

Non-executive director fees 2013

Foreword

Welcome to our 2013 report on developments in non-executive director (NED) fee levels. As well as the fee levels in FTSE 350 companies that we've reported in previous years, this report also sets out the levels of NED fees in small and medium-sized companies (SMCs), differentiating between those for positions in FTSE 100 companies, FTSE 250 companies and SMCs.

What's evident from this year's survey is that the board fee is beginning to plateau after some steep increases in the five years following the financial crisis. The levelling off of fee levels for board membership is more obvious in the FTSE 100; if anything, fees appear to have fallen in the FTSE 100 although this is predominantly due to changes in the constituents of the index, with some relatively young companies taking the place of more established organisations. Fees are still increasing in FTSE 250 companies.

There are two factors at work which may explain the slowdown in the rate of increase of NED fees in the FTSE 100.

The first is the realignment of fee levels post Walker Review and financial crisis, where a number of companies amended base and committee fees to reflect the greater required involvement of NEDs. It'll be interesting to see whether current fee levels reflect the new equilibrium, or whether we're simply experiencing a pause in a longer-term realignment.

The second factor is the cost control currently operating in companies: employees' average pay increases are limited to inflation so it's hard to justify a higher increase for NEDs. Fewer companies have increased fees than in 2012 and, of those that raised the basic NED fee or the Chairman's fee this year, many have limited the increase to 5% or 6%.

An eye-catching statistic is the 140% increase in the fee for membership of the remuneration committee over the past five years, taking the fee from £5,000 to £12,000 in the FTSE 100. It's evident that chairing the remuneration committee is now considered as onerous as chairing the audit committee, with the fees for these roles now standing at around £20,000 per annum in the FTSE 100 and £10,000 per annum in the FTSE 250 (although there's still a small premium for membership of the audit committee compared with the remuneration committee). Greater interest is also being shown by shareholders and regulators in the role of the nominations committee and it'll be interesting to see how this affects the fee for membership and chairmanship of this committee over the next few years.

With the introduction of the new reporting regime for financial years ending on or after 30 September 2013, companies will need to establish and disclose their policy for reviewing NED fees. The policy will be subject to a binding shareholder vote and any increases that are inconsistent with the approved policy will be unlawful. We'll be reviewing the impact of the new legislation in our 2014 survey.



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Executive summary

This report provides an analysis of non-executive fee levels and trends in FTSE 100, FTSE 250 and SMC companies.

The following roles are covered:

- Chairman
- Deputy Chairman
- NED
- Senior independent director (SID)

Committee chairmanship and membership fees are also presented. Unless otherwise stated, all figures shown are median values.

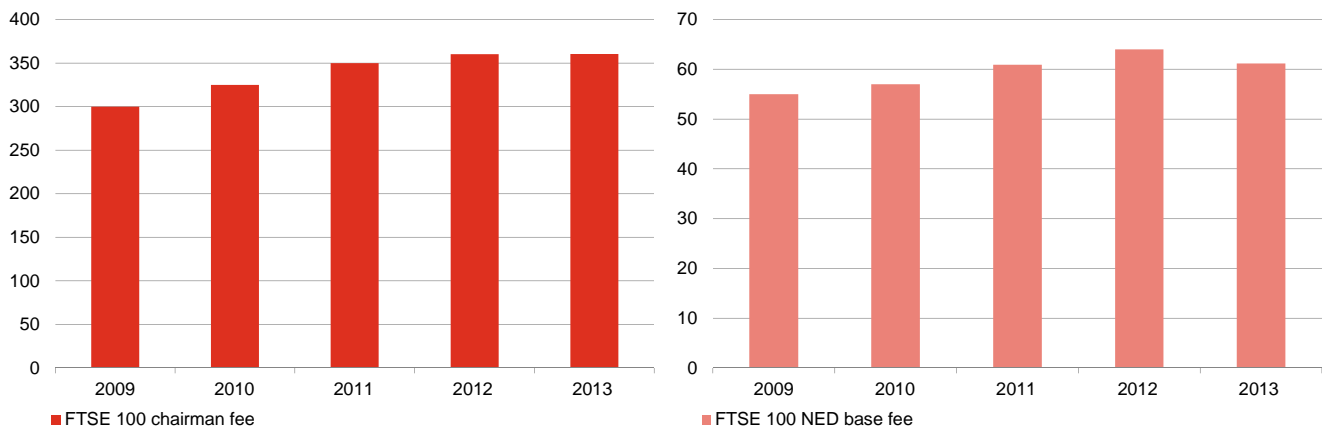
£'000 median fee level	FTSE 100	FTSE 250	SMC
Chairman (total fee)	361	175	120
Deputy chairman (total fee)	120	86	60
NED (base fee)	61	46	40
SID (additional fee)	17	6	5
Audit committee chairman (additional fee)	20	10	6
Remuneration committee chairman (additional fee)	20	10	5
Nomination committee chairman (additional fee)	15	10	5
Audit committee member (additional fee)	15	5	5
Remuneration committee member (additional fee)	12	5	-
Nomination committee member (additional fee)	8	5	-

FTSE 350 fee levels over the past five years

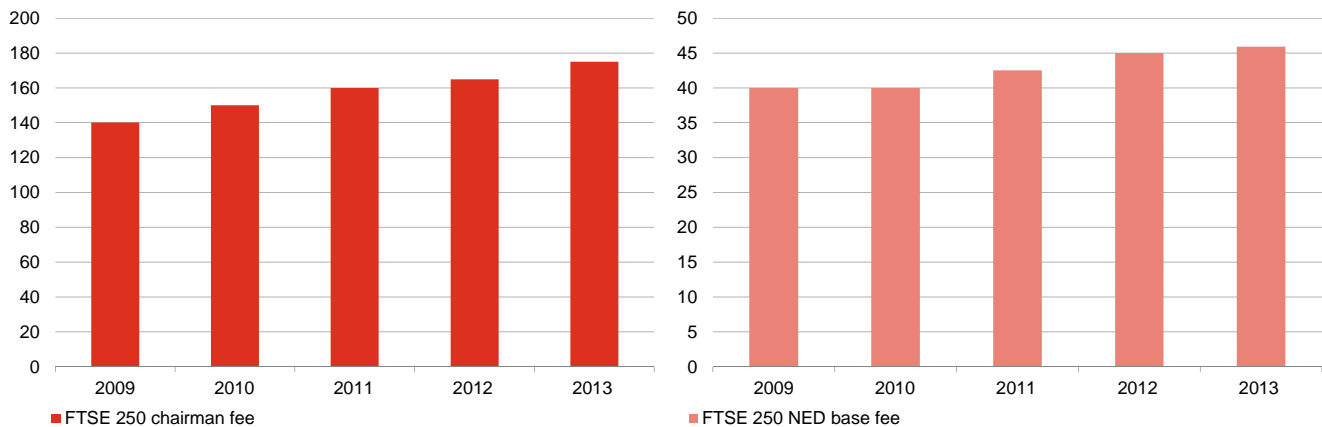
Chairman and NED base fees

Fee levels for FTSE 100 chairmen have remained broadly static since 2012, after increasing steadily since 2009. NED base fees have fallen in 2013, however this largely attributable to constituency changes at the top of the FTSE 100. Fees in FTSE 250 companies have continued to rise over the same period.

FTSE 100 chairman and NED base fees (£'000)



FTSE 250 chairman and NED base fees (£'000)



Rise in FTSE 100 remuneration committee membership fee levels since 2009

140%

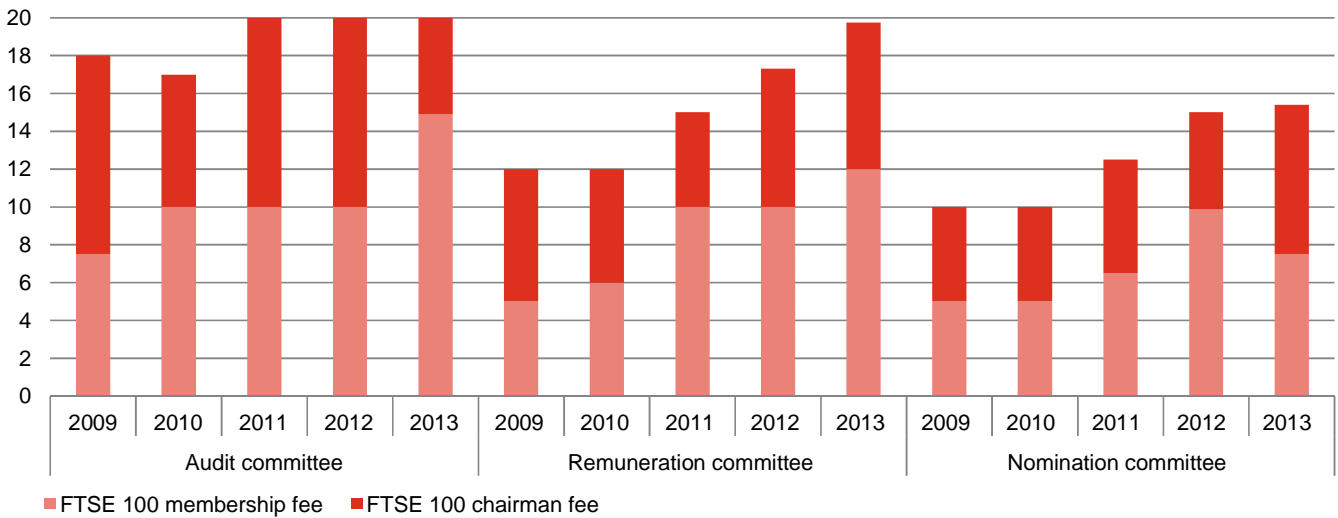
Committee fees

Audit committee chairmanship fees in FTSE 100 companies have remained at the same level for a third consecutive year. Membership fees, which had not risen since 2010, have increased by 50%. While it appears that membership fees are around 75% of the fee paid to audit committee chairmen, a number of companies do not offer additional fees for committee membership. Where there are both, membership fees are approximately half of chairmanship fees.

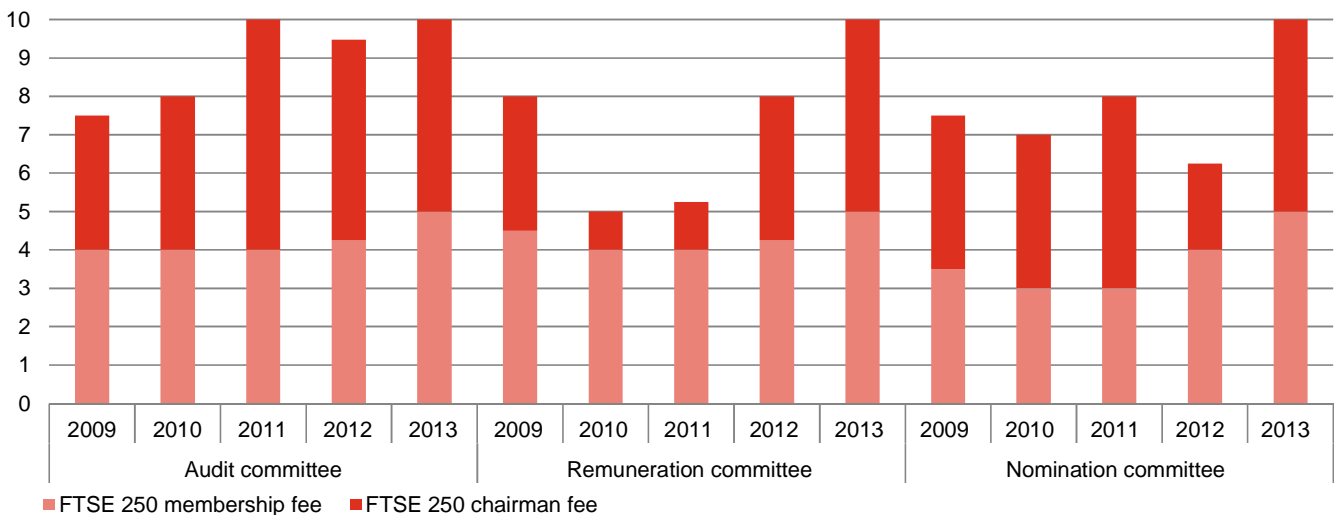
The most significant fee increases over the past five years have been for remuneration committees, with chairmanship and membership fees rising by 65% and 140% respectively.

Committee fee movement in FTSE 250 companies has been more volatile over the period, however there has been a general upward trend in fees for all committees.

FTSE 100 committee fees (£'000)



FTSE 250 committee fees (£'000)*

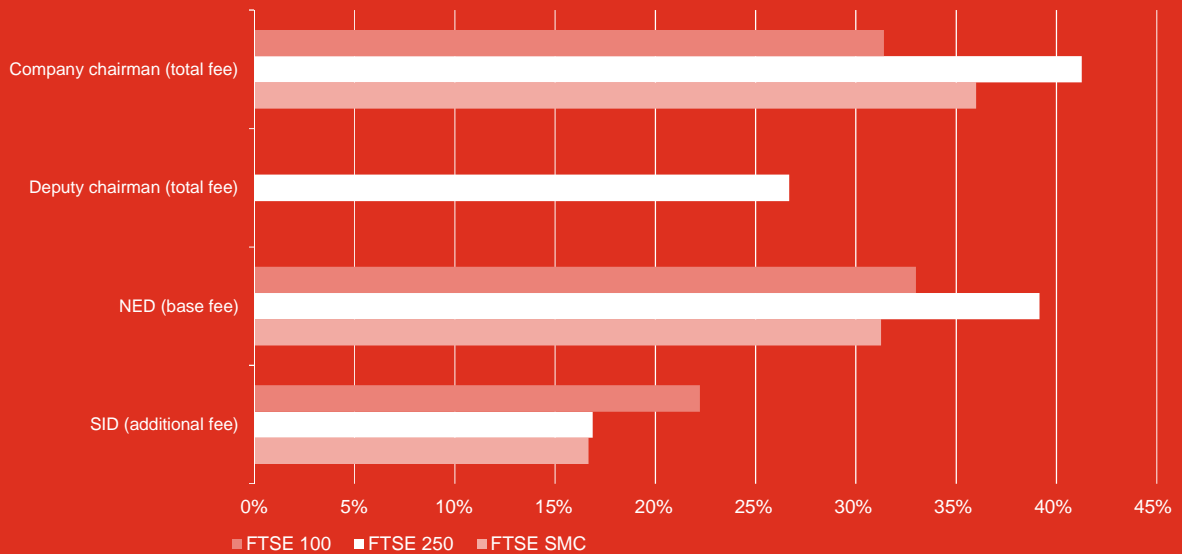


* FTSE 250 fee levels in 2009 were impacted by significant changes to FTSE 250 constituents.

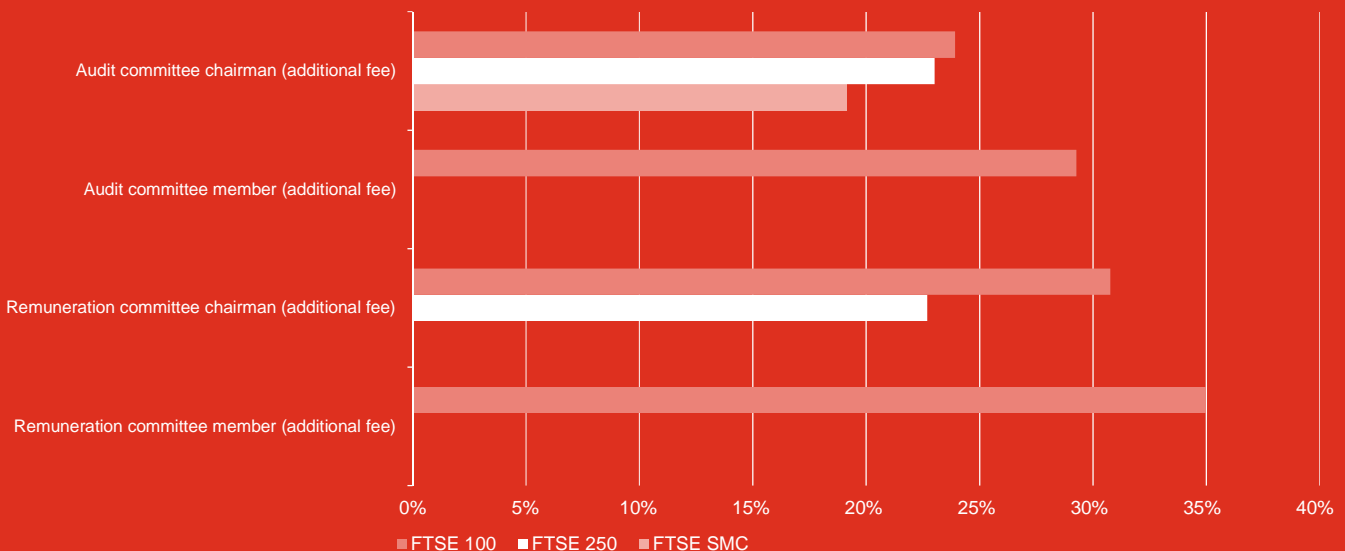
Annual fee increases in 2013

The number of FTSE 100 companies that have increased chairman and NED fees has fallen by 10% when compared to 2012. A greater proportion of FTSE 250 companies increased audit and remuneration committee membership fees in 2013.

% Companies increasing fees in 2013



% Companies increasing committee fees in 2013



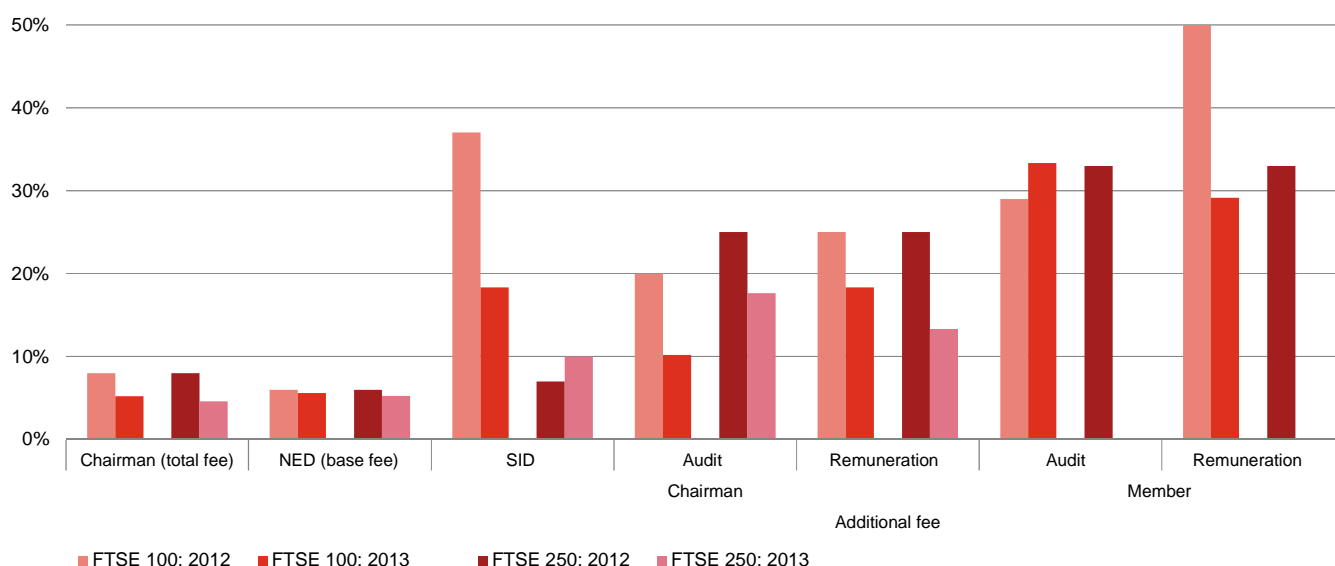
Level of fee increases in 2013

The table below shows, where granted, the level of fee increases in 2012. We have excluded companies where fees have remained the same as 2013.

For the majority of NED fees, increases in both the FTSE 100 and FTSE 250 have fallen since 2012. Audit and remuneration membership fees were subject to the greatest increases, in terms of percentage, in 2013.

Median increase (where given)	% increase			£'000 increase		
	FTSE 100	FTSE 250	SMC	FTSE 100	FTSE 250	SMC
Chairman (total fee)	5%	5%	3%	20	8	4
Deputy chairman (total fee)	-	13%	-	-	6	-
NED (base fee)	6%	5%	5%	3	2	2
SID (additional fee)	18%	10%	3%	3	1	1
Audit committee chairman (additional fee)	10%	18%	3%	2	2	1
Remuneration committee chairman (additional fee)	18%	13%	4%	4	1	-
Nomination committee chairman (additional fee)	-	-	-	-	-	-
Audit committee member (additional fee)	33%	-	-	3	-	-
Remuneration committee member (additional fee)	29%	-	-	2	-	-
Nomination committee member (additional fee)	10%	-	-	1	-	-

FTSE 100 and FTSE 250 fee increases in 2012 and 2013



Non-executive fees

The following tables show fee levels for non-executive roles in FTSE 100, FTSE 250 and FTSE Small Cap (SMC) companies. 'FS' refers to the financial services sector.

	Chairman			Deputy Chairman		
FTSE 1-30						
£'000	1-30	1-30 ex FS	1-30 FS	1-30	1-30 ex FS	1-30 FS
Lower quartile	500	495	-	-	-	-
Median	638	620	750	-	-	-
Upper quartile	700	685	-	-	-	-
FTSE 1-50						
£'000	1-50	1-50 ex FS	1-50 FS	1-50	1-50 ex FS	1-50 FS
Lower quartile	390	390	360	-	-	-
Median	500	500	600	100	100	-
Upper quartile	675	650	750	-	-	-
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	250	250	251	-	-	-
Median	300	300	300	121	161	-
Upper quartile	349	331	354	-	-	-
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	300	300	300	99	98	-
Median	361	373	352	120	121	-
Upper quartile	500	500	550	168	173	-
FTSE 101-150						
£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	163	171	158	57	-	-
Median	225	249	186	76	90	55
Upper quartile	270	271	250	90	-	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	147	150	121	56	66	-
Median	175	175	158	86	92	55
Upper quartile	225	229	206	102	120	-
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	91	100	79	50	50	-
Median	120	125	90	60	59	-
Upper quartile	140	141	100	70	75	-

NED (base fee)**SID (additional fee)****FTSE 1-30**

£'000	1-30	1-30 ex FS	1-30 FS	1-30	1-30 ex FS	1-30 FS
Lower quartile	70	68	74	23	20	34
Median	80	80	84	30	30	48
Upper quartile	88	85	93	35	30	58

FTSE 1-50

£'000	1-50	1-50 ex FS	1-50 FS	1-50	1-50 ex FS	1-50 FS
Lower quartile	65	63	65	19	17	23
Median	73	74	72	26	25	33
Upper quartile	85	84	86	30	30	49

FTSE 51-100

£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	52	53	50	10	9	10
Median	55	55	60	10	10	10
Upper quartile	60	60	64	15	15	12

FTSE 100

£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	55	55	57	10	10	10
Median	61	60	65	17	16	19
Upper quartile	74	75	71	27	25	31

FTSE 101-150

£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	45	46	48	5	5	5
Median	52	51	53	10	10	10
Upper quartile	60	60	58	10	10	10

FTSE 250

£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	41	42	39	5	5	5
Median	46	46	48	6	7	5
Upper quartile	53	52	55	10	10	10

SMC

£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	35	35	30	4	4	4
Median	40	40	35	5	5	5
Upper quartile	42	44	40	8	8	6

Committee fees

The following tables show additional committee fee levels by index.

Audit committee

	Chairman			Member		
FTSE 1-30						
£'000	1-30	1-30 ex FS	1-30 FS	1-30	1-30 ex FS	1-30 FS
Lower quartile	25	25	54	15	11	25
Median	30	30	68	20	18	28
Upper quartile	40	35	70	21	20	30
FTSE 1-50						
£'000	1-50	1-50 ex FS	1-50 FS	1-50	1-50 ex FS	1-50 FS
Lower quartile	20	20	34	10	10	19
Median	28	25	50	18	15	25
Upper quartile	35	30	69	20	20	30
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	13	10	19	5	-	5
Median	15	15	20	10	8	10
Upper quartile	20	18	28	14	-	14
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	15	15	20	9	8	10
Median	20	19	30	15	13	15
Upper quartile	30	25	50	20	20	25
FTSE 101-150						
£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	10	10	11	3	3	-
Median	11	10	12	5	6	5
Upper quartile	18	18	16	8	9	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	8	7	8	3	3	3
Median	10	10	10	5	6	5
Upper quartile	13	12	13	8	10	5
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	5	5	5	3	5	-
Median	6	6	6	5	5	-
Upper quartile	8	8	10	5	5	-

Remuneration committee

	Chairman			Member		
FTSE 1-30						
£'000	1-30	1-30 ex FS	1-30 FS	1-30	1-30 ex FS	1-30 FS
Lower quartile	20	20	50	11	9	25
Median	28	25	50	15	15	25
Upper quartile	30	30	65	20	15	29
FTSE 1-50						
£'000	1-50	1-50 ex FS	1-50 FS	1-50	1-50 ex FS	1-50 FS
Lower quartile	19	15	30	9	8	14
Median	25	20	43	15	11	25
Upper quartile	30	28	50	18	15	26
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	10	10	11	5	-	5
Median	15	15	20	8	6	10
Upper quartile	18	15	25	15	-	15
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	13	13	20	8	7	8
Median	20	15	30	12	10	15
Upper quartile	25	22	38	15	15	25
FTSE 101-150						
£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	8	8	9	3	4	-
Median	10	10	11	5	8	4
Upper quartile	15	15	15	8	10	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	7	7	8	3	4	3
Median	10	10	10	5	6	5
Upper quartile	10	10	14	7	8	5
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	5	5	5	3	5	-
Median	5	5	6	5	5	-
Upper quartile	8	8	10	5	5	-

Nomination committee

	Chairman			Member		
FTSE 1-30						
£'000	1-30	1-30 ex FS	1-30 FS	1-30	1-30 ex FS	1-30 FS
Lower quartile	13	13	-	7	8	-
Median	20	17	-	10	9	15
Upper quartile	23	22	-	14	12	-
FTSE 1-50						
£'000	1-50	1-50 ex FS	1-50 FS	1-50	1-50 ex FS	1-50 FS
Lower quartile	13	13	-	5	6	5
Median	17	15	-	8	8	8
Upper quartile	24	22	-	12	10	15
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	-	-	-	-	-	-
Median	-	-	-	4	-	6
Upper quartile	-	-	-	-	-	-
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	13	13	-	5	5	4
Median	15	15	-	8	8	8
Upper quartile	23	22	-	11	10	13
FTSE 101-150						
£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	-	-	-	5	5	-
Median	12	15	-	5	5	5
Upper quartile	-	-	-	7	9	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	6	6	-	3	5	3
Median	10	10	7	5	5	3
Upper quartile	14	15	-	8	8	5
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	5	5	-	-	-	-
Median	5	5	-	5	5	-
Upper quartile	5	5	-	-	-	-



Risk committee

	Chairman		Member	
FTSE 1-30				
£'000	1-30	1-30 FS	1-30	1-30 FS
Lower quartile	-	53	-	25
Median	60	60	25	25
Upper quartile	-	64	-	29
FTSE 1-50				
£'000	1-50	1-50 FS	1-50	1-50 FS
Lower quartile	33	33	15	15
Median	48	48	25	25
Upper quartile	60	60	26	26
FTSE 51-100				
£'000	51-100	51-100 FS	51-100	51-100 FS
Lower quartile	-	-	-	-
Median	20	20	12	12
Upper quartile	-	-	-	-
FTSE 100				
£'000	100	100 FS	100	100 FS
Lower quartile	23	25	12	12
Median	40	40	15	15
Upper quartile	55	58	25	25
FTSE 250				
£'000	250	250 FS	250	250 FS
Lower quartile	10	10	-	-
Median	13	11	8	5
Upper quartile	25	16	-	-

Due to low sample sizes, figures are not shown for FTSE 100 and FTSE 250 excluding FS, and SMC companies.

Other committees

	Chairman			Member		
FTSE 1-30						
£'000	1-30	1-30 ex FS	1-30 FS	1-30	1-30 ex FS	1-30 FS
Lower quartile	19	17	-	7	6	-
Median	25	22	-	12	10	25
Upper quartile	30	30	-	18	14	-
FTSE 1-50						
£'000	1-50	1-50 ex FS	1-50 FS	1-50	1-50 ex FS	1-50 FS
Lower quartile	15	14	-	7	6	-
Median	20	20	30	11	8	25
Upper quartile	30	26	-	15	12	-
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	10	10	-	-	-	-
Median	13	12	20	-	-	5
Upper quartile	15	13	-	-	-	-
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	12	11	18	6	6	9
Median	16	15	20	10	8	14
Upper quartile	25	22	35	15	12	25
FTSE 101-150						
£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	10	10	-	5	-	-
Median	10	10	-	5	6	5
Upper quartile	18	20	-	7	-	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	9	8	-	5	5	-
Median	10	10	10	6	7	5
Upper quartile	15	17	-	8	11	-
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	-	-	-	-	-	-
Median	-	-	-	-	-	-
Upper quartile	-	-	-	-	-	-

'Other' committees predominantly include Health & Safety or Corporate Social Responsibility committees. Where present, the type of committee is often governed by the sector in which a company operates.

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