



Decreasing Board compensation despite higher demands - a threat to European competitiveness

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A survey conducted by ecoDa and WTW on 185 companies across fifteen European countries reveals that non-executives' fee increases in the last five years have been modest. Furthermore, in recent years the increases have failed to keep pace with inflation, resulting in a decline in the real-term value of Board compensation.

At the same time, Board duties have significantly increased in complexity and time commitment throughout the last years not reflected in fee levels. As highlighted by Manuel Montecelos, Senior Director, WTW, *"The remuneration of non-executives is a relatively little-discussed subject. The increasing demands placed on boards should, however, be reflected in their remuneration"*.

"The fact that current Board pay structure and levels are not appropriate for the complexity of today's world and the level of responsibility raises the question of attractiveness of the right non-executive profiles in Europe and of the ability of European companies to stay globally competitive", added Rytis Ambrazevicius, ecoDa's Chair.

Piia Pilv, Senior Director, WTW, also highlighted that *"The need to address the non-executive director remuneration gap is very timely now as companies across Europe are currently also looking to improve the range and depth of non-executive talent with growing demand for diverse, international, highly skilled talent with experience in new key areas, such as for example ESG, digital, AI and cyber security."*

Beyond a presentation of the current situation, the study offers avenues for reflection that companies can consider according to the specificities of their national market (e.g. a different balance for annual retainer vs committee fees).

The survey conclusions would invite Boards to conduct a detailed review of time commitment, workload and fees payable to Directors to ensure that there is an appropriate balance for non-executives.

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Notes to editors

About the European Confederation of Directors Associations (ecoDa)

The European Confederation of Directors Associations (ecoDa) is a not-for-profit association founded in December 2004 under the laws of Belgium. Through its 21 national institutes of directors (the main national institutes existing in Europe), ecoDa represents approximately 55,000 board directors from across the EU. ecoDa's member organizations represent board directors from the largest public companies to the smallest private firms, both listed and unlisted.

About WTW

WTW is a strategic consulting firm supporting in managing people, risk and capital to propel the world's leading businesses forward aiming to make organizations more resilient, motivated and successful.

This research comes from one of the main lines of business of WTW, that provides strategic and research-driven executive compensation and board advisory consulting to help companies balance talent and governance risks and drive business performance.

ecoDa member institutes that contributed to the data collection:

- Directors' Institute Finland: <https://dif.fi/>
- Guberna (Belgium): <https://www.guberna.be/en>
- Independent Directors Association AAI Romania:
<http://www.administratorindependent.ro/>
- Institut Français des Administrateurs (IFA): <https://www.ifa-asso.com/>
- Netherlands association of Corporate Directors (NCD): <https://ncd.nl/>
- Nedcommunity (Italy): <https://www.nedcommunity.com/>
- Styreinstitutt, the Norwegian Institute of Directors: <https://www.styreinstitutt.no/>
- Styrelseakademien Sweden: <https://www.styrelseakademien.se/>
- The Association of Independent Non-Executive Directors (SNCRN) Poland:
<https://sncrn.org/en/>
- The Baltic Institute of Corporate Governance: <https://www.bicg.eu/home/>
- The Non-Executive Directors' Club in Greece: <https://nedhellas.club/en/home>