

Non-executive Director Fees

2014 Review

Foreword

Welcome to the PwC Review of Non-executive Director (“NED”) fee levels for 2014. This year’s report includes information on NED fees in FTSE 100, FTSE 250 and FTSE Small Cap (“SMCs”) companies.

Last year we predicted that the new binding shareholder vote on the Directors’ Remuneration Policy would have an impact on changes in NED fee levels from year to year. All listed UK companies will now have an approved remuneration policy in place with which all remuneration or termination payments to directors must be consistent. The provisions require companies to disclose in the Directors’ Remuneration Policy the operation and maximum opportunity for each element of remuneration (including Chairman and NED fees). As a result, many companies have stated that Chairman and NED fees will be reviewed annually and some have stated that any increases will not normally exceed inflation or the percentage increase offered to the employee population.

Until recently, it has been relatively unusual for companies to review and change Chairman and NED fees on an annual basis; most companies reviewed fees every two or three years and then increased fees by a substantial figure – often between 10% to 20%. However, where companies have stated that fee increases will be limited under the approved policy to annual inflation (or by reference to general salary increases across the company), we anticipate that companies will undertake more regular reviews.

Indeed in 2014, 56% of the FTSE 100 increased fees for the Chairman and 54% adjusted NED fees compared to just over 30% who made adjustments to either Chairman or NED base fees in 2013. The fee increases for NEDs were relatively modest with a median of 7% in the FTSE 100 and 6% at the median in the FTSE 250.

Fewer companies have reviewed fees for membership of the main board committees compared with the prior year but the percentage of companies reviewing fees for chairing those committees has increased. Nonetheless, fees for the membership and chairmanship of committees are now beginning to plateau after several years of steep increases.

Consistent with last year, only around 20% of companies reviewed the fee for the Senior Independent Director (“SID”) but those companies increasing fees made a meaningful change. The median additional SID fee in the FTSE 100 is now £20,000, an increase of 23% on the prior year. In the FTSE 250, while fee levels are lower (at £7,000), this represents an increase of 40% on 2013.

Looking ahead, we predict more of the same steady increases for most companies as they continue to operate within the constraints of their approved remuneration policy. However, the increased responsibility imposed on NEDs by EU regulations, particularly impacting financial sector companies, may lead to higher fees to attract individuals to take on what is becoming a very challenging role.



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Executive summary

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

The following roles are covered:

- Chairman
- Deputy Chairman
- Non-executive Director ("NED")
- Senior Independent Director ("SID")

Committee chairmanship and membership fees are also presented. Unless otherwise stated, all figures shown are median values. Where '-' is shown there is insufficient information to show market data.

£'000 median fee level	FTSE 100	FTSE 250	SMC
Chairman (total fee)	373	180	125
Deputy Chairman (total fee)	183	85	60
NED (base fee)	65	48	40
SID (additional fee)	20	7	6
Audit committee chairman (additional fee)	23	10	8
Remuneration committee chairman (additional fee)	20	10	7
Nomination committee chairman (additional fee)	15	6	4
Audit committee member (additional fee)	13	5	5
Remuneration committee member (additional fee)	10	5	-
Nomination committee member (additional fee)	8	4	-

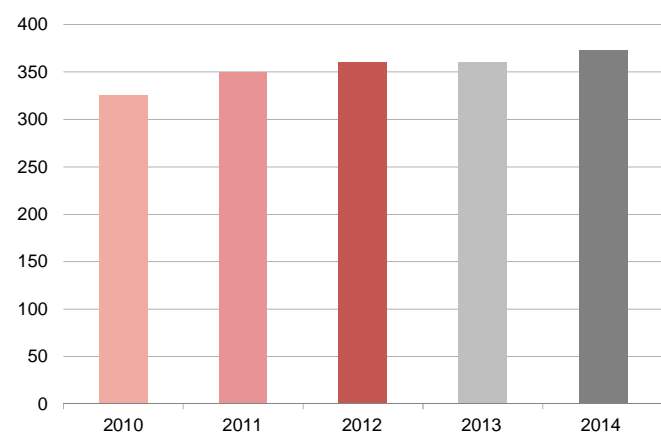
FTSE 350 fee levels over the past five years

Chairman and NED base fees

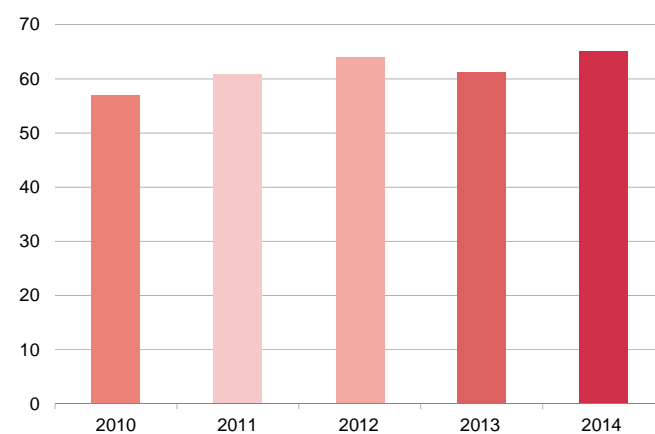
There has been a small rise in fee levels across all companies over the past year.

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

Chairman

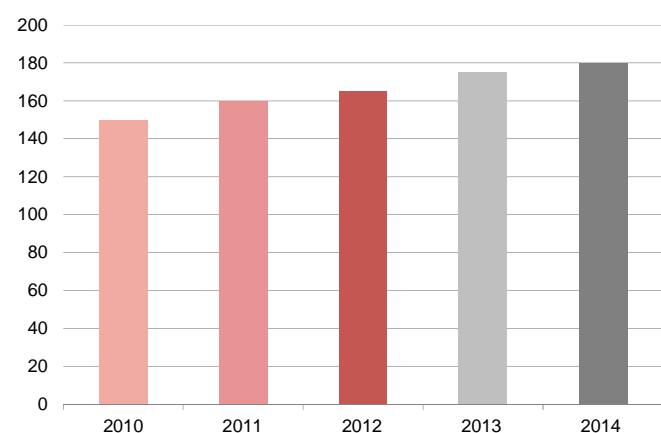


NED

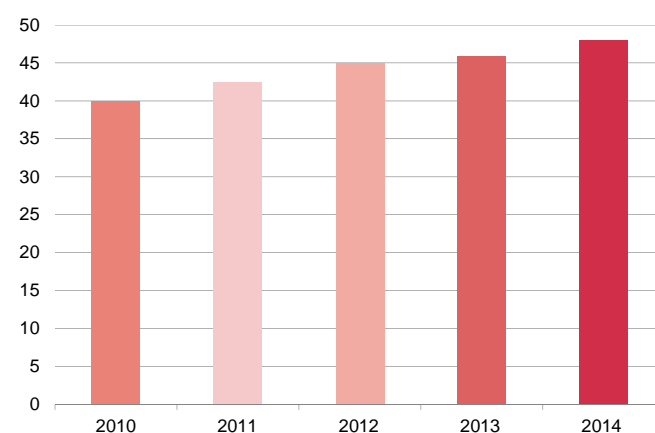


FTSE 250 chairman and NED base fees (£'000)

Chairman



NED

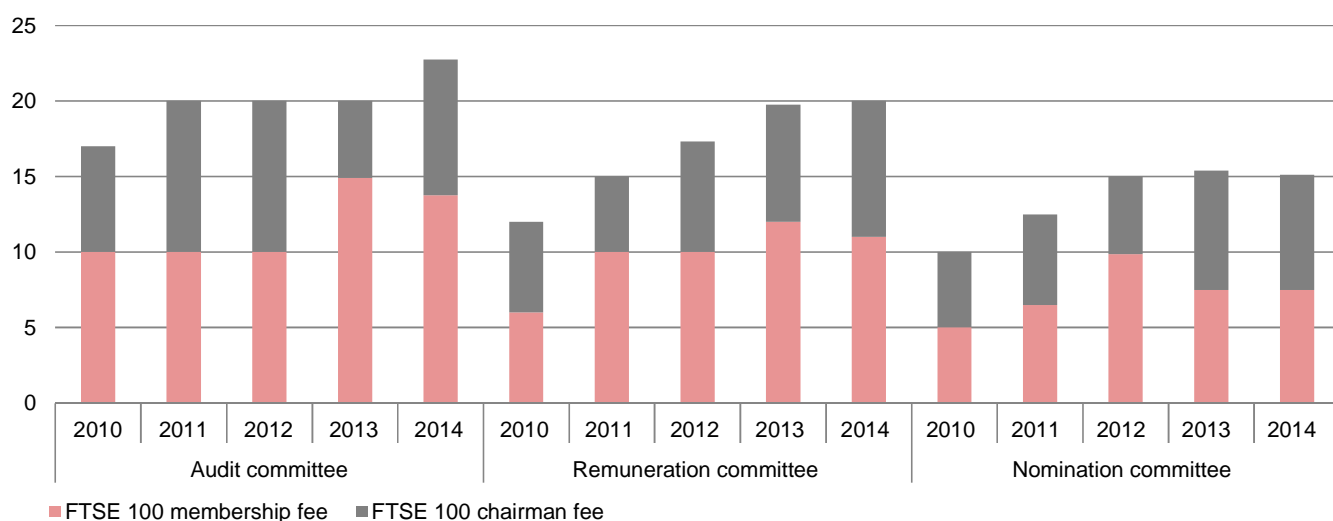


Committee fees

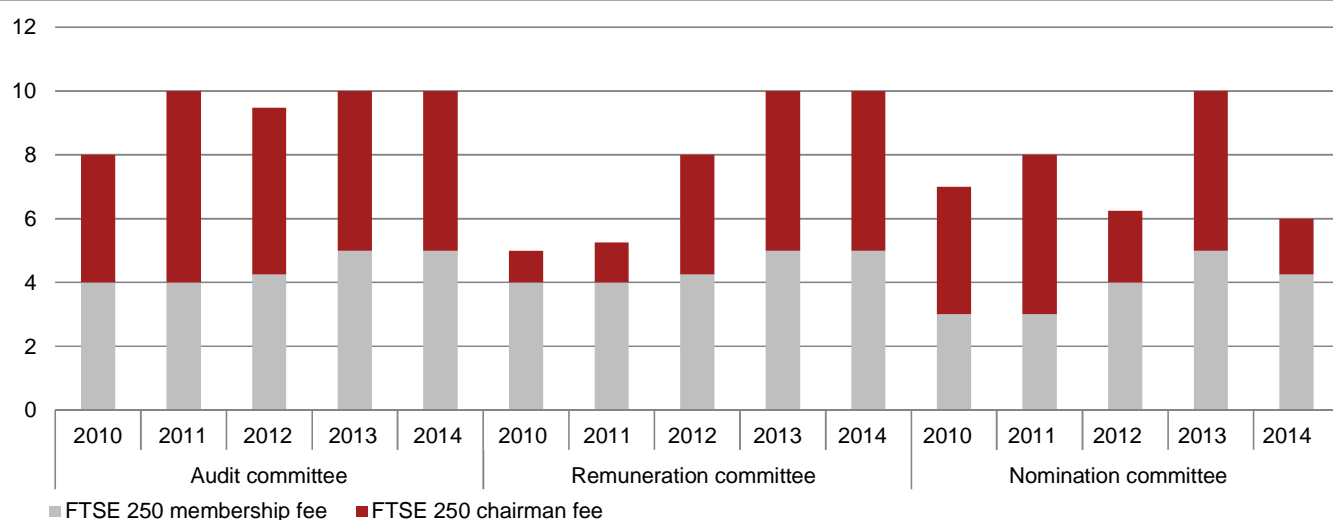
Committee chairmanship and membership fees in FTSE companies have remained broadly static in 2014 although there have been some fluctuations, particularly reflecting changes in the constituents of the groups.

However, those companies that have adjusted fees have made significant adjustments of the order of 10% to over 30%. It may be that more companies will review fees in 2015 and 2016 to reflect the increasing demands of many committee roles.

FTSE 100 committee fees (£'000)



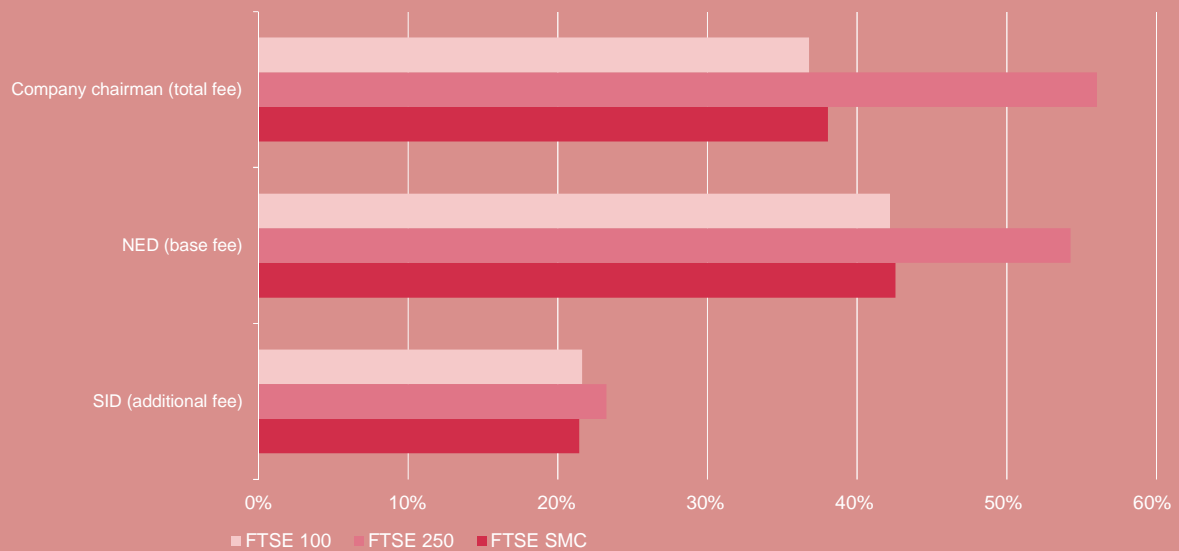
FTSE 250 committee fees (£'000)



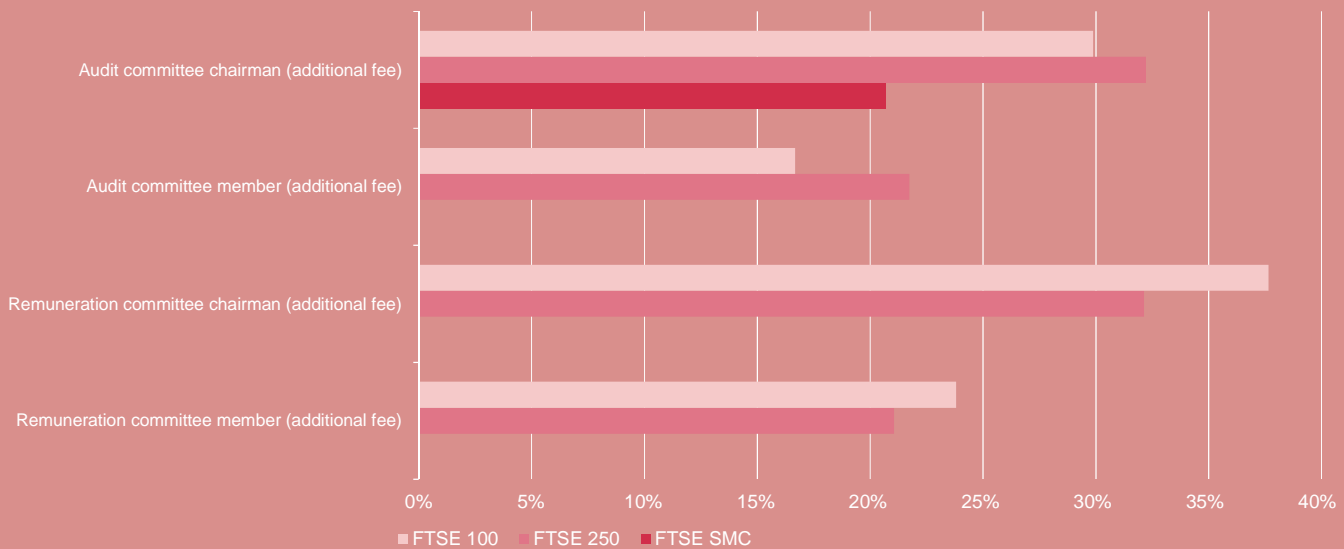
Annual fee increases in 2014

There has been an increase in the number of companies adjusting fees in 2014.

% Companies increasing fees in 2014



% Companies increasing committee fees in 2014

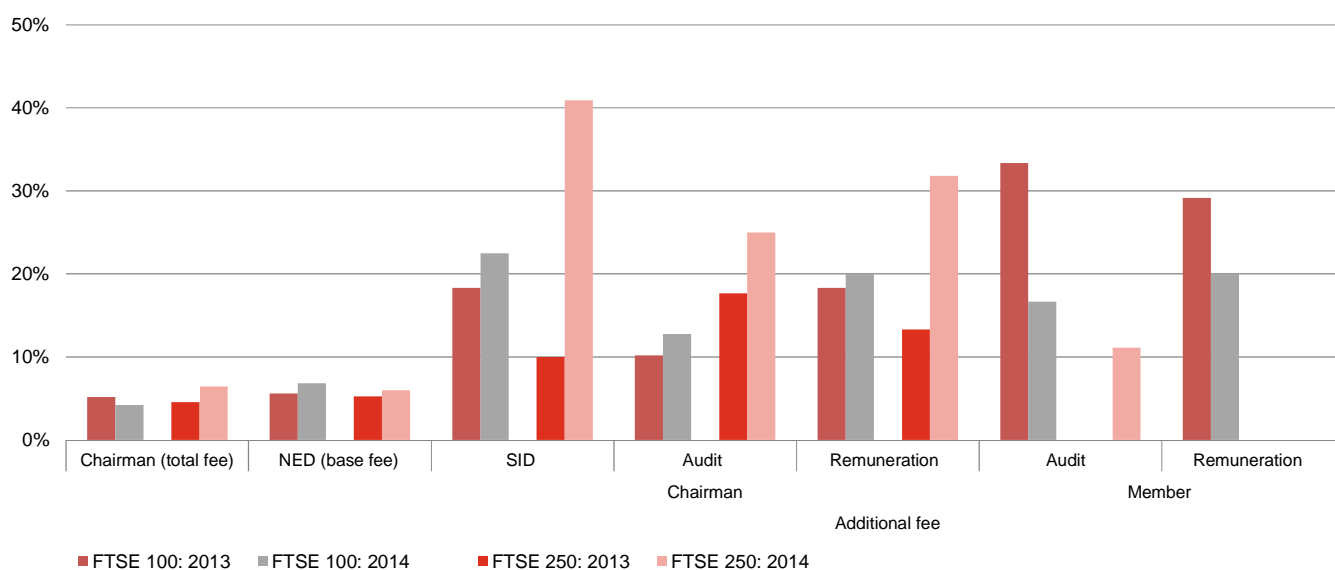


Level of fee increases in 2014

The table below shows, where granted, the level of fee increases in 2014.

Median increase (where given)	% increase			£'000 increase		
	FTSE 100	FTSE 250	SMC	FTSE 100	FTSE 250	SMC
Chairman (total fee)	4%	6%	10%	15	10	9
NED (base fee)	7%	6%	6%	5	3	2
SID (additional fee)	23%	41%	20%	3	3	1
Audit committee chairman (additional fee)	13%	25%	25%	3	2	1
Remuneration committee chairman (additional fee)	20%	32%	-	5	2	-
Audit committee member (additional fee)	17%	11%	-	2	1	-
Remuneration committee member (additional fee)	20%	8%	-	2	-	-

% of FTSE 100 and FTSE 250 making fee increases in 2013 and 2014



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 financial services companies.

	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	625	750	-	-	-
Upper quartile	703	672	-	-	-	-
FTSE 1-50						
£'000	1-50	1-50 ex FS	1-50 FS	1-50	1-50 ex FS	1-50 FS
Lower quartile	400	401	355	-	-	-
Median	500	500	575	-	-	-
Upper quartile	650	650	738	-	-	-
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	259	257	295	-	-	-
Median	300	300	320	-	-	-
Upper quartile	360	337	370	-	-	-
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	300	300	310	-	-	-
Median	373	384	360	183	183	-
Upper quartile	500	500	475	-	-	-
FTSE 101-150						
£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	169	176	154	-	-	-
Median	224	233	223	100	100	-
Upper quartile	268	285	246	-	-	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	150	160	138	55	58	-
Median	180	181	167	85	85	-
Upper quartile	235	244	231	106	103	-
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	100	100	93	50	50	-
Median	125	125	105	60	60	-
Upper quartile	150	150	158	79	79	-

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	74	75	74	26	25	33
Median	82	82	85	30	29	43
Upper quartile	90	90	94	35	30	49
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	66	66	20	20	19
Median	75	75	71	27	26	30
Upper quartile	89	88	85	30	30	43
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	51	53	50	10	10	10
Median	56	55	60	12	14	10
Upper quartile	63	62	68	19	18	20
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	55	55	57	12	12	10
Median	65	65	66	20	20	20
Upper quartile	75	78	70	29	27	30
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	47	36	5	5	5
Median	52	52	47	7	7	10
Upper quartile	59	59	58	10	10	10
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	44	44	40	5	5	5
Median	48	49	46	7	8	5
Upper quartile	55	54	55	10	10	10
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	37	37	35	5	5	5
Median	40	40	40	6	6	6
Upper quartile	45	45	45	10	10	10

Committee fees

The following tables show additional committee fee levels by FTSE 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	27	25	53	14	10	26
Median	30	30	65	20	18	30
Upper quartile	40	34	70	20	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	25	22	30	10	10	15
Median	30	28	50	16	15	25
Upper quartile	35	30	65	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	15	13	20	5	5	5
Median	15	15	23	10	6	10
Upper quartile	20	20	30	14	10	15
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	15	15	20	8	8	10
Median	23	20	30	13	12	15
Upper quartile	30	30	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	8	8	10	4	4	4
Median	10	10	11	5	5	5
Upper quartile	15	15	15	10	10	9
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	8	8	8	4	4	3
Median	10	10	10	5	5	5
Upper quartile	13	12	15	7	8	5
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	5	5	6	3	3	-
Median	8	8	8	5	5	-
Upper quartile	10	10	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	25	23	53	11	9	26
Median	28	26	60	15	14	30
Upper quartile	36	30	60	20	15	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	30	10	9	13
Median	26	25	50	13	13	25
Upper quartile	30	28	60	19	15	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	10	10	15	5	5	5
Median	15	15	20	6	5	10
Upper quartile	20	17	30	11	7	13
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	15	15	19	6	6	10
Median	20	19	30	10	10	12
Upper quartile	29	25	44	15	15	20
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	7	8	3	3	3
Median	10	10	10	5	5	5
Upper quartile	13	13	15	10	10	6
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	5	5
Upper quartile	11	11	15	6	8	5
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	5	5	5	3	3	-
Median	7	7	8	5	5	-
Upper quartile	10	10	9	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	15	15	-	6	7	7
Median	20	20	-	9	8	13
Upper quartile	24	22	-	10	10	15
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	15	-	6	8	5
Median	20	20	-	9	9	9
Upper quartile	25	23	-	10	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	-	-	-	3	-	-
Median	8	8	-	5	4	5
Upper quartile	-	-	-	5	-	-
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	9	11	-	5	5	5
Median	15	15	-	8	8	6
Upper quartile	22	21	-	10	10	11
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	-	-	3	3	-
Median	5	6	5	4	5	4
Upper quartile	10	-	-	8	8	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	5	5	5	3	2	3
Median	6	7	5	4	5	4
Upper quartile	10	10	7	8	8	5
SMC						
£'000	SMC	SMC ex FS	SMC FS	SMC	SMC ex FS	SMC FS
Lower quartile	5	5	-	3	3	-
Median	5	5	-	4	5	-
Upper quartile	6	6	-	5	5	-



Risk committee

Chairman			Member	
FTSE 1-30				
£'000	1-30	1-30 FS	1-30	1-30 FS
Lower quartile	-	-	-	-
Median	55	60	28	30
Upper quartile	-	-	-	-
FTSE 1-50				
£'000	1-50	1-50 FS	1-50	1-50 FS
Lower quartile	30	30	12	14
Median	48	50	20	23
Upper quartile	58	60	30	30
FTSE 51-100				
£'000	51-100	51-100 FS	51-100	51-100 FS
Lower quartile	20	20	10	10
Median	20	25	12	12
Upper quartile	30	30	13	13
FTSE 100				
£'000	100	100 FS	100	100 FS
Lower quartile	25	28	10	10
Median	30	30	13	14
Upper quartile	50	50	25	25
FTSE 101-150				
£'000	101-150	101-150 FS	101-150	101-150 FS
Lower quartile	8	8	-	3
Median	15	15	4	4
Upper quartile	19	15	-	9
FTSE 250				
£'000	250	250FS	250	250 FS
Lower quartile	9	9	3	3
Median	10	10	5	4
Upper quartile	15	15	9	9

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	20	19	-	8	8	-
Median	29	23	60	12	10	30
Upper quartile	45	30	-	20	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	20	17	39	8	7	-
Median	25	20	55	12	10	30
Upper quartile	32	29	60	18	13	-
FTSE 51-100						
£'000	51-100	51-100 ex FS	51-100 FS	51-100	51-100 ex FS	51-100 FS
Lower quartile	9	8	13	4	-	5
Median	13	11	18	5	-	5
Upper quartile	16	13	28	10	-	16
FTSE 100						
£'000	100	100 ex FS	100 FS	100	100 ex FS	100 FS
Lower quartile	13	12	19	6	6	5
Median	20	17	31	10	9	16
Upper quartile	30	22	53	17	12	27
FTSE 101-150						
£'000	101-150	101-150 ex FS	101-150 FS	101-150	101-150 ex FS	101-150 FS
Lower quartile	6	6	-	-	-	-
Median	11	12	-	6	-	-
Upper quartile	16	17	-	-	-	-
FTSE 250						
£'000	250	250 ex FS	250 FS	250	250 ex FS	250 FS
Lower quartile	8	8	8	5	5	-
Median	10	10	10	6	8	-
Upper quartile	12	13	10	8	8	-
FTSE 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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