustrations.**

List of Charts

List of Table

List of Illustrations

Related Links & **References.**

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2. CEO Remuneration 2021 Report: From COVID to Collaboration
3. CEO Remuneration 2020 Report - Paying the CEO in a Pandemic; The Unanswered Questions
4. CEO Remuneration: Making Sense Of The Numbers For Listed Companies In Nigeria

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4. Nigerian Enamelware Declares N82.09 m Loss in 2022 Q4 Result, (SP:N16.2k)
5. FBN Holdings Declares N151.08bn PAT in 2021 Audited Results; (SP:N11.55k)
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13. MRS Oil Nigeria Plc Declares N339.87mln PAT in 2021 Audited Results,(SP:N12.40k)
14. BUA Foods Plc Declares N69.76bn PAT in 2021 Audited Results,(SP:N59.50k)
15. Stanbic IBTC Holdings Plc Declares N56.97bn PAT in 2021 Audited Results
16. Sterling Bank Plc Declares N13.52bn PAT in 2021 Audited Results
17. Julius Berger Plc Declares N8.34bn PAT in 2021; Proposes Final Dividend of N2.50k (SP:N27.00k)
18. Fidelity Bank Plc Declares N35.58bn PAT in 2021 Audited Results, Proposes 35K Final Dividend
19. CWG Plc Declares N449.64m PAT in Q4 2021 Results,(SP:N1.08k)
20. Ecobank Group Declares N146.33bn PAT in 2021 Audited Results,(SP:N11.8k)
21. ETI Declares N146.33bn PAT in 2021 Audited Results,(SP:N11.8k)
22. TRANSCORP Declares N23.83bn PAT in 2021 Audited Results; Proposes 2k Final Dividend,(SP:N1.07k)
23. Guaranty Trust Holding Company Plc Declares N221.5bn PAT in 2021 Audited Results
24. Unity Bank Plc Declares N2.47 billion PAT in 2021 Unaudited Result,(SP:N0.49k)
25. Daar Communications Plc Declares N374.4m PAT in Q4 2021 Result,(SP:N0.20k)

26. UBA Declares N118.68bn PAT in 2021 Audited Results, Proposes 80k Final Dividend;(SP:N8.25k)
27. Champion Breweries Plc Declares N984.23m PAT in 2021 Audited Results,(SP:N2.23k)
28. SEPLAT Declares N46.93bn PAT in Q4 2021 Audited Results; Proposes Final Dividend,(SP:N859.90k)
29. ETERNA Plc Declares N852m Loss in 2021 Unaudited Results, (SP:N5.70K)
30. Dangote Sugar Refinery Plc Declares N22.05bn PAT in 2021 Audited Results;(SP:N16.90k)
31. Omatek Ventures Plc Reports N1.3bn Loss in Q4 2021 Results (SP:N0.20k)
32. Royal Exchange Plc Declares N973.24m Loss in Q4 2021 Unaudited Results,(SP:N1.65k)
33. CHAMS Plc Declares N89.3m growth in Q4 2021 Result,(SP:N0.22k)
34. Guinea Insurance Plc Declares N6.98m PAT in Q4 2021 Unaudited Results,(SP:N0.20k)
35. Caverton Offshore Support Group Declares N5.9bn Loss in Q4 2021 Unaudited Results, (SP:N1.55k)
36. SCOA Nigeria Plc Declares N180.8m PAT in Q4 2021 Unaudited Results,(SP:N2.83k)
37. NESTLE Declares N40.04bn PAT in 2021 Audited Results, Proposes N25.50K Final Dividend (SP:1435.00k)
38. African Alliance Insurance Plc Declares N1.23bn Loss in Q4 2021 Result,(SP:N0.20k)
39. Veritas Kapital Assurance Plc Declares 460.08m PAT in Q4 2021 Results,(SP:N0.23k)
40. Transcorp Hotels Plc Declares N1.12bn PAT in 2021 Audited Results,(SP:N5.38k)
41. Lafarge Africa Plc Declares N51bn PAT in 2021 Audited Results, Proposed N1.00K Final Dividend
42. GlaxoSmithKline Declares N517.51m PAT in Q4 2021 Unaudited Results; (SP:N6.05K)
43. ABC Transport Plc Declares N181.4m Loss in Q4 2021 Results,(SP:N0.32k)

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Head, Research Services

Managing Editor/CE

Contacts.

Editorial **Team:**

This report was put together by the Proshare Impact Research and Market Intelligence team led by Teslim **SHITTA-BEY**, Managing Editor/Chief Economist of the firm.

Team **Leads:**

Tosin **IGE**, *Head, Research Services*
Abdulqudus **ISIAKA**, *Head, Market & Economy*

Team **Members:**

Ademidun **SHOGO**, *Analyst*
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Busola **OLUFOWORA**, *Analyst*
Oreoluwa **ALBERT**, *Analysts*

Research/Editorial **Contributors**

Olufemi M. **AWOYEMI**, *mni*

For further details, **contact:**

Teslim **SHITTA-BEY** - *Editorial Board*
teslim.bey@proshare.co

Adelodun **JIMOH** - *Business & Markets*
business@proshare.co

Saheed **KIARIBE** - *Data, Content & Stakeholders*
saheed.kiaribe@proshare.co

Oluwadara **ONIOSUN** - *Legal*
corporateservices@proshare.co

Reshu **BAGGA** - *Digital Media/Report Central*
reshu.bagga@proshare.co

Grace **JARE-AJUWON** - *Managing Director*
grace.ajuwon@proshare.co

Plot 590b, Lekan Asuni Close,
Off Toyin Omotosho Street,
Omole Phase 2, Isheri Olowora Ikeja,
Lagos, Nigeria **PC: 105102**
Tel: **0700 – PROSHARE**
E-mail: **contact@proshare.co**

www.proshare.co
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