

Barclays shareholder revolt on pay deal

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Public anger over the £17 million (\$26.2 million) pay package for Bob Diamond, boss of British bank Barclays, may prompt a shareholder rebellion, with several institutional investors reportedly set to vote against the bank's pay regime.

Standard Life, Aviva and Scottish Widows are believed to be considering voting against the remuneration report or the re-election of the chairman of the remuneration committee at the annual general meeting on April 27.

There is particular concern at a "tax equalisation" payout of £5.7 million to cover Diamond's increased tax bill when he crossed the Atlantic to take the job in London. Although the deal was mentioned in the fine print of the bank's annual report, investors were reported to be aghast at its revelation last month.

Standard Life's head of corporate governance, Guy Jubb, told *The Sunday Times*: "I don't believe anyone had an inkling that this payment, which is almost the largest figure in the remuneration report, was going to surface." Standard Life is among the top 10 shareholders in Barclays.

Diamond was also awarded share allocations that could be worth up to £6.75 million when they pay out in three years' time. A "performance" payment due in May, after the annual meeting, could bolster his income by another £2.35 million.

Although the votes would only amount to a protest, a cumulative no vote of more than 10 per cent would be regarded as significant and might prompt some review by a bank that has so far resisted calls for curbs on executive pay.

Barclays is reported to have held meetings with investors to argue that it needs to maintain its pay levels to remain in the global top tier. It has been at pains to stress that the £5.7 million it paid to the exchequer on Diamond's behalf when he migrated from the US should not be directly counted as remuneration.

The investor advisory group PIRC has said the tax payment could be sufficient reason for shareholders to vote against the pay package, pointing to the executive pay code of the Association of British Insurers. Its guidelines state that committees "should not seek to make changes to any element of executive remuneration to compensate participants for changes in their personal status". PIRC will issue a formal guidance note to shareholders before the meeting.

The ABI said it would not be issuing a public statement on Barclays but had concerns over "fair allocation of resources".

Barclays did not respond to requests for comment.

The Australian Financial Review



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Barclays chief executive Bob Diamond has a \$26 million pay package. **Photo: AFP**