



# Non-executive directors in Europe 2013

Casting light on pay practices,  
structures and diversity of  
leading European companies.

This review provides a detailed snapshot of the background, experiences and pay of the individuals responsible for the governance of Europe's companies.

**HayGroup®**

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## Typical European Board

### How the directors are paid

Non-executive chair fee	€252,000
Non-executive director fee	€60,323
Non-executive chair actual pay	€249,000
Non-executive director actual pay	€86,000
Comparison chair fee vs. director's fee	2.90

### How the directors are organised

Average number of directors	9
Number of board committees	3
Prevalence of audit committee	100%
Prevalence of remuneration committee	97%
Prevalence of nomination committee	51%
Number of board meetings	8
Number of audit committee meetings	5
Number of remuneration committee meetings	5
Number of nomination committee meetings	4

### Who the directors are

Company-declared independent directors	85%
Board where all non-executive directors are declared independent	29%
Nationality – same country	66%
Nationality – within the EU	22%
Nationality – non-EU	12%
International experience – same country	62%
International experience – within the EU	25%
International experience – non-EU	13%
Male	79%
Female	21%
Gender pay gap	10%
Audit committees without female members	43%
Remuneration committees without female members	48%
Median average board age	60

## European overview

*Non-executive directors (NEDs) are appointed by shareholders as their supervisory, non-executive representatives on the ultimate board of a company. What makes for a more effective constellation of non-executive directors (we will call them 'directors' for the purposes of this report) is a matter of strong opinion and, as this report will show, practices across Europe have a lot of commonality but also some significant differences. Where we see clear trends towards commonality are in the recognised benefits of a diverse board and in having dedicated audit, remuneration and nominations committees. Pay practices, however, remain diverse and the reasons are not always clear and logical so we keep expecting more convergence.*

Board structures have not changed much compared to last year. European boards have a median of nine directors, with a median as high as fifteen on Spanish boards. The vast majority of companies in our sample also have separate audit and remuneration committees, with many also having a nominations committee, and a few having a committee dedicated to considering risk. Each committee has director members selected from the population of the broader board.

This study also provides a commentary on director trends in the United States, which can be found at the end of the report.

### Our approach

This study is designed to provide a comparison of board composition and remuneration for major companies across Europe. We looked at the constituent companies of the major indices for 12 European countries (a full list of these companies is provided at the back of the report). The data we collected is from the most recently filed public documentation, primarily annual reports. The data covers non-executive directors elected by general meeting, thus excluding all executive management and employee representatives.

We have reported on both the policy pay and the actual pay information for each organisation. Policy pay data represents the typical pay that each director expects to receive for service on the main board and committees, including meeting fees (per meeting) if applicable. Actual pay data is the amount paid to each individual director as reported in the audited annual reports. This figure will be affected by factors such as the specific number of committees an individual sits on, how many meetings they attended and, if any form of variable pay is involved, the performance of the company.

We have chosen to report most figures as median (rather than mean average) as this minimises the impact of extreme or unusual results and is more representative of the 'true' picture. Throughout the report we also refer to the concept of 'median average'. This refers to how we calculated the actual awards – we calculated an incumbent mean average for each company and then took the median of those averages.

All European values have been converted to Euros taking the average exchange rate for the year to 31 December 2012.

## Remuneration

Director remuneration and fee policy varies widely across Europe. Board fees typically include fixed and variable pay components, the latter usually in the form of meeting fees. The median basic policy fee paid to directors across Europe is €60,323, with fees for Austrian directors being the lowest at €15,000 and for Swiss directors the highest at €207,400.

Most companies across Europe pay their fees wholly in the form of cash but equity awards are made in a few cases. Similar to last year's report, seven per cent of companies in our sample part pay their NEDs in equity and this is particularly prevalent in countries such as Finland and Switzerland. German director pay differs in that many German companies partly pay their directors in the form of variable cash.

One hundred per cent of companies in the survey have an audit committee, where the basic median committee fee is an additional €15,000 for director members and an additional €24,656 for the committee chair. Some 97 per cent of companies have a committee which handles the remuneration of the board, where the median basic committee fee across Europe is an additional €12,910 for members and an additional €20,000 for the chair. In over a third of companies, the board non-executive chair also chairs the remuneration committee.

## Policy fees

Policy fee figures represent the rates of pay the company has stated it will pay directors for service on the main board and committees. In addition to these fees may be attendance fees and, in some countries, variable pay is linked to company performance.

**Table 1: Median policy fees by country**

Country	Median basic board Fees		Median additional committee retainers					
	Non-executive chair	Director	Audit		Remuneration		Average other	
			Chairman	Member	Chairman	Member	Chairman	Member
Austria	€ 30,000	€ 15,000	€ 9,750	€ 7,050	–	–	–	–
Belgium	€ 78,500	€ 30,000	€ 11,250	€ 6,125	€ 10,750	€ 6,250	–	–
Finland	€ 88,000	€ 43,875	€ 14,300	–	–	–	–	–
France	€ 285,000	€ 23,000	€ 30,000	€ 10,000	€ 20,000	€ 8,200	€ 20,000	€ 8,000
Germany	€ 187,500	€ 77,500	€ 60,000	€ 40,000	€ 40,000	€ 20,000	€ 40,000	€ 20,000
Italy	€ 355,000	€ 50,000	€ 30,000	€ 21,695	€ 20,000	€ 20,000	€ 20,000	€ 20,000
Netherlands	€ 80,000	€ 50,000	€ 15,000	€ 10,000	€ 10,000	€ 8,000	€ 10,000	€ 5,500
Norway	€ 80,280	€ 42,804	€ 17,260	€ 10,972	€ 10,216	€ 7,158	–	–
Spain	–	€ 75,000	€ 42,500	€ 27,450	€ 40,000	€ 27,000	€ 77,686	€ 39,600
Sweden	€ 176,372	€ 57,450	€ 22,621	€ 12,900	€ 11,490	€ 9,652	–	–
Switzerland	€ 905,647	€ 207,400	€ 62,235	€ 24,888	€ 49,776	€ 29,036	€ 37,332	€ 33,184
UK	€ 457,153	€ 77,666	€ 24,656	€ 18,038	€ 24,656	€ 13,561	€ 18,492	€ 10,325
European median	€ 252,000	€ 60,323	€ 24,656	€ 15,000	€ 20,000	€ 12,910	€ 18,492	€ 14,245

## Year-on-year pay movements

The median year-on-year movements in director policy pay were zero per cent in all countries. Some of the lack of movements will be down to many companies only reviewing fees once every two or three years. However, if we compare this year to two years ago, most country medians are also zero per cent. Notable exceptions for Chairs' fees are the Netherlands with a 14.6 per cent increase over this period, the UK with a 10 per cent increase and Norway with a nine per cent increase. Fees for other directors notably rose 8.4 per cent in the UK, 7.9 per cent in Norway and five per cent in Sweden.

To arrive at a year-on-year movement, we have only considered companies whose data was captured both in last and this year's study. New companies to this year's study, along with companies whose data we have not gathered this year (such as the company falling out of the index) are not included in the year-on-year summary.

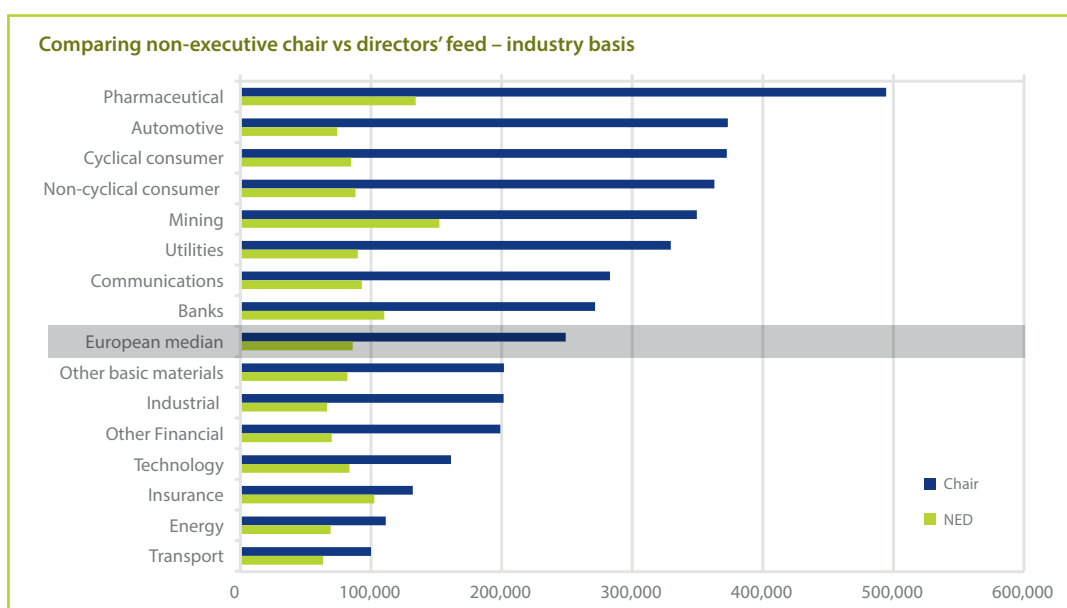
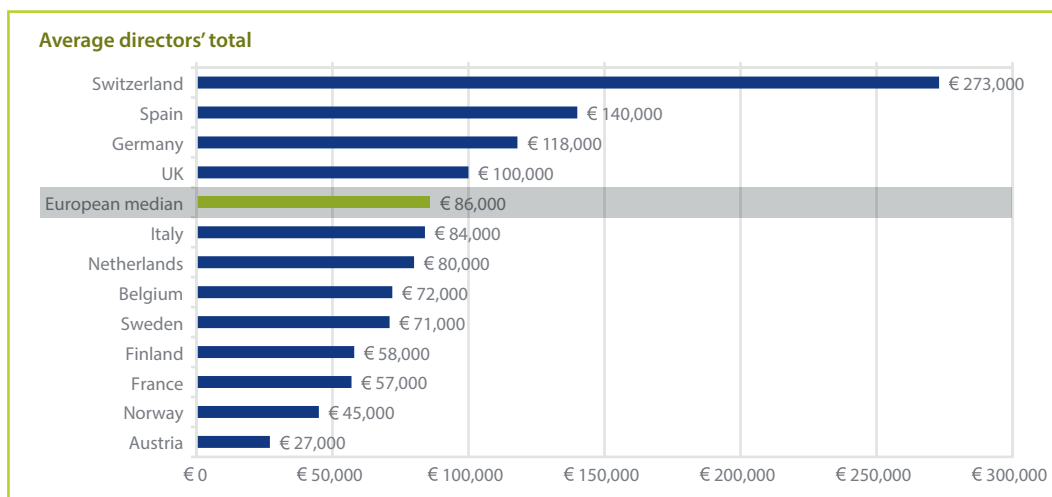
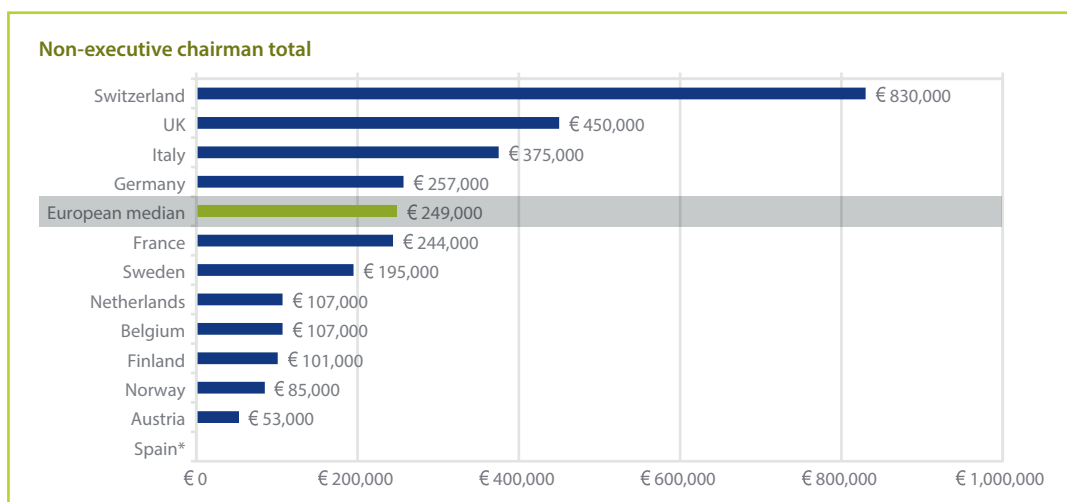
## Actual pay

Actual pay is the amount paid to each individual director, as reported in the audited annual report. This figure will be affected by the number of committees an individual sits on, how many meetings they attended and, if any form of variable pay is involved, the performance of the company.

Our figures for actual pay show the total fees paid to directors and non-executive chairs for services throughout the year (including fees for meetings attended). The number of board and committee meetings held over a year varies significantly between companies and between countries. Nordic boards, for example, meet almost twice as many times as German and Austrian boards. The median fee earned for non-executive chairs across Europe was €249,000 during the year, up from €214,800 last year, with Swiss non-executive chairs continuing to earn the most at €830,000 and, just across the mountains, Austrian non-executive chairs earning the least at €53,000. The median received by other non-executive directors across Europe was €86,000, up from €75,200 last year, with Swiss directors continuing to earn the most at €273,000 and Austrian directors still earning the least at €27,000.

If we look at fees paid from an industry perspective the picture changes again. Industries that are known for paying their executives well also tend to come out higher for chairs. But otherwise the pattern is complex for both chairs and NEDs. There are some countries and industries where there is a strong correlation between size of company and pay and others where the correlation is very weak, whereas it is sectors with a higher focus on risk that tend to pay higher NED fees.

Table 2: Median actual pay by country

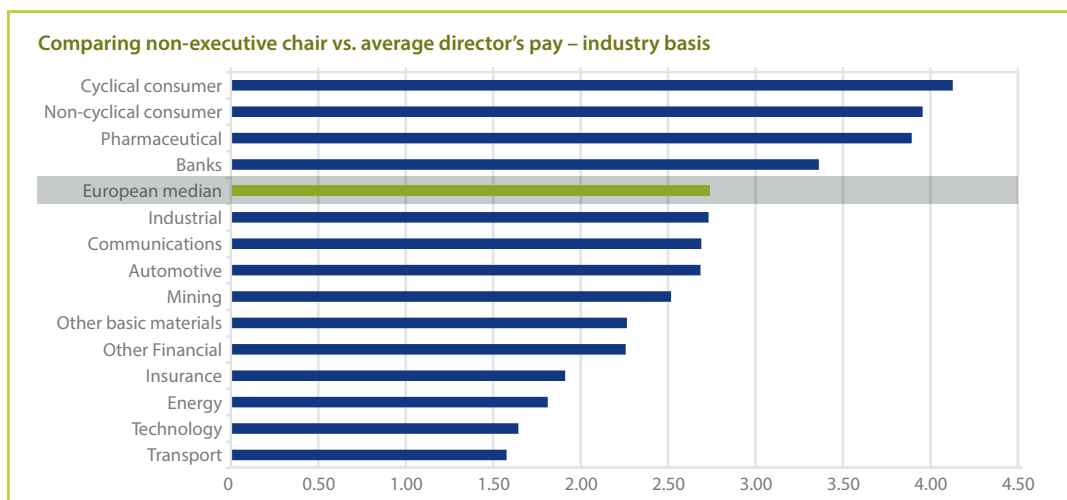
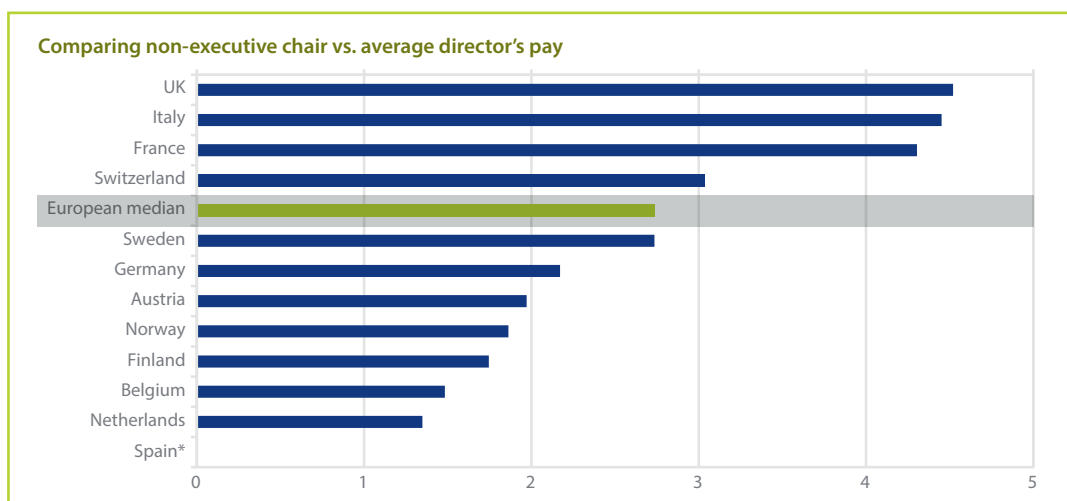


\* There were not sufficient data points available to provide a median for non-executive chairs in Spain as the large majority of companies in our sample have an executive chair in place.

## Comparing director pay to chair pay

One factor that varies widely across Europe is the differential between average director pay and the pay of the chair of the board. Board chairs of UK, Italian and French companies are the most highly paid compared to other board directors, earning over four times the amount. Chairs of companies based in the Netherlands, by contrast, earn just 1.34 times as much as other directors.

**Table 3: Comparing non-executive chair vs. average directors' pay**



\* There were not sufficient data points available to provide a median for non-executive chairs in Spain as the large majority of companies in our sample have an executive chair in place.

## Board structure

As part of our study, we examine board structure and the committees responsible for the most typical functional areas: audit, remuneration, risk and nominations. Many boards will also cover additional functional areas which can be more specific to their industry or line of operation and are, as a result, difficult to aggregate. We have included these functional areas as 'other'. Since it is not unusual for one committee to cover more than one area, we have concentrated on the functional area of each, rather than on the specific name.

Most European countries have mandated the formation of an audit committee and 100 per cent of the companies we reviewed across Europe had a committee in place to cover audit. While this report is specifically aimed at the supervisory board (or non-executive members of the unitary board) elected at the Annual General Meeting, it is worth mentioning that 84 per cent of the Italian companies we reviewed had a 'statutory audit board' in addition to the internal audit committee of the supervisory board.<sup>1</sup>

Unlike the audit committee, most countries have not specifically mandated the creation of a remuneration committee. However, 97 per cent of companies in our sample have a remuneration committee in place, which is similar to last year. All companies in the sample from Belgium, Netherlands, Finland, Spain, United Kingdom and Switzerland have a remuneration committee in place. In contrast, only 84 per cent of Norwegian companies have a remuneration committee, though this is up from 80 per cent last year.

51 per cent of companies across Europe have put in place a committee whose responsibilities include the nomination of new directors for approval. Nomination varies widely from country to country. All companies from the UK and Germany employ a committee to carry out nomination, but for Norwegian and Swedish companies the common practice is to have an external nominations committee.

The prevalence of a committee covering risk is much lower across Europe at 12 per cent overall. Separate risk committees tend to be more prevalent in industries which have inherent risk built into the business model, such as financial services and pharmaceuticals. As a result, the highest incidence of risk committees is in the UK and Switzerland; countries with heavy representation from these sectors.

The prevalence of committees with combined functions such as remuneration and nomination are very common in companies from Spain, France, Switzerland, Austria and Belgium. Committees with audit and risk functions combined are popular in Italy.

<sup>1</sup> The statutory audit committee (*Collegio Sindacale*) is required in Italy by law for companies with a unitary board structure. For companies adopting a dual board structure the statutory audit committee functions are taken over by the supervisory board. The statutory audit committee is composed by external certified professional experts in accounting and business law. The statutory audit committee monitors compliance with the law and corporate governance codes, the observance of the principles of correct administration, the adequacy of the company's organisational structure and internal control systems.

Table 4: Prevalence of board committees

Country	Median number of boards	Prevalence of board committees that cover functional areas				
		Audit	Remuneration	Risk	Nomination	Other
Austria	3	100%	89%	5%	37%	47%
Belgium	3	100%	100%	11%	32%	47%
Finland	4	96%	100%	8%	38%	8%
France	4	100%	97%	0%	47%	79%
Germany	5	100%	88%	12%	100%	100%
Italy	3	100%	97%	0%	39%	61%
Netherlands	3	100%	100%	12%	68%	48%
Norway	2	100%	84%	4%	–	36%
Spain	3	100%	100%	14%	3%	69%
Sweden	3	100%	96%	15%	–	12%
Switzerland	4	100%	100%	28%	44%	67%
UK	4	100%	100%	16%	100%	42%
Europe	3	100%	97%	12%	51%	52%

Table 4.1: Committee meetings

Country	Board meetings	Audit committee	Remuneration committee	Risk committee	Nomination committee	Other committees
Austria	6	3	3	–	1	2
Belgium	8	4	4	–	4	
Finland	11	5	4	–	4	3
France	8	5	4	–	3	4
Germany	5	5	5	–	1	1
Italy	9	11	5	–	6	7
Netherlands	8	5	5	–	4	4
Norway	12	7	7	–	–	5
Spain	11	8	8	–	–	11
Sweden	10	6	4	–	–	–
Switzerland	9	6	4	6	4	4
UK	8	5	5	6	4	4
Europe	8	5	5	6	4	4

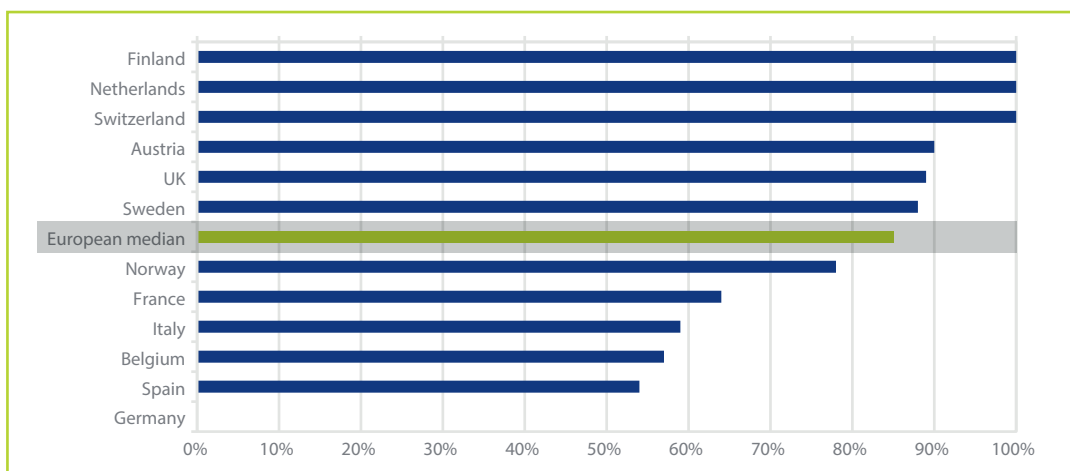
## Independence

While director independence is a well-established governance principle across much of Europe, each country has established its own definition of independence. For the purpose of this study, independent directors are those declared as such by their companies. Overall, a median of 85 per cent of directors in the Europe-wide sample are declared as independent, up from 83 per cent last year.

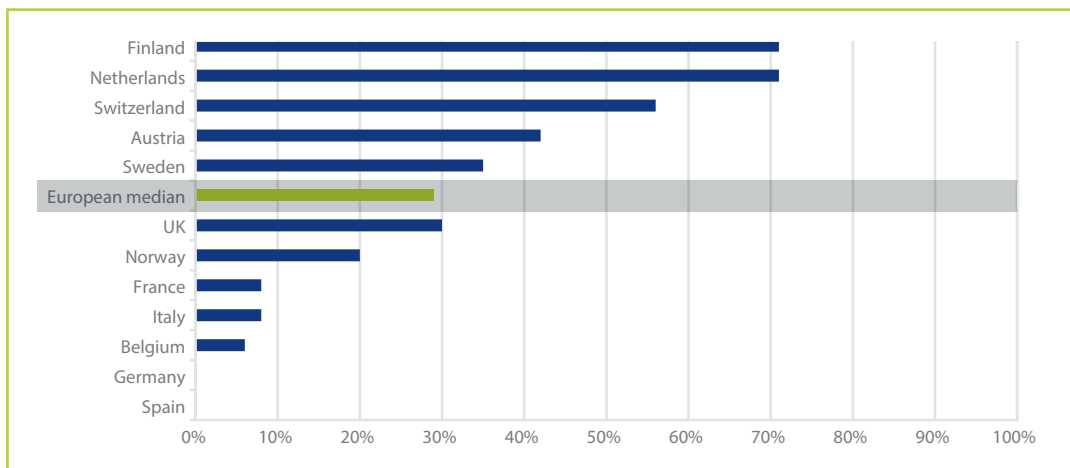
Board structure and the concept of independence tend to vary quite significantly from country to country across Europe. In Germany, board structure is strictly regulated and, unless they operate as a *Societas Europaea* (SE), German companies must operate a two-tier board with a supervisory board of legally independent members. Conversely, directors in Sweden may be declared to be independent but the Swedish definition of independence is much more relaxed and would be unlikely to meet the stricter requirements of many other countries, such as the UK.

While it is useful to see the median number of directors on each board who have been declared independent, it is equally interesting to see how many companies have declared all of their directors as independent. There is a wide range across Europe, from Germany and Spain where not a single company has declared 100 per cent of its directors to be independent to Finland and the Netherlands where as many as 71 per cent of companies have stated that each and every one of their non-executive directors is independent.

**Table 5: Company-declared independent directors (median per cent of board)**



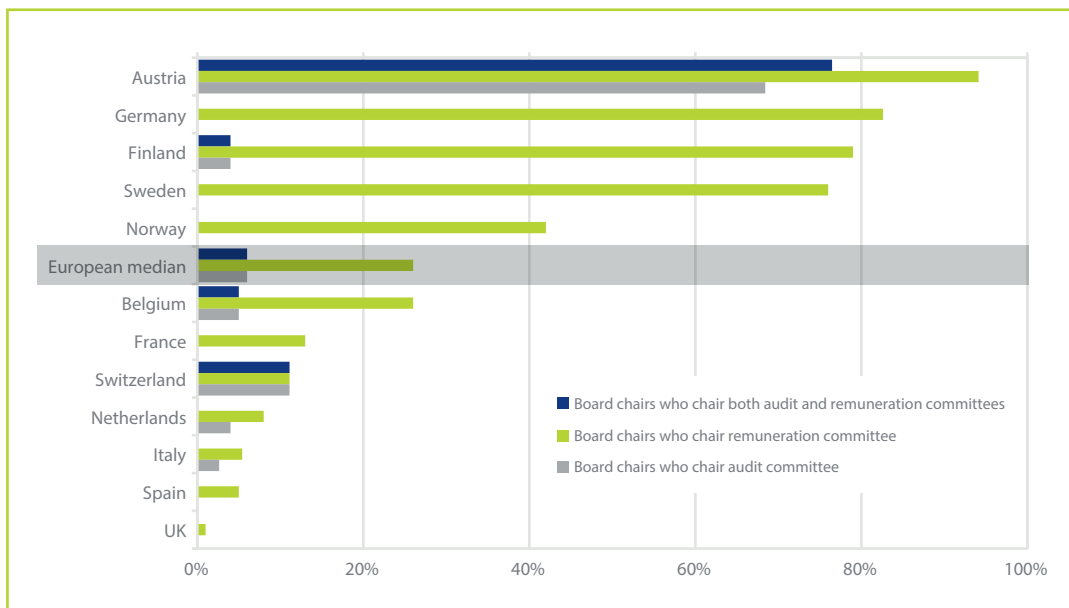
**Table 6: Prevalence of boards where all non-executive directors are declared independent**



## Multi-chair responsibility

The prevalence of the chair of the board also acting as chair of one or more board committees varies significantly from country to country. In Austria board chairs typically chair two committees while in the UK it is relatively unusual for a board chair to also chair a committee. Board chairs are much less likely to chair the audit committee and, in some jurisdictions, are prevented from doing so by the local corporate governance codes. There are fewer specific rules around when or whether the board chair can also chair the remuneration committee, and this is much more prevalent. Since last year we have observed a reduction in additional committee chairmanship roles for board chairs, especially with regard to the audit committee.

**Table 7: Committee chairs held by board chair**



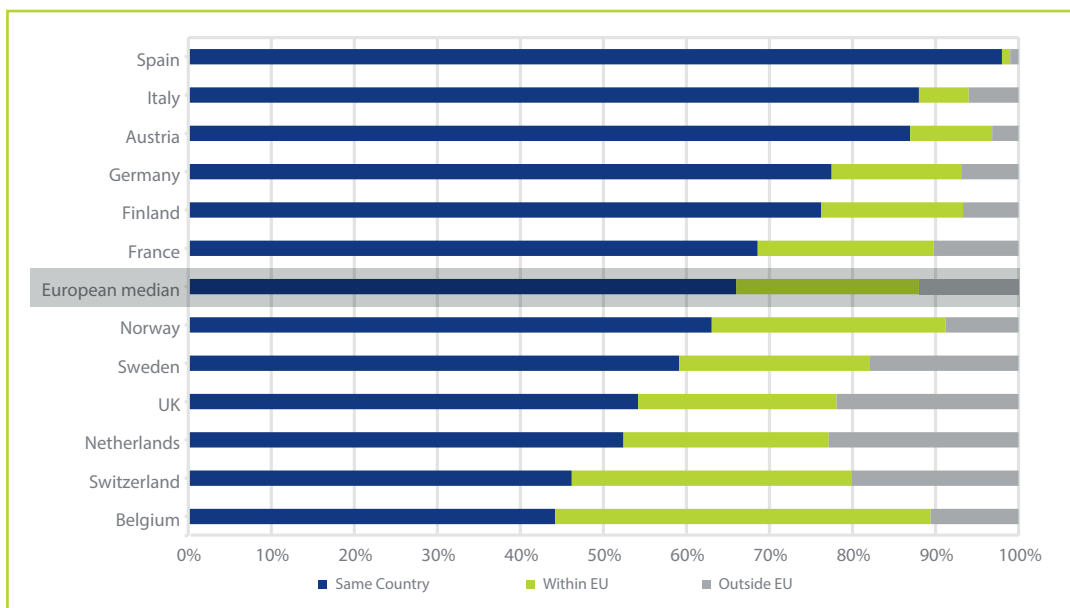
## Diversity

The European Commission (EC) published a Green Paper in April 2011 on the future framework of corporate governance in the EU. The EC's paper highlighted the advantages of board diversity in terms of gender, professional experience and geographic experience. The EC argued that since the board of directors is expected to challenge executive management, a board made up of directors of different nationalities, genders and experiences would provide an effective way of avoiding 'group-think', while helping to generate new ideas. More diversity, said the EC, leads to better discussion, greater monitoring and more challenges in the boardroom. This debate has recently been given a new lease of life across the continent as countries are again looking at gender quota requirements for listed companies.

### Nationality

As part of our research we collected data around the diversity of directors in each company and found that the results varied significantly from country to country. Across Europe, an average of 66 per cent of directors are from the country in which they serve, 22 per cent are of other EU nationality and only 12 per cent hold nationality from outside EU borders. The most internationally diverse countries are Belgium, the Netherlands, the UK and Switzerland.

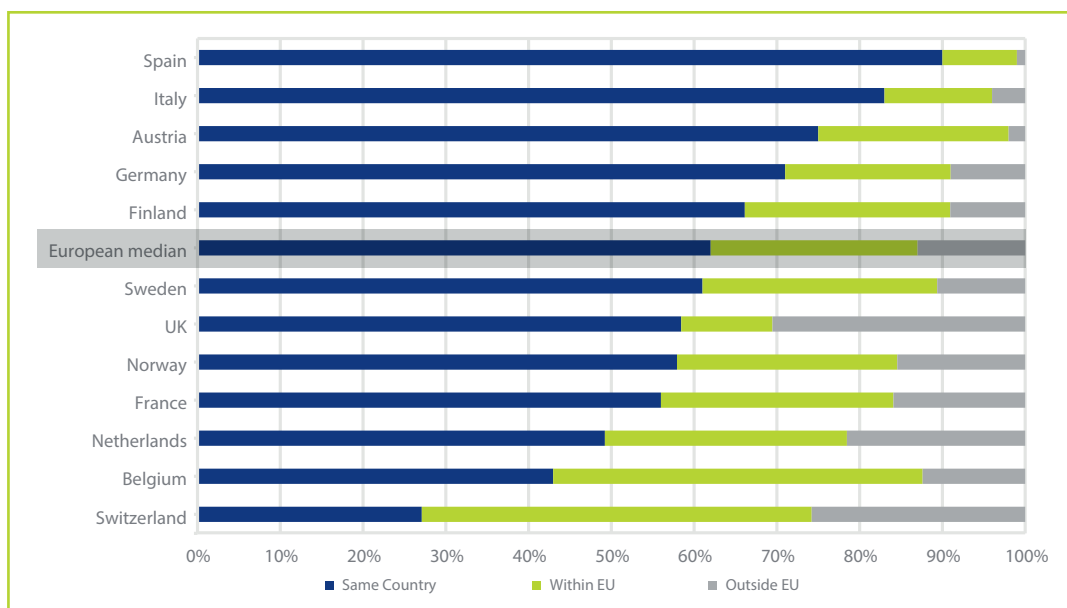
**Table 8: Average nationality mix**



## International experience

The diversity of international career experience mirrors that of nationality. Across Europe, an average of 62 per cent of directors have spent the majority of their career experience in the same country in which they serve as a director. 25 per cent of directors have experience from within other EU countries and 13 per cent, on average, have spent most of their career in a more international setting.

**Table 9: Average main career geographic experience mix**



## Gender

Gender diversity has become a subject of heated debate in many European Union countries over the last year, with several countries, namely Italy, the Netherlands, Norway, Belgium (to be implemented in 2016) and France (to be implemented in 2014) introducing a quota system for female directors. The results of the study show that countries are beginning to make headway but many companies still have a long way to go in meeting the quota targets.

In November 2013, the European Parliament voted to back the European Commission's proposed law to improve the gender balance in Europe's company boardrooms. EU Member States in the Council now need to reach agreement on the draft law, amongst them and with the European Parliament, in order for it to become law. Among the main elements of the draft law are:

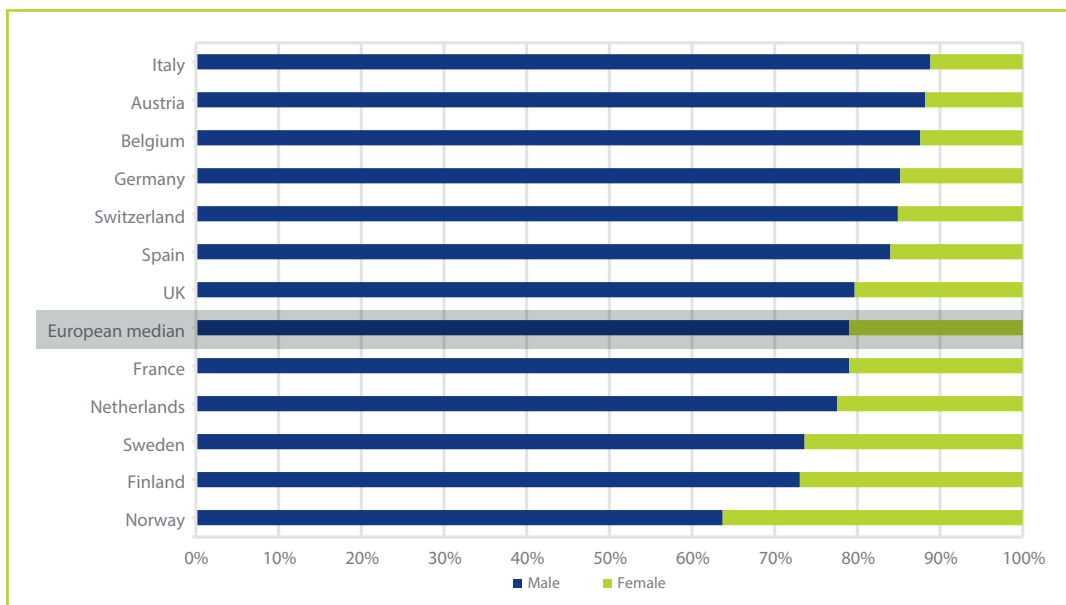
- If a publicly listed company in Europe does not have 40 per cent of women among its non-executive board members, the new law will require it to introduce a new selection procedure for board members which gives priority to qualified female candidates.
- The proposed law places the emphasis firmly on qualification. Nobody will get a job on the board just because they are a woman. But no woman will be denied a job because of their gender either.
- The proposed law only applies to the supervisory boards or non-executive directors of publicly listed companies, due to their economic importance and high visibility. Small and medium enterprises are excluded.
- The proposed law also includes, as a complementary measure, a "flexi quota": an obligation for companies listed on a stock exchange to set themselves individual, self-regulatory targets regarding the representation of both sexes among executive directors to be met by 2020 (or 2018 in case of public undertakings). Companies will have to report annually on the progress made.<sup>2</sup>

We are seeing a noticeable uptick in female representation on boards compared to last year. Across Europe, 80 per cent of directors are male down from 83 per cent last year. This year Italy had again the highest number of male directors with 89 per cent – but this is a significant improvement on the 94 per cent seen last year. Furthermore, when looking at the top non-executive position, some improvement has been made with four per cent of non-executive chairs across Europe being held by women, up from two per cent last year.

Reasons behind this regional trend differs at a country level. Scandinavia leads the way in gender diversity with the highest proportion of female directors on boards. Legislation was introduced in Norway in 2003 which required listed companies to meet a 40 per cent quota for female directors within five years. Our study shows that 36 per cent of Norwegian directors are now women. But Finland and Sweden have seen the proportion of female directors increase in recent years to 27 per cent and 26 per cent respectively as a result of public pressure and companies recognising the advantages of diversity.

<sup>2</sup>Cracking Europe's Glass Ceiling: European Parliament backs Commission's Women on Boards proposal European Commission - IP/13/1118 20/11/2013

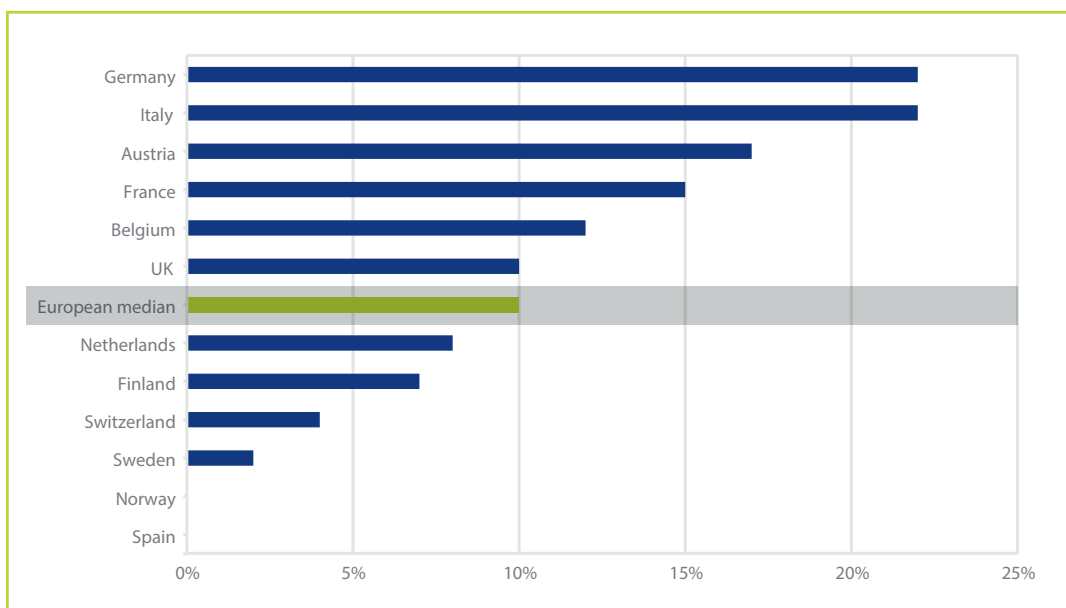
Table 10: Average gender mix



### Gender pay gap

European companies are harbouring a distinct gender pay gap at the board level resulting mainly from an underrepresentation of women on the strategically important board committees. This has translated into women board members being paid significantly less than men. In some countries we have seen a widening of the gender pay gap on last year. The pay gap varies from country to country but male non-executive directors in Europe, on average, receive 10 per cent more in total fees than their female counterparts, excluding chairs, at the median, a slight deterioration on the nine per cent seen last year. Norway and Spain have a zero per cent gender pay gap. In contrast, the gap broadens to as much as 22 per cent in Germany and Italy.

Table 11: Median gender pay gap



More telling is the number of companies that do not have any female representation at all on their board committees. Although this is still common, the position is improving. The number of audit and remuneration committees across Europe with no female presence continues to diminish to 43 per cent in the audit committee (last year 49 per cent) and 48 per cent in the remuneration committee (last year 58 per cent).

**Table 12: Gender representation in board roles**

Role	Male	Female
Non-executive chair	96%	4%
Executive chair	96%	4%
Deputy chair / SID	94%	6%
Audit chair	87%	13%
Remuneration chair	92%	8%
Risk chair	83%	17%

**Table 13: Prevalence of committees without female members**

Country	Audit committee	Remuneration committee
Austria	79%	71%
Belgium	68%	58%
Finland	17%	50%
France	29%	45%
Germany	77%	87%
Italy	55%	62%
Netherlands	40%	28%
Norway	24%	42%
Spain	54%	49%
Sweden	23%	52%
Switzerland	50%	61%
UK	32%	32%
<b>European prevalence</b>	<b>43%</b>	<b>48%</b>

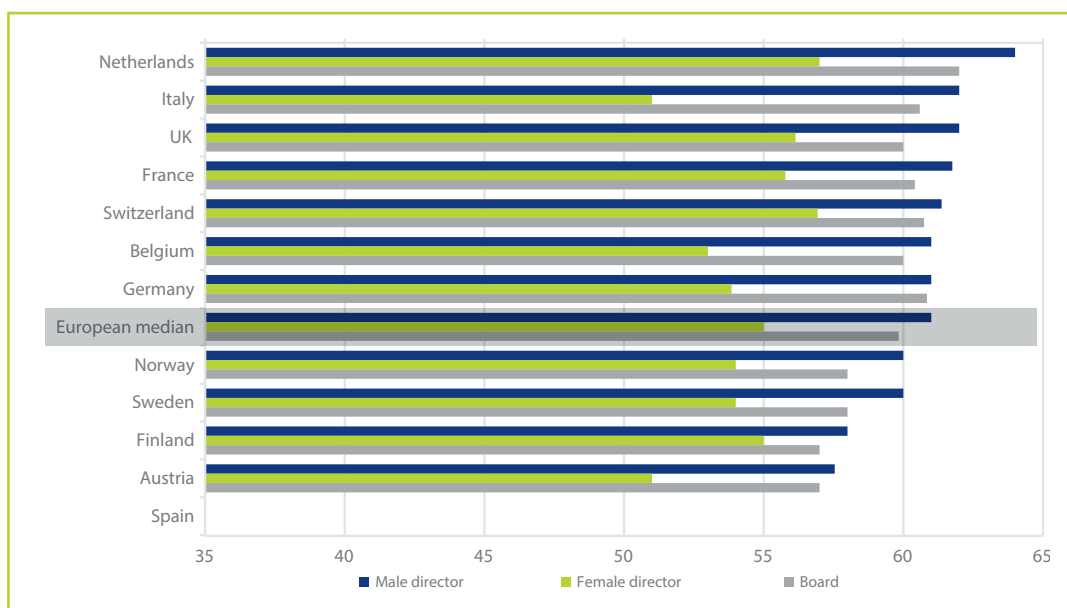
## Age

There is less variation in the age of directors across countries than with other aspects of diversity. The youngest median average director age was 57 in Austria and Finland, while the oldest median average age was 62, in the Netherlands. The European median average board age is 60. However, some marked gender differences in age can be observed across the European sample. The largest age gap was in the Netherlands, where female directors have a median average age of 57 and male directors a median average age of 64. The smallest gaps were in Finland, with a two year age gap between female and male directors.

One per cent of companies in the European sample have a median average director age of under 50, which increases to 10 per cent when looking at a median average age of under 55. The proportion of companies whose directors have a median average age of under 55 is 29 per cent of the Finnish sample, dropping to five per cent of the UK sample and zero per cent of the German sample.

To calculate the median director age, we first calculated the median age of directors per company provided that a minimum of five data points were available. We then calculated the overall country median provided that a minimum of five company medians were available. There were not enough data points available to provide a median age for Spain.

**Table 14: Median average board age**



## Country analysis – Europe

*In this section, Hay Group consultants provide country-by-country analyses and comparisons of board composition and remuneration trends, as well as a typical director profile for each country.*

*To discuss these findings further, please contact your local Hay Group consultant.*

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## Austria

All Austrian companies operate a two-tier board structure. There are typically eight directors per company. Board chairs will typically also chair two committees, the highest in Europe, making their low remuneration even more surprising. In 76 per cent of cases the board chair also chairs the audit and remuneration committees. Companies typically run three committees. All companies in our sample have committees which cover audit, 89 per cent remuneration, 79 per cent nomination and five per cent separately cover risk.

The works council of listed companies in Austria have the right to nominate one employee representative for every two shareholder representatives. If the works council wants to have employee representatives on the board, the company is obliged to accept the representatives. Employee representatives do not receive any fees, but are reimbursed for expenses.

Austrian companies maintain a very high level of independence, with companies, audit and remuneration committees declaring themselves 90 per cent independent at the median. The Austrian Corporate Governance Code recommends that most committees should be independent. This means that directors cannot have worked for the company in the last five years, have any significant business relationships or have audited the company in the last three years.

Director pay in Austria remains the lowest in Europe, with board chairs now earning €52,500 at the median in actual fees and other directors earning €26,628 at the median average. Directors in Austria receive their fees in cash, although there continues to be some public discussion around introducing some variable pay components into the mix. Director fees are split into base, committee and meeting fees.

In 2010 a diversity charter was introduced. However, even in 2013 only a limited number of companies have signed this, most of which are foreign-owned companies.

Directors in Austria are still not as international as the business might require. On average 87 per cent are Austrian nationals, 10 per cent have EU nationality, and 3 per cent are from outside the EU. In terms of international experience, on average 75 per cent of directors have gained the bulk of their experience from Austria (up from 70 per cent last year), 23 per cent from within the EU and two per cent from outside the EU.

On average 88 per cent of directors are male and 12 per cent female (same as last year). This can be compared to companies with a state ownership which have a target to have 25 per cent female directors by 2013, increasing to 35 per cent by 2018.

The median age for directors in Austria remains joint lowest in Europe at 57.

Element	Median Fees	Companies
Policy fee and structure prevalence		
Non-executive chair basic fee	€ 30,000	15
Non-executive director basic fee	€ 15,000	15
Board meeting attendance fee	€ 500	7
Additional fee for deputy chair	€ 7,500	14
Additional fee for audit committee chair	–	–
Additional fee for audit committee members	–	–
Audit committee meeting attendance fee	€ 750	6
Additional fee for remuneration committee chair	–	–
Additional fee for remuneration committee members	–	–
Remuneration committee meeting attendance fee	€ 500	5

Actual fee received		
Non-executive chair total fee	€ 52,500	13
Average non-executive director total fee	€ 26,628	15

Typical non-executive director profile in Austria	
Age	57
Gender	Male in 88 per cent of instances
Nationality	Austrian in 87 per cent of instances
Most significant work experience	Gained within Austria in 75 per cent of instances
Board and committee meetings attended	–



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## Belgium

Most Belgian companies run a single-tier management board structure, with only 16 per cent in our sample running a two-tier board. The board consists of 12 directors at the median who meet 12 times per year (increasing to 18 times in the case of board chairs). Employee representatives are not present on Belgian boards.

There are typically three committees per company. All companies in our sample have audit and remuneration committees and 79 per cent a nomination committee. Some 26 per cent of board chairs also chair the remuneration committee, and only five per cent also chair the audit committee.

Directors in Belgian companies are not bound to any shareholding requirements, nor are there any shareholding guidelines for them to follow. However, it is typical practice for companies to draft a governance charter addressing this. The charter will in most cases provide insight into director requirements.

Belgian corporate governance guidelines recommend that companies employ a sufficient number of independent directors (including the remuneration committee chair), but in reality independent directors are few and far between. Belgian companies in our sample have declared themselves to be 57 per cent independent at the median, up from 55 per cent last year.

Director pay levels in Belgium are fairly moderate by international standards, and the internationalisation of directors is gradually pushing pay up. As a result both board chairs and other directors have benefited from an increase in actual fees.

The pay ratio between board chairs and other directors is 1.49, at the lower end of the range in the European sample. Policy pay in Belgium is made up of a basic fee, a committee retainer as well as meeting fees.

The requirement to have a minimum number of female directors on boards is regarded as a fair challenge for many Belgian boards. Company associations tend to be against the gender quota but recognise that without the quota, little progress would be made in terms of improving gender diversity. By 2016 board members must be at least one third female. Despite this, gender diversity has only marginally improved on last year and on average 88 per cent of directors are male. The gender pay gap has, however, narrowed from 15 per cent last year to 12 per cent this year at the median.

Belgium continues to show strong diversity in terms of directors' international experience. Belgium is a small country with a very open economy, which has more or less forced companies into employing directors with solid international experience. On average 43 per cent of directors have gained their main career experience within Belgium, 45 per cent have worked the majority of their career within the EU and 12 per cent have obtained their main work experience from outside the EU. On average 44 per cent are Belgian nationals, 45 per cent have EU nationality and 11 per cent come from outside the EU.

The median age for directors in Belgium is 60.

Element	Median Fees	Companies
Policy fee and structure prevalence		
Non-executive chair basic fee	€ 78,500	16
Non-executive director basic fee	€ 30,000	17
Board meeting attendance fee	€ 2,500	9
Additional fee for deputy chair	–	–
Additional fee for audit committee chair	€ 11,250	8
Additional fee for audit committee members	€ 6,125	8
Audit committee meeting attendance fee	€ 2,500	11
Additional fee for remuneration committee chair	€ 10,750	6
Additional fee for remuneration committee members	€ 6,250	7
Remuneration committee meeting attendance fee	€ 2,500	11

Actual fee received		
Non-executive chair total fee	€ 107,250	14
Average non-executive director total fee	€ 72,333	19

Typical non-executive director profile in Belgium	
Age	60
Gender	Male in 88 per cent of instances
Nationality	European in 45 per cent of instances
Most significant work experience	Gained within Europe in 45 per cent of instances
Board and committee meetings attended	12



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## Finland

In practice only a few companies in Finland run a supervisory board. There are eight directors per company at the median (joint lowest in Europe with the Netherlands, Norway and United Kingdom) who meet 14 times per year. No employee representatives sit on Finnish boards.

Finland has a very high rate of independence and companies (as well as audit and remuneration committees) declare their directors to be 100 per cent independent from companies at the median.

Finnish companies typically run two committees. All companies have committees which cover remuneration, 96 per cent audit and 63 per cent nomination.

Non-executive chairs typically also chair at least one other committee, normally the remuneration committee (in 79 per cent of cases).

63 per cent of companies in our Finnish sample disclose shareholding guidelines, but no companies in the sample impose any shareholding requirements on NEDs. However, the 2010 corporate governance code states that a portion of fees can be paid through non-performance related equity.

Director pay in Finland is relatively modest by European standards, paying third lowest in our sample of European countries both in terms of non-executive chair fees and fees for other directors. The pay differential between non-executive chairs to other directors is relatively low, with a median ratio of just 1.74.

Pay policy in Finland typically comprises basic fees and meeting attendance fees. About one third of the companies in our sample also pay for committee membership. Basic fees in Finland are most frequently paid in both cash and in equity, with approximately 30 – 40 per cent of total fees being delivered in shares. Committee fees are not particularly prevalent in Finland but members receive attendance fees for committee meetings.

In terms of diversity, Finland employs the second highest proportion of female directors in our sample after Norway and on average there are 27 per cent female directors on Finnish boards. On average, 40 per cent of NEDs on audit committees and 17 per cent of NEDs on remuneration committees are female.

Finland does not rank very high with regards to international diversity. On average 76 per cent of directors are Finns, 17 per cent come from within the EU, and 7 per cent come from outside the EU. Likewise, the vast majority of director work experience has been gained from inside Finland (66 per cent on average), and only 9 per cent of directors have gained the bulk of their work experience from outside the EU.

Finland has a median director age of 57, three years under the European median. The median age for male directors is 58 against a median age of 55 for female directors.

Element	Median Fees	Companies
Policy fee and structure prevalence		
Non-executive chair basic fee	€ 88,000	24
Non-executive director basic fee	€ 43,875	24
Board meeting attendance fee	€ 600	17
Additional fee for deputy chair	€ 13,000	23
Additional fee for audit committee chair	€ 14,300	8
Additional fee for audit committee members	€ 14,300	8
Audit committee meeting attendance fee	€ 600	17
Additional fee for remuneration committee chair	–	–
Additional fee for remuneration committee members	–	–
Remuneration committee meeting attendance fee	€ 600	18

Actual fee received		
Non-executive chair total fee	€ 101,200	23
Average non-executive director total fee	€ 57,977	23

Typical non-executive director profile in Finland	
Age	57
Gender	Male in 73 per cent of instances
Nationality	Finnish in 76 per cent of instances
Most significant work experience	Gained within Finland in 66 per cent of instances
Board and committee meetings attended	14

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## France

Unitary boards are the most prevalent in French listed companies, with only 21 per cent of our sample running a two-tier board. Most board chairs in our French sample are executive chairs. At the median there are 14 directors per company (the second highest in Europe) who meet for board and committee meetings 10 times per year.

French companies typically have four committees. All companies in our sample cover audit, and 97 per cent have a remuneration committee. It is unusual for board chairs to also chair other committees; no board chairs from our sample chair the audit committee and only 13 per cent also chair the remuneration committee.

Under French law, companies may nominate employees to sit on the board, but this number must not exceed one third of the total number of directors.

There are also a few mechanisms forcing some companies to ensure employee representation on boards. Among them, we can note:

- In listed companies where employees own at least three per cent of the share capital, companies are legally required to nominate at least one employee representative.
- Last June, the “loi sur la sécurisation de l’emploi” required companies under specific conditions to have employee representatives sitting on the board (one employee representative if there are up to 12 board members, or two representatives if there are more than 12 board members).

Shareholding requirements for directors are very rare in France with only one company in our French sample imposing any ownership guidelines.

Independence is becoming more prevalent in France. Companies in our French sample have declared 64 per cent of their directors to be independent at the median.

Non-executive board chairs in France receive actual median pay of €244,167. However, most board chairs in France are executive chairs and their median actual pay comes to €3,026,000, the highest level in Europe among executive board chairs. This high level of pay is influenced by the fact that many former chief executives move into the position of board chair and generally keep the same level of remuneration for the first two years of their chairmanship. Other directors do not fare so well and receive relatively low levels of pay with a median average of €56,722.

With regards to pay policy, director pay in France is comprised of basic fees and committee retainer fees. Around three quarters of the companies in our sample also pay for meeting attendance.

Diversity is treated seriously in France. In a recommendation published in July 2012, the Autorité des marchés financiers (AMF) recommended that companies act on their stated objectives to diversify their boards in terms of nationality and international experience. International experience is clearly valued with an average 56 per cent of directors having gained their main career experience in France. However, in terms of nationality, 69 per cent of directors are French and only 10 per cent come from outside the EU.

Gender diversity is on the rise. By 2014 companies are legally required to have at least 20 per cent female directors on boards, which will be increased to 40 per cent in 2017. France has been quick to comply with the gender requirement, with the average number of female directors increasing from 20 per cent last year to 21 per cent this year.

The median director age in France has remained the same this year at 60. The number of directors aged over 70 is not allowed to exceed one third of a company's director population in French companies.

Element	Median Fees	Companies
Policy fee and structure prevalence		
Non-executive chair basic fee	€ 285,000	7
Non-executive director basic fee	€ 23,000	29
Board meeting attendance fee	€ 3,000	15
Additional fee for deputy chair	€ 40,000	9
Additional fee for audit committee chair	€ 30,000	25
Additional fee for audit committee members	€ 10,000	17
Audit committee meeting attendance fee	€ 3,250	18
Additional fee for remuneration committee chair	€ 20,000	23
Additional fee for remuneration committee members	€ 8,200	16
Remuneration committee meeting attendance fee	€ 3,000	18

Actual fee received		
Non-executive chair total fee	€ 244,167	7
Average non-executive director total fee	€ 56,722	38

Typical non-executive director profile in France	
Age	60
Gender	Male in 79 per cent of instances
Nationality	French in 69 per cent of instances
Most significant work experience	Gained within France in 56 per cent of instances
Board and committee meetings attended	10

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## Germany

German companies typically run a two-tier board structure. Companies operate five committees at the median, with 100 per cent of companies in our sample covering audit, 88 per cent remuneration, 100 per cent nomination, and 15 per cent separately covering risk (risk being otherwise covered by the audit committee or the board itself). The board chair typically also chairs one committee, and in 83 per cent of cases it is the remuneration committee.

Companies employing over 500 employees in Germany must elect employee representatives to serve on the supervisory board. Both the representatives elected by the shareholders and those elected by employees are equally obliged to act in the company's best interests.

Regarding the independence of directors, the German Corporate Governance Code recommends that no more than two former members of the management board sit on the supervisory board. As a general rule, management board members wishing to move over onto the supervisory board must wait at least two years.

The actual pay received by board chairs now stands at a median of €257,000 (up from €249,000 last year). The market level of other directors' actual pay is also up on last year, at a median average of €118,361 (up from €115,000). Policy pay is based on a basic fee, a committee retainer as well as meeting fees in the majority of cases. The basic fee component is typically split between a fixed portion and a variable component. The variable component is most often delivered in variable cash and is usually based on dividends or profits, rather than on a defined target cash amount, thus differentiating non-executive director pay from executive pay. Committee fees are usually based on the disclosed total basic fee. Despite the fact that most companies use a variable component in the basic fees, we are only able to calculate committee fees based on the guaranteed fixed basic fee component, since the variable component is very variable. This accounts for the lower policy figures when compared to the actual data. Stricter government regulation coupled with a greater focus on sustainable management is pushing companies to restrict the variable component. Consequently some companies have removed the variable component altogether. A reduction in variable fees is inevitably accompanied by an increase in the fixed basic fee.

In terms of policy pay, board chair pay stands at €187,500 (up from €150,000 last year) and €77,500 for other directors (up from €62,000). Audit committee retainer fees have moved up from last year with committee chairs earning a median fee of €60,000 and committee members earning a median fee of €40,000. Remuneration committee retainer fees have remained flat with committee chairs earning €40,000 and committee members earning a median fee of €20,000. Often members and chairs of the nomination committee as well as other non-mainstream committees do not receive additional committee fees.

Board diversity remains an ardent topic in Germany. Particular emphasis is placed on having a good gender mix both within the management and the supervisory board. In November 2013 German parties, in talks on forming a government, agreed to a binding quota for women in supervisory boards. As of 2016, companies registered on the German stock exchange will be required to have at least 30 per cent women on their supervisory boards. Public opinion is split between companies voluntarily committing themselves to recruiting more women onto the supervisory board versus a legal enforcement of women into these positions. There has been a year-on-year improvement in gender diversity and on average 85 per cent of directors are male and 15 per cent are female (versus last year's statistics of 87 per cent male directors and 13 per cent female directors).

Germany appears to be less concerned over the internationalisation of their directors. On average 77 per cent of directors are German, 16 per cent come from the EU and seven per cent are of non-EU nationality. International experience is still fairly uncommon despite the German Corporate Governance Code recommending companies to give greater consideration to their international activities and apply them in the recruitment of directors who have a strong international background. On average, 71 per cent of directors have obtained their main career experience inside Germany, 20 per cent within the EU and 9 per cent from outside the EU.

Element	Median Fees	Companies
Policy fee and structure prevalence		
Non-executive chair basic fee	€ 187,500	24
Non-executive director basic fee	€ 77,500	24
Board meeting attendance fee	€ 1,000	18
Additional fee for deputy chair	€ 40,000	24
Additional fee for audit committee chair	€ 60,000	21
Additional fee for audit committee members	€ 40,000	21
Audit committee meeting attendance fee	€ 1,000	18
Additional fee for remuneration committee chair	€ 40,000	19
Additional fee for remuneration committee members	€ 20,000	19
Remuneration committee meeting attendance fee	€ 1,000	16

Actual fee received		
Non-executive chair total fee	€ 257,000	23
Average non-executive director total fee	€ 118,361	26

Typical non-executive director profile in Germany	
Age	61
Gender	Male in 85 per cent of instances
Nationality	German 77 in per cent of instances
Most significant work experience	Gained within Germany 71 in per cent of instances
Board and committee meetings attended	–

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## Italy

The vast majority of Italian companies have a unitary board. Only 14 per cent of companies in our sample operate a two-tier structure. There are 12 directors per company at the median and no employee representatives sit on the board.

Italian companies typically have three committees. 100 per cent of our sample has an audit committee, 97 per cent a remuneration committee and 39 per cent a nomination committee.

Increasing shareholder activism has brought about an increasing number of independent directors onto Italian boards. On remuneration committees in particular, the number of independent directors is increasing. Companies declare that 59 per cent (at the median) of their non-executive directors are independent. Last year this percentage was 63 per cent. As far as the presence of independent Directors in board committees, companies declare that 100 per cent of Audit Committee and remuneration committee members are independent.

Board chairs receive a median total remuneration of €375,000 in actual pay – though this is down significantly from €576,500 last year (but still ranking third most highly paid in Europe). Fees for other directors, on the other hand, rose to a median average of €84,236 in actual pay ranking fourth out of 11 in our European sample (€80,400 last year). Italy has a high non-executive chair to other director pay differential, with board chairs earning 4.46 times that of other directors.

Pay policy is changing in Italy. Director pay is increasingly driven by time commitment in terms of more board and committee meetings. As a result, directors in Italy have to restrict the number of directorships to fewer companies than they had previously served on.

Italian companies are increasingly paying for committee membership on top of meeting fees. Equity payment is frowned upon in Italy so directors tend to receive all payments in cash.

The number of female directors in Italy is increasing. Italian directors are on average 89 per cent male and 11 per cent female, a significant improvement on 94 per cent male and six per cent female last year. Notwithstanding, Italy still has the poorest record in terms of gender diversity on boards. The introduction of the law on 'Gender balance on the boards of listed companies', which became effective in July 2011, will see the number of female directors increase rapidly over the next few years.

Board diversity in terms of international work experience is still limited despite the effects that globalisation is having on Italian companies. Globalisation has affected the composition of management to a greater extent than it has done non-executive directors. We have observed a slight improvement on last year in terms of career background. On average 83 per cent of directors have obtained their main work experience in Italy, 13 per cent have gained it from within the EU and four per cent have gained it from outside the EU.

Element	Median Fees	Companies
Policy fee and structure prevalence		
Non-executive chair basic fee	€ 355,000	20
Non-executive director basic fee	€ 50,000	38
Board meeting attendance fee	€ 600	13
Additional fee for deputy chair	€ 130,000	15
Additional fee for audit committee chair	€ 30,000	36
Additional fee for audit committee members	€ 21,695	34
Audit committee meeting attendance fee	€ 1,500	13
Additional fee for remuneration committee chair	€ 20,000	34
Additional fee for remuneration committee members	€ 20,000	32
Remuneration committee meeting attendance fee	€ 1,500	13

Actual fee received		
Non-executive chair total fee	€ 375,000	14
Average non-executive director total fee	€ 84,236	36

Typical non-executive director profile in Italy	
Age	61
Gender	Male in 89 per cent of instances
Nationality	–
Most significant work experience	Gained within Italy in 83 per cent of instances
Board and committee meetings attended	16

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## The Netherlands

76 per cent of Dutch companies in our sample operate a two-tier board. Fees for chairmen tend to be relatively higher for chairmen of comparable sized Dutch companies with a single tier board. Non-chair members tend to receive similar fees across both board structures. At the median there are eight non-executive directors sitting on Dutch boards who meet 12 times per year (board and committee meetings). According to the Dutch Corporate Governance Code, board chairs are not supposed to chair the audit committee or the remuneration committee, though 20 per cent do also chair the remuneration committee. All companies in the Netherlands have audit, remuneration and nomination committees, and 16 per cent of companies also have a risk committee.

A Dutch Bill on management and supervision was enforced in January 2012, which has limited the number of supervisory board positions a director may hold in large companies to five. A large company is defined as one with assets greater than €17.5 million, a net turnover of €35 million, and more than 250 employees.

Dutch companies do not impose any share ownership requirements for directors.

The level of independence in Dutch companies is high. At the median, the board, audit committee and remuneration committee are declared to be 100 per cent independent. The Dutch Corporate Governance Code does allow for a maximum of one board member not to be independent.

Director fees in the Netherlands are set at relatively low levels by European standards. The typical policy fee for supervisory board members consists of a fixed annual fee, at a median of €80,000 for the chair and €50,000 for members. The board chair typically earns 1.34 times the amount of other non-executive directors, making the Netherlands the country with the lowest pay differential in Europe.

Best corporate governance practice prescribes that compensation for non-executive directors should be non-performance based. Shares held in the company by non-executives should be considered as long term investments. Typically directors at listed companies in the Netherlands are entirely paid in (non performance related) cash. Non-executive director remuneration in the Netherlands consists of basic and committee retainer fees. Occasionally members also receive a fee for each meeting they attend.

Companies are actively looking for female directors. The aforementioned Bill on management and supervision includes provisions on a well-balanced participation of men and women in both the management and supervisory boards of listed companies. Specifically it requires that at least 30 per cent of the seats are held by women (although this is still not legally binding). This year the proportion of female non-executive directors has increased to an average of 22 per cent (up from 18 per cent last year), as opposed to female executive directors which has remained constant. Notwithstanding, the gender pay gap has remained at eight per cent this year.

Directors in the Netherlands remain the oldest in Europe, aged 62 at the median. Female directors are younger, with a median average age of 57.

In terms of international background, Dutch companies tend to consider to take on other nationalities where supported by the strategy and business case. The proportion of non-executive Dutch nationals is relatively low at 52 per cent on average. 25 per cent of directors come from the EU and 23 per cent come from outside the EU. On average, 49 per cent of directors have gained their main career experience from the Netherlands, 29 per cent have gained it from within the EU and 22 per cent from outside the EU.

Element	Median Fees	Companies
<b>Policy fee and structure prevalence</b>		
Non-executive chair basic fee	€ 80,000	23
Non-executive director basic fee	€ 50,000	25
Board meeting attendance fee	–	–
Additional fee for deputy chair	€ 10,000	17
Additional fee for audit committee chair	€ 15,000	23
Additional fee for audit committee members	€ 10,000	21
Audit committee meeting attendance fee	–	–
Additional fee for remuneration committee chair	€ 10,000	23
Additional fee for remuneration committee members	€ 8,000	21
Remuneration committee meeting attendance fee	–	–

<b>Actual fee received</b>		
Non-executive chair total fee	€ 107,378	21
Average non-executive director total fee	€ 79,625	24

<b>Typical non-executive director profile in The Netherlands</b>	
Age	62
Gender	Male in 78 per cent of instances
Nationality	Dutch in 52 per cent of instances
Most significant work experience	Gained within Netherlands in 49 per cent of instances
Board and committee meetings attended	12



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## Norway

Norwegian companies have eight directors at the median. Companies typically only operate a couple of committees. In our sample all companies have a committee that covers audit and 84 per cent one for remuneration. Only one Norwegian company in our sample has a separate risk committee and nomination is covered by a committee that is external to the board.

Norwegian law demands that all companies employing a workforce of over 200 employees elect employees onto the board. Employee representatives are equal to other directors and typically sit on both the audit and the remuneration committee.

By law no executives are allowed to sit on the supervisory board of Norwegian companies. The exception to the rule occurs when the company is only listed in Norway but has its headquarters overseas. There are no shareholding requirements to which directors must abide.

At the median, boards are declared 78 per cent independent, while both audit and remuneration committees are 100 per cent independent at the median.

No board chair also chairs the audit committee in our sample. However, 42 per cent of board chairs are also the chair of the remuneration committee.

In terms of pay, directors in Norway rank second lowest in our European sample. As might be expected with lower earning directors, the pay differential between the non-executive chair and other directors is also low at 1.89.

In terms of pay policy, director fees in Norway are comprised of a basic annual fee and a committee retainer fee, and fees are delivered on a fixed cash basis. Only a few companies also pay for attendance at meetings.

Norwegian boards are legally required to consist of at least 40 per cent women.

As a consequence, Norway has the highest number of female directors on boards, with an average of 64 per cent male directors and 36 per cent female directors, but this has actually declined from 62 per cent and 38 per cent respectively last year. Our figures show that committees have high percentages of female directors. Audit committees have an average of 47 per cent women and remuneration committees are made up of an average of 26 per cent women. There is no gender pay gap for Norwegian directors.

The median age of directors in Norway is relatively low at 58, with the overall median age being pushed down by the younger female directors, aged 54 at the median.

In terms of international background of directors, an average of 58 per cent of directors in Norway have gained their principal career experience within the country, 27 per cent within the EU and 15 per cent outside the EU. There is a requirement that the board chair plus 50 per cent of all other directors live in Norway.

Element	Median Fees (€)	Median Fees (NOK)	Companies
<b>Policy fee and structure prevalence</b>			
Non-executive chair basic fee	€ 80,280	600,000 NOK	19
Non-executive director basic fee	€ 42,804	319,913 NOK	21
Board meeting attendance fee	–	–	–
Additional fee for deputy chair	€ 8,496	63,500 NOK	14
Additional fee for audit committee chair	€ 17,260	129,000 NOK	11
Additional fee for audit committee members	€ 10,972	82,000 NOK	15
Audit committee meeting attendance fee	–	–	–
Additional fee for remuneration committee chair	€ 10,216	76,354 NOK	8
Additional fee for remuneration committee members	€ 7,158	53,500 NOK	10
Remuneration committee meeting attendance fee	–	–	–

<b>Actual fee received</b>			
Non-executive chair total fee	€ 84,733	633,280 NOK	20
Average non-executive director total fee	€ 45,492	340,000 NOK	23

<b>Typical non-executive director profile in Norway</b>	
Age	58
Gender	Male in 64 per cent of instances
Nationality	Norwegian in 63 per cent of instances
Most significant work experience	Gained within Norway in 58 per cent of instances
Board and committee meetings attended	11



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## Spain

The majority of Spanish listed companies in our sample have a unitary board, with just one company operating a two-tier board. Spain has the highest number of directors in our European sample, at the median there are 15 directors per company. Spanish companies usually operate three committees. All companies in the sample have audit and remuneration committees, and 14 per cent also have a risk committee.

There are no shareholding requirements in our Spanish sample of companies.

The independence of boards is legislated locally and is recommended rather than mandated. Independent directors are generally paid 50 per cent higher than directors who come in as major shareholders. Independent directors are recognised as experts with a high level of individual competence, and their views usually represent the interest of minor shareholders.

Spain offers highly competitive director fees – the second highest in Europe after Switzerland – with the median average actual pay standing at €139,864 (though down from €147,500 last year). The large majority of companies in our sample have an executive chair, hence we do not report on non-executive chair data in this analysis.

In terms of policy fees, we observe two models in the market: a mix of basic annual fees and committee fees or a mix of board meeting fees and committee meeting fees. Fees are almost always paid entirely in cash.

The Spanish Securities Commission (CNMV) has asked IBEX 35 companies to apply a discount to policy fees to reflect the financial performance of the companies and the condition of the Spanish economy. Following the restructuring of the banking sector and new capital requirements, saving banks have been turned into banks to allow increases of core capital coming from new investors or state aid. Banks that have received state support are legally required to limit directors' pay to no more than €100,000 per year. Where the state is the major shareholder as a result of significant financial support, banks are further restricted to limit directors' fees to no more than €50,000 per year. Employee representatives are only required to sit on the boards of the old savings banks.

There has been a year-on-year improvement in gender diversity and on average 84 per cent of directors are male and 16 per cent are female (versus last year's statistics of 88 per cent male directors and 12 per cent female directors). Spain is one of the few countries where the gender pay gap is at zero per cent, well below the European median of 10 per cent.

Element	Median Fees	Companies
Policy fee and structure prevalence		
Non-executive chair basic fee	–	–
Non-executive director basic fee	€ 75,000	29
Board meeting attendance fee	€ 4,620	5
Additional fee for deputy chair	€ 44,239	8
Additional fee for audit committee chair	€ 42,500	12
Additional fee for audit committee members	€ 27,450	16
Audit committee meeting attendance fee	€ 4,000	7
Additional fee for remuneration committee chair	€ 40,000	11
Additional fee for remuneration committee members	€ 27,000	17
Remuneration committee meeting attendance fee	€ 3,800	6

Actual fee received		
Average non-executive director total fee	€ 139,864	26

Typical non-executive director profile in Spain	
Age	–
Gender	Male in 84 per cent of instances
Nationality	Spanish nationality in 98 per cent of instances
Most significant work experience	Gained within Spain in 90 per cent of instances
Board and committee meetings attended	16

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## Sweden

Swedish companies are structured around what is effectively a two-tier board. At the median there are nine directors sitting on Swedish boards. Swedish companies typically have three committees. All companies in the sample have an audit committee, 96 per cent a remuneration committee and 15 per cent a separate risk committee. Nomination is not a duty which is undertaken by directors in Swedish companies, as practice is to have an external nominations committee, as is the case in Norway.

Board chairs in Sweden typically chair one committee. In 76 per cent of cases board chairs also chair the remuneration committee.

There are typically no share ownership requirements in Sweden.

All boards have employee representatives who are chosen by the Swedish trade unions. They sit as full members of the board but are not remunerated as such (rather they are paid as trade union representatives). Some companies not only inform employee representatives of the decisions made by the various committees, but have employee representation on the audit and remuneration committees.

Swedish companies note whether directors are independent of the company and its management. They also note whether they are independent of major shareholders. However, little attention is paid to connections to suppliers, customers and overlapping memberships on other corporate boards. Given that large ownership stakes through investment vehicles is a significant feature of Swedish corporate governance, many directors serve on a number of boards. At the median, Swedish audit committees and remuneration committees are declared 100 per cent independent.

In terms of actual pay, board chairs in Sweden earned a median of €194,870 this year (up from €171,700 last year), with other directors earning a median average of €71,238 (up from €64,500) in actual fees. The pay differential between the two is calculated at a multiple of 2.75, up from 2.54 last year showing an increasing differentiation between chairs and other board members.

Director pay in Sweden is built on a basic annual fee and a committee fee. No companies in our sample pay for meeting attendance. The median amount of basic policy fees earned by board chairs is €176,372 and the median amount of basic fees earned by other directors is €57,450 reflecting a minimum shift in policy levels. Basic fees are generally paid as a fixed cash amount. Only one company in the Swedish sample provided partial equity payment for their directors. That said, Investor AB, which is controlled by the Wallenberg family and has significant stakes in many large Swedish companies, has led the introduction of voluntary synthetic share awards for directors at some of their portfolio companies.

Sweden does relatively well by European standards in terms of gender diversity, with an average of 26 per cent female directors on boards, a statistic only to be topped by Norway and Finland. The gender pay gap has come down from six per cent last year to two per cent at the median this year, again one of the lowest figures in Europe.

International experience is not a requirement but many Swedish companies, who in general tend to rely on exports and international operations, have a significant international presence on their boards and this internationality continues to increase. There is no pay differentiation between domestic and foreign non-executive directors. On average 61 per cent of directors have gained their main career experience in Sweden, 28 per cent from within the EU and 11 per cent have gained it outside the EU. A similar picture is painted with regards to non-executive director nationality. On average 59 per cent of directors are Swedish, down from 66 per cent last year, 23 per cent are of European origin and 18 per cent come from outside the EU.

The average age for directors in Sweden is 58, which is at the lower end of the European sample.

Element	Median Fees (€)	Median Fees (SEK)	Companies
Policy fee and structure prevalence			
Non-executive chair basic fee	€ 176,372	1,535,000 SEK	25
Non-executive director basic fee	€ 57,450	500,000 SEK	26
Board meeting attendance fee	–	–	–
Additional fee for deputy chair	€ 22,050	191,910 SEK	7
Additional fee for audit committee chair	€ 22,621	196,875 SEK	25
Additional fee for audit committee members	€ 12,900	112,274 SEK	25
Audit committee meeting attendance fee	–	–	–
Additional fee for remuneration committee chair	€ 11,490	100,000 SEK	24
Additional fee for remuneration committee members	€ 9,652	84,000 SEK	24
Remuneration committee meeting attendance fee	–	–	–

Actual fee received			
Non-executive chair total fee	€ 194,870	1,696,000 SEK	24
Average non-executive director total fee	€ 71,238	620,000 SEK	25

Typical non-executive director profile in Sweden	
Age	58
Gender	Male in 74 per cent of instances
Nationality	Swedish in 59 per cent of instances
Most significant work experience	Gained within Sweden in 61 per cent of instances
Board and committee meetings attended	14

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## Switzerland

The majority of Swiss companies (72 per cent of the sample) have a two-tier board. The Swiss Code of Best Practice for Corporate Governance recommends that the majority of board members be independent. The code requires that directors are not to have been members of executive management for at least three years, nor are they allowed to have business ties to the company. At the median all companies in our sample as well as the audit, remuneration and risk committees have declared themselves to be fully independent.

There are typically a total of 12 directors per company who attend 11 meetings per year. At the median, Swiss companies have four committees. All companies in our sample have an audit and a remuneration committee, 72 per cent have a nomination committee and one third of companies have a risk committee.

Employee representation in Swiss companies is unusual. However, there are some discussions of incorporating employee representatives onto Swiss boards in an attempt to control top executive pay and, by the same token, introduce more diversity onto the boards.

Overlap exists between the same incumbent holding board chairmanship and committee chairmanship: 17 per cent of board chairs also chair the risk committee and 11 per cent chair both the audit and remuneration committees' simultaneously. The proportion of overlap is even larger when looking at deputy chairs, with 27 per cent also chairing the remuneration committee, 17 per cent also chair the risk committee and six per cent also chair the audit committee.

Non-executive director fees in Switzerland continue to far exceed those of any other country in Europe. Median actual fees for non-executive chairs did not exceed €1 million in actual pay like last year (€1,077,100), but decreased to €829,631 while the median average for other directors increased to €273,107 from last year (€251,200.)

Directors in Switzerland typically receive a remuneration package consisting of cash and equity based components, with the cash part being larger than the equity granted in most cases. Few companies reward stock options to their directors as options are considered to reduce the independence of directors by putting directors at risk of taking decisions which conflict with the long-term sustainable growth of the company. Policy pay in Switzerland is usually made up of basic fees and committee fees, with only two companies in the index also paying on an attendance basis.

Switzerland is one of the few countries in Europe where a strong diversity in terms of nationality and work experience is observed. Switzerland has the lowest percentage of directors with local nationality and the lowest number of directors who have gained the bulk of their work experience from within the country. On average 46 per cent of directors are Swiss, 34 per cent are of EU nationality and 20 per cent are from outside Europe. There is a near equal split with regards to where the directors have gained their main work experience with an average of 27 per cent gaining it from within the country, 47 per cent gaining it within the EU and 26 per cent gaining it outside Europe.

However, Switzerland is not so successful when it comes to gender diversity, having an average of 85 per cent male directors.

Element	Median Fees (€)	Median Fees (CHF)	Companies
Policy fee and structure prevalence			
Non-executive chair basic fee	€ 905,647	1,091,667 CHF	12
Non-executive director basic fee	€ 207,400	250,000 CHF	13
Board meeting attendance fee	–	–	–
Additional fee for deputy chair	€ 111,996	135,000 CHF	7
Additional fee for audit committee chair	€ 49,776	60,000 CHF	13
Additional fee for audit committee members	€ 24,888	30,000 CHF	11
Audit committee meeting attendance fee	–	–	–
Additional fee for remuneration committee chair	€ 62,235	75,000 CHF	12
Additional fee for remuneration committee members	€ 29,036	35,000 CHF	10
Remuneration committee meeting attendance fee	–	–	–

Actual fee received			
Non-executive chair total fee	€ 829,631	1,000,037 CHF	17
Average non-executive director total fee	€ 273,107	329,203 CHF	18

Typical non-executive director profile in Switzerland	
Age	61
Gender	Male in 85 per cent of instances
Nationality	Swiss in 46 per cent of instances
Most significant work experience	Gained within Switzerland in 27 per cent of instances
Board and committee meetings attended	11



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## United Kingdom

UK companies typically operate a unitary board, where non-executive directors sit alongside executive directors. In FTSE 350 companies (which include the FTSE 100 surveyed here) at least half of the board (excluding the chair) should be independent directors, as set out in the 2012 UK Corporate Governance Code. All members of the audit and remuneration committees are required to be fully independent.

The only employee representatives who sit on this main board are executive employees, typically the chief executive officer and the chief financial officer, and possibly one or two of the most senior operational roles, such as a divisional managing director. No director is specifically tasked with representing the interests of employees generally (although that is an overall board responsibility). Although there have been some calls for greater employee participation in boards' decision-making processes, the popular structure of the main board is not expected to change in the near future.

The median number of directors per company in the FTSE 100 has increased by one to eight this year. At the median, directors in the UK (including committee meetings) meet a total of 18 times per year, the highest average number of meetings in Europe. Committee prevalence in this index is at 100 per cent for the audit, remuneration and nomination committees, with 27 per cent of FTSE 100 companies also having a separate risk committee.

Board chairs seldom chair the major committees as it is considered to be against best practice. As a consequence there has been a noticeable clampdown on multiple chairmanships within the same company over the years. This year only one board chair also chairs the remuneration committee and one also chairs the risk committee. No board chair also chairs the audit committee.

At a policy level director pay in the UK is generally made up of basic fees and committee retainer fees. The fee for the board chair is typically all-encompassing and includes any 'premium' for undertaking any additional responsibilities. The vast majority of directors receive all payment in cash. While part paying directors in shares is acceptable to investors, the use of more leveraged equity instruments such as options, as well as any performance-related pay, is deemed inappropriate and to compromise independence, hence being very unusual as a matter of practice, particularly in large companies. Those few that do, typically have to compete with or hire senior executives from non-UK environments.

In terms of actual pay, directors in the FTSE 100 now earn median average fees of €99,610 and board chairs earn €450,280. Remuneration committee chairs and members have seen their pay increase and is catching up with fees for their counterparts in the audit committee. Committee retainer fees have remained broadly flat from last year, with audit and remuneration committee chairs earning €24,656. Audit committee members earn a median fee of €18,038, whilst remuneration committee members earn a median fee of €13,561.

The pay differential between the board chairs versus other non-executive directors remains the second highest in Europe after Switzerland, with board chairs earning 4.5 times the amount of the others at the median.

Similar to last year, UK boards are more internationally diverse than the European average, with an average of 58 per cent gaining their main work experience within the UK, 31 per cent from outside the EU, and 11 per cent from within the EU.

Element	Median Fees	Median Fees (GBP)	Companies
Policy fee and structure prevalence			
Non-executive chair basic fee	€ 457,153	370,825 GBP	92
Non-executive director basic fee	€ 77,666	63,000 GBP	96
Board meeting attendance fee	–	–	–
Additional fee for deputy chair	€ 24,656	20,000 GBP	85
Additional fee for audit committee chair	€ 24,656	20,000 GBP	88
Additional fee for audit committee members	€ 18,038	14,632 GBP	43
Audit committee meeting attendance fee	–	–	–
Additional fee for remuneration committee chair	€ 24,656	20,000 GBP	88
Additional fee for remuneration committee members	€ 13,561	11,000 GBP	42
Remuneration committee meeting attendance fee	–	–	–
Additional fee for risk committee chair	€ 34,210	27,750 GBP	16
Additional fee for risk committee members	€ 18,492	15,000 GBP	15
Risk committee meeting attendance fee	–	–	–

Additional fee for risk committee members			
Non-executive chair total fee	€ 450,280	365,250 GBP	82
Average non-executive director total fee	€ 99,610	80,800 GBP	99

Typical non-executive director profile in the United Kingdom	
Age	60
Gender	Male in 80 per cent of instances
Nationality	British in 54 per cent of instances
Most significant work experience	Gained within UK in 58 per cent of instances
Board and committee meetings attended	18

## Perspective: Non-executive director fees in the United States



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## United States

In the United States, legislative and regulatory reforms in the past decade (namely the Sarbanes-Oxley Act of 2002, and more recently, the Dodd-Frank legislation) have resulted in an expansion of the duties and responsibilities for non-executive directors (“NED”) at publicly-traded companies. Factors such as increased time commitments, potential exposure to liability and a reduced pool of candidates with the necessary levels of independence, experience and expertise, all have contributed to the continued growth of directors’ total compensation, albeit at a slower pace than in the mid-2000’s.

Despite strong stock market performance in fiscal 2012, director pay levels increased from one to five per cent across companies of all sizes (compared to six to eight per cent growth last year). These modest increases are due in part to uncertainty created by turmoil in the U.S. government and slow-to-improve market fundamentals. Such uncertainty is prompting more companies to stockpile cash and delay compensation increases for broad-based employees and directors alike.

We continue to see a strong link between directors pay and company size, with larger companies awarding higher cash retainers and total compensation to directors. While total compensation levels differ by company size and industry, the compensation package for NEDs at publicly-traded companies has traditionally included the following elements: annual cash retainer, board meeting fees, equity compensation, committee chair cash retainers, committee member pay (typically either meeting fees or committee member retainers), lead independent director or non-executive chair premium pay and benefits/perquisites (e.g., supplemental insurance and matching charitable gifts).

As part of its 2013 annual compensation study, Hay Group analyzed director pay and benefits of the largest 300 US public companies to file a definitive proxy statement for fiscal year 2012. The median annual cash retainer for NEDs of these firms was \$80,000, while median total equity granted was \$120,000. Assuming the typical director is a non-chair member of the audit and compensation committees, median total director compensation was \$240,000.

In terms of board composition, public firms continue to adopt a 'declassified' board structure in which directors serve one-year terms. Regarding board independence, both the major stock exchanges NYSE and NASDAQ exchanges require that public boards be comprised of a majority of independent directors. Given this requirement, it is not uncommon for public companies to have independent directors comprising 75 per cent or more of the board.

Over the past few years we have observed several trends in the structure and delivery of director pay. Companies continue to eliminate director meeting fees, shifting that value to retainers at both the board and committee level. This results in a simplified compensation structure (i.e., no need to define what constitutes an official 'meeting' for fee payment purposes) and compensates directors for board and committee work conducted outside of formal meetings. Mirroring the executive pay trend, director compensation programs have increasingly moved toward full-value awards (restricted shares or common stock) to deliver equity-based pay with the use of stock options becoming a less prevalent practice. The prevalent vesting schedule of equity awards remains at one year or less which serves to align the vesting term with the directors' annual service (typically one-year terms).

In terms of director pay program changes, companies continue to adopt formalized director stock ownership policies which require directors to accumulate and hold a fixed level of equity throughout their tenure. These ownership policies are often expressed as a multiple of annual cash retainer and meaningful levels typically range from 3x to 5x. Companies are also permitting directors to elect to receive additional equity awards in lieu of cash retainers/fees (often through a long-term cash deferral program), which helps directors to achieve their stock ownership guidelines and further strengthens the alignment between director and shareholder interests.

Below are median director compensation statistics taken from the 2013 Hay Group 300 Director Compensation and Benefits Survey. We note that audit committee chairs continue to receive the highest compensation, followed by compensation committee chairs. At the committee member level, we observed a narrower pay gap between audit and compensation committee members (the median audit committee meeting fee is slightly higher than that of other committee members, while the median compensation committee member retainer is equal to that of the audit members), reflecting the significance of the compensation committee's role in today's executive pay environment. Nominating/governance committee members typically receive lower pay than audit and compensation committee members.

Board / Committee	Hay Group 300 (median statistics)		
	Per meeting fee	Committee member retainer	Committee chair retainer
Board	\$2,000	N/A	N/A
Audit committee	\$2,000	\$10,000	\$20,000
Compensation committee	\$1,800	\$10,000	\$15,000
Nominating / governance committee	\$1,700	\$7,500	\$11,000

## Methodology

## Sample

This study examined disclosures covering non-executive directors at 391 companies in 12 countries across Europe. A full list of these companies is provided at the end of the report. These companies represent the constituents of the major investment index for each country and all data has been collected from publicly filed sources, most commonly the annual report.

## Data collected

Our data collection focused on the remuneration levels paid to non-executive directors elected by general meeting for services on the supervisory board and its committees. Throughout the report we differentiate between board chairs and all other non-executive directors. We did not collect information about any management board members for companies who have a two-tier board structure and data on employee representatives are excluded. The data collected represents the policy amount that the company intends to pay each director for specific services rendered, as well as an aggregate total amount paid to each individual for the prior year's service.

In our charts and tables we have only included countries where there has been a sufficient sample size to provide an accurate picture.

We did not include data on directors who left mid-year. We did, however, include diversity data on new joiners to the board who joined mid-year while excluding them from the actual pay calculations.

## Policy fees

Policy fees represent the disclosed fee paid to each specific role on the board. We have examined the following elements to policy fees.

**Basic fee** – this is the fee paid for service on the supervisory board and can include a fixed retainer fee or a variable (often profit share-based) component. The amount paid to the chair of the board is collected independently of the amount paid to regular members of the board.

**Committee retainer** – this is the fee paid for service on a committee of the supervisory board. We have differentiated between the fee paid for chairing a committee versus and that paid for being a member of the committee.

**Meeting fees** – where applicable we have collected the policy for fees paid for meeting attendance. We have collected these on a per meeting basis for both board and committee meetings separately as well as chair versus members meeting fees.

## Actual pay

Actual pay has been collected as the value awarded to each individual for service on the supervisory board, as disclosed by the company in the annual report. This value will include payments for service on the board as well as any applicable committee retainers, meeting fees or variable pay awarded. Typically, this figure is disclosed as an aggregate value and we are therefore not able to break it out into the same categorisation as the policy figures.

## Statistics

This report focuses on median values so as to minimise the effect of outliers in the data. Throughout the report we also refer to median average figures. When calculating the actual pay data, our approach was to calculate the average pay amongst the individuals at a company and then report on the median of those averages for country level statistics. A minimum of five data points were required for us to provide a median figure for a country or for Europe.

## Foreign exchange

All values have been represented in Euros (€). For values which were disclosed in a currency other than Euros we have converted these values using the exchange rate on 31 December 2012.

## Diversity

All diversity figures including age, gender, nationality and work experience have been sourced from annual reports, company websites and Bloomberg. The data has been interpreted by Hay Group.

## Sample

Company	Market cap. (€ million)
AUSTRIA	
OMV AG	€ 10,848
ERSTE GROUP BANK AG	€ 8,567
VERBUND AG	€ 6,567
ANDRITZ AG	€ 5,439
RAIFFEISEN BANK INTERNATIONA	€ 5,179
VIENNA INSURANCE GROUP AG	€ 4,832
VOESTALPINE AG	€ 4,127
IMMOFINANZ AG	€ 3,333
TELEKOM AUSTRIA AG	€ 3,210
STRABAG SE-BR	€ 2,290
LENZING AG	€ 1,899
EVN AG	€ 1,876
OESTERREICHISCHE POST AG	€ 1,813
MAYR-MELNHOF KARTON AG	€ 1,495
SCHOELLER-BLECKMANN OILFIELD	€ 1,124
WIENERBERGER AG	€ 863
RHI AG	€ 774
CONWERT IMMOBILIEN INVEST SE	€ 754
CA IMMOBILIEN ANLAGEN AG	€ 741

Company	Market cap. (€ million)
BELGIUM	
ANHEUSER-BUSCH INBEV NV	€ 124,026
KBC GROEP NV	€ 10,576
GROUPE BRUXELLES LAMBERT SA	€ 9,617
UCB SA	€ 9,126
SOLVAY SA	€ 8,941
BELGACOM SA	€ 6,550
AGEAS	€ 6,409
COLRUYT SA	€ 6,352
UMICORE	€ 4,394
TELENET	€ 4,383
DELHAIZE GROUP	€ 4,334
DELTA LLOYD NV	€ 2,094
ACKERMANS & VAN HAAREN	€ 2,086
D'IETEREN SA/NV	€ 2,003
ELIA SYSTEM OPERATOR SA/NV	€ 1,894
COFINIMMO	€ 1,496
BEKAERT NV	€ 1,355
THROMBOGENICS NV	€ 945

Company	Market cap. (€ million)
FINLAND	
NORDEA BANK AB	€ 244,063
SAMPO OYJ-A SHS	€ 16,750
FORTUM OYJ	€ 13,953
KONE OYJ-B	€ 13,634
NOKIA OYJ	€ 9,444
WARTSILA OYJ ABP	€ 6,907
METSO OYJ	€ 4,986
NOKIAN RENKAAT OYJ	€ 4,588
UPM-KYMMENE OYJ	€ 4,580
STORA ENSO OYJ-R SHS	€ 4,237
POHJOLA BANK PLC-A SHS	€ 2,944
ELISA OYJ	€ 2,776
ORION OYJ-CLASS B	€ 2,334
NESTE OIL OYJ	€ 2,328
KESKO OYJ-B SHS	€ 2,276
YIT OYJ	€ 1,885
OUTOTEC OYJ	€ 1,753
KEMIRA OYJ	€ 1,569
CARGOTEC OYJ-B SHARE	€ 1,442
KONECRANES OYJ	€ 1,381
OUTOKUMPU OYJ	€ 1,257
HUHTAMAKI OYJ	€ 1,211
AMER SPORTS OYJ	€ 1,186
RAUTARUUKKI OYJ	€ 896

Company	Market cap. (€ million)
FRANCE	
SANOFI	€ 105,049
TOTAL SA	€ 88,303
L'OREAL	€ 74,719
LVMH MOET HENNESSY LOUIS VUI	€ 67,918
BNP Paribas	€ 49,697
GDF SUEZ	€ 36,210
DANONE	€ 34,404
EADS N.V.	€ 32,882
AXA SA	€ 32,004
SCHNEIDER ELECTRIC SA	€ 31,632
AIR LIQUIDE	€ 29,589
EDF	€ 27,635
PERNOD RICARD SA	€ 25,769
VIVENDI	€ 21,317
FRANCE TELECOM SA	€ 20,882
VINCI SA	€ 20,353
SOCIETE GENERALE	€ 19,981
ESSILOR	€ 18,611
UNIBAIL-RODAMCO SE	€ 17,246
CREDIT AGRICOLE SA	€ 16,039
COMPAGNIE DE SAINT-GOBAIN	€ 15,347
CARREFOUR SA	€ 15,132
LAFARGE SA	€ 14,876
SAFRAN SA	€ 14,498
RENAULT SA	€ 14,441
MICHELIN (CGDE)	€ 11,902
PUBLICIS GROUPE	€ 10,976
ALSTOM	€ 9,772
TECHNIP SA	€ 9,033
LEGRAND SA	€ 8,986
SOLVAY SA	€ 8,941
BOUYGUES	€ 6,748
ACCOR SA	€ 6,154
CAP GEMINI	€ 5,669
VEOLIA ENVIRONNEMENT	€ 5,132
GEMALTO	€ 5,004
VALLOUREC	€ 4,681
PEUGEOT SA	€ 2,725
AIR FRANCE-KLM	€ 1,418

Company	Market cap. (€ million)
GERMANY	
SAP AG	€ 76,895
SIEMENS AG-REG	€ 73,967
VOLKSWAGEN AG-PREF	€ 69,675
BAYER AG-REG	€ 66,487
BASF SE	€ 63,204
ALLIANZ SE-REG	€ 48,357
DAIMLER AG-REGISTERED SHARES	€ 45,457
BAYERISCHE MOTOREN WERKE AG	€ 43,489
DEUTSCHE TELEKOM AG-REG	€ 35,750
DEUTSCHE BANK AG-REGISTERED	€ 28,325
E.ON SE	€ 27,410
LINDE AG	€ 26,927
MUENCHENER RUECKVER AG-REG	€ 26,143
DEUTSCHE POST AG-REG	€ 21,752
CONTINENTAL AG	€ 18,639
BEIERSDORF AG	€ 18,138
RWE AG	€ 17,897
ADIDAS AG	€ 16,919
HEIDELBERGCEMENT AG	€ 10,489
DEUTSCHE BOERSE AG	€ 9,150
THYSSENKRUPP AG	€ 8,199
K+S AG-REG	€ 7,037
DEUTSCHE LUFTHANSA-REG	€ 6,984
COMMERZBANK AG	€ 6,698
INFINEON TECHNOLOGIES AG	€ 6,645
LANXESS AG	€ 4,614

Company	Market cap. (€ million)
ITALY	
ENI SPA	€ 63,652
ENEL SPA	€ 23,920
UNICREDIT SPA	€ 19,261
ASSICURAZIONI GENERALI	€ 18,884
INTESA SANPAOLO	€ 18,604
LUXOTTICA GROUP SPA	€ 18,527
SNAM SPA	€ 12,015
FIAT SPA	€ 10,713
SAIPEM SPA	€ 10,578
TELECOM ITALIA SPA	€ 10,276
ATLANTIA SPA	€ 8,147
ENEL GREEN POWER SPA	€ 7,309
TERNA SPA	€ 6,487
FIAT SPA	€ 5,185
EXOR SPA	€ 5,139
PIRELLI & C.	€ 3,891
SALVATORE FERRAGAMO SPA	€ 3,631
DAVIDE CAMPARI-MILANO SPA	€ 3,522
PARMALAT SPA	€ 3,505
PRYSMIAN SPA	€ 3,441
TOD'S SPA	€ 3,416
MEDIOBANCA SPA	€ 3,416
MEDIOLANUM SPA	€ 3,145
BANCA MONTE DEI PASCHI SIENA	€ 2,924
UBI BANCA SCPA	€ 2,621
BANCO POPOLARE SCARL	€ 2,040
FINMECCANICA SPA	€ 2,016
MEDIASET SPA	€ 1,972
AUTOGRILL SPA	€ 1,907
A2A SPA	€ 1,574
BANCA POPOL EMILIA ROMAGNA	€ 1,568
BUZZI UNICEM SPA	€ 1,522
DIASORIN SPA	€ 1,328
BANCA POPOLARE DI MILANO	€ 1,286
IMPREGILO SPA	€ 1,236
AZIMUT HOLDING SPA	€ 1,162
ANSALDO STS SPA	€ 982

Company	Market cap. (€ million)
NETHERLANDS	
ROYAL DUTCH SHELL PLC	€ 162,623
UNILEVER PLC	€ 91,682
HEINEKEN NV	€ 33,840
KONINKLIJKE PHILIPS ELECTRON	€ 22,076
ASML HOLDING NV	€ 21,513
ING GROEP NV-CVA	€ 21,190
REED ELSEVIER PLC	€ 20,700
UNIBAIL-RODAMCO SE	€ 17,246
ARCELORMITTAL	€ 16,723
KONINKLIJKE AHOLD NV	€ 12,673
AKZO NOBEL	€ 11,787
AEGON NV	€ 9,243
KONINKLIJKE DSM NV	€ 8,231
DE MASTER BLENDERS1753 NV	€ 7,162
RANDSTAD HOLDING NV	€ 5,506
WOLTERS KLUWER	€ 5,138
KONINKLIJKE KPN NV	€ 3,753
FUGRO NV-CVA	€ 3,574
CORIO NV	€ 3,498
TNT EXPRESS NV	€ 3,104
SBM OFFSHORE NV	€ 2,036
ROYAL IMTECH NV	€ 1,955
POSTNL NV	€ 1,332
APERAM	€ 942

Company	Market cap. (€ million)
NORWAY	
SEADRILL LTD	€ 103,374
STATOIL ASA	€ 60,065
ROYAL CARIBBEAN CRUISES LTD	€ 36,247
TELENOR ASA	€ 26,576
DNB ASA	€ 18,611
PETROLEUM GEO-SERVICES	€ 18,413
TGS NOPEC GEOPHYSICAL CO ASA	€ 17,268
FRED OLSEN ENERGY ASA	€ 15,448
MARINE HARVEST	€ 13,847
STOREBRAND ASA	€ 11,606
DET NORSKE OLJESELSKAP ASA	€ 11,109
PROSAFE SE	€ 10,459
YARA INTERNATIONAL ASA	€ 10,033
DNO INTERNATIONAL ASA	€ 9,260
NORSK HYDRO ASA	€ 6,967
GJENSIDIGE FORSIKRING ASA	€ 6,427
SUBSEA 7 SA	€ 6,406
ORKLA ASA	€ 6,348
ALGETA ASA	€ 6,340
AKER SOLUTIONS ASA	€ 3,970
SCHIBSTED ASA	€ 3,746
NORWEGIAN AIR SHUTTLE AS	€ 3,607
REC SILICON ASA	€ 3,243
ELECTROMAGNETIC GEOSERVICES	€ 2,971
POLARCUS LTD	€ 2,635

Company	Market cap. (€ million)
SPAIN	
BANCO SANTANDER SA	€ 53,035
INDITEX	€ 50,839
TELEFONICA SA	€ 50,048
BANCO BILBAO VIZCAYA ARGENTA	€ 31,206
IBERDROLA SA	€ 23,076
REPSOL SA	€ 20,025
ENDESA SA	€ 15,519
CAIXABANK S.A	€ 11,574
GAS NATURAL SDG SA	€ 11,296
ABERTIS INFRAESTRUCTURAS SA	€ 9,207
AMADEUS IT HOLDING SA-A SHS	€ 7,248
FERROVIAL SA	€ 6,906
MAPFRE SA	€ 6,498
GRIFOLS SA	€ 6,044
ACS ACTIVIDADES CONS Y SERV	€ 5,435
BANCO DE SABADELL SA	€ 4,730
RED ELECTRICA CORPORACION SA	€ 4,682
BANCO POPULAR ESPANOL	€ 4,008
ENAGAS SA	€ 3,477
BANKIA SA	€ 3,314
ACCIONA SA	€ 2,933
DISTRIBUIDORA INTERNACIONAL	€ 2,707
ACERINOX SA	€ 2,261
EBRO FOODS SA	€ 2,132
OBRASCON HUARTE LAIN S.A.	€ 1,914
TECNICAS REUNIDAS SA	€ 1,840
BANKINTER SA	€ 1,796
MEDIASET ESPANA COMUNICACION	€ 1,714
VISCOFAN SA	€ 1,603
FOMENTO DE CONSTRUCC Y CONTRA	€ 1,574
BOLSAS Y MERCADOS ESPANOL	€ 1,480
INDRA SISTEMAS SA	€ 1,402
ABENGOA SA	€ 1,253
JAZZTEL PLC	€ 1,157
SACYR SA	€ 829
GAMESA CORP TECNOLOGICA SA	€ 486

Company	Market cap. (€ million)
SWEDEN	
SVENSKA CELLULOSA AB SCA-B	€ 82,343
HENNES & MAURITZ AB-B SHS	€ 40,728
NORDEA BANK AB	€ 35,768
ERICSSON LM-B SHS	€ 32,061
ATLAS COPCO AB-A SHS	€ 26,270
VOLVO AB-B SHS	€ 24,134
TELIASONERA AB	€ 24,111
SVENSKA HANDELSBANKEN-A SHS	€ 20,758
SECURITAS AB-B SHS	€ 20,352
MODERN TIMES GROUP-B SHS	€ 19,933
SSAB AB-A SHARES	€ 18,287
SKANDINAVISKA ENSKILDA BAN-A	€ 17,179
INVESTOR AB-B SHS	€ 17,137
SWEDBANK AB - A SHARES	€ 16,992
SANDVIK AB	€ 15,041
SCANIA AB-B SHS	€ 12,810
ASSA ABLOY AB-B	€ 11,199
SKF AB-B SHARES	€ 8,648
ALFA LAVAL AB	€ 7,534
ELECTROLUX AB-SER B	€ 5,966
TELE2 AB-B SHS	€ 5,763
SKANSKA AB-B SHS	€ 5,638
LUNDIN PETROLEUM AB	€ 5,364
GETINGE AB-B SHS	€ 5,296
SWEDISH MATCH AB	€ 4,987
BOLIDEN AB	€ 3,434

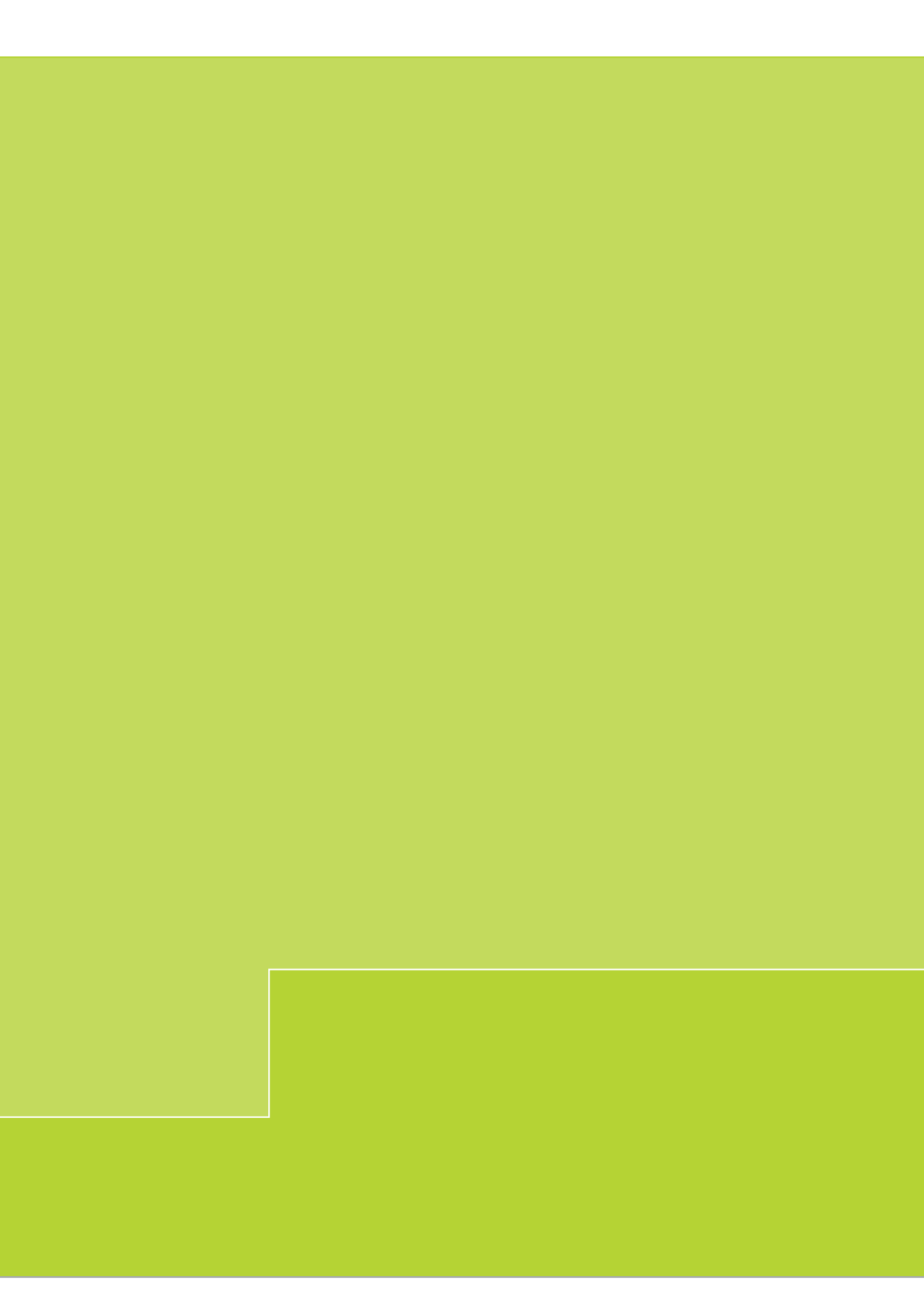
Company	Market cap. (€ million)
SWITZERLAND	
NESTLE SA-REG	€ 181,914
ROCHE HOLDING AG-GENUSSCHEIN	€ 156,799
NOVARTIS AG-REG	€ 149,990
UBS AG-REG	€ 45,817
ABB LTD-REG	€ 40,723
ZURICH INSURANCE GROUP AG	€ 31,997
SYNGENTA AG-REG	€ 30,303
CREDIT SUISSE GROUP AG-REG	€ 27,036
SWATCH GROUP AG/THE-BR	€ 23,810
HOLCIM LTD-REG	€ 20,333
SWISSCOM AG-REG	€ 18,695
SGS SA-REG	€ 14,964
TRANSOCEAN LTD	€ 14,545
GIVAUDAN-REG	€ 8,847
ADECCO SA-REG	€ 8,087
JULIUS BAER GROUP LTD	€ 6,788
ACTELION LTD-REG	€ 5,370
SWISS RE AG	€ 3,709

Company	Market cap. (€ million)
UK	
ROYAL DUTCH SHELL PLC	€ 162,623
HSBC HOLDINGS PLC	€ 154,086
VODAFONE GROUP PLC	€ 107,856
BP PLC	€ 104,190
UNILEVER PLC	€ 91,682
GLAXOSMITHKLINE PLC	€ 89,241
BRITISH AMERICAN TOBACCO PLC	€ 80,302
SABMILLER PLC	€ 65,573
DIAGEO PLC	€ 61,532
RIO TINTO PLC	€ 51,464
ASTRAZENECA PLC	€ 48,658
STANDARD CHARTERED PLC	€ 48,568
BHP BILLITON PLC	€ 47,787
BG GROUP PLC	€ 45,387
BARCLAYS PLC	€ 44,240
LLOYDS BANKING GROUP PLC	€ 40,502
RECKITT BENCKISER GROUP PLC	€ 39,935
XSTRATA PLC	€ 37,278
TESCO PLC	€ 36,311
NATIONAL GRID PLC	€ 33,124
PRUDENTIAL PLC	€ 32,178
GLENCORE XSTRATA PLC	€ 29,870
ANGLO AMERICAN PLC	€ 27,861
IMPERIAL TOBACCO GROUP PLC	€ 26,560
BT GROUP PLC	€ 25,884
ROLLS-ROYCE HOLDINGS PLC	€ 25,103
CENTRICA PLC	€ 22,511
REED ELSEVIER PLC	€ 20,700
ROYAL BANK OF SCOTLAND GROUP	€ 19,885
COMPASS GROUP PLC	€ 18,142
ASSOCIATED BRITISH FOODS PLC	€ 17,781
SSE PLC	€ 16,908
BRITISH SKY BROADCASTING GRO	€ 16,868
WPP PLC	€ 15,664
ARM HOLDINGS PLC	€ 15,196
BAE SYSTEMS PLC	€ 15,115



Company	Market cap. (€ million)
UK	
EXPERIAN PLC	€ 13,605
TULLOW OIL PLC	€ 13,204
SHIRE PLC	€ 13,184
CRH PLC	€ 12,476
LEGAL & GENERAL GROUP PLC	€ 12,065
OLD MUTUAL PLC	€ 11,719
FRESNILLO PLC	€ 11,490
ANTOFAGASTA PLC	€ 11,462
PEARSON PLC	€ 11,436
WOLSELEY PLC	€ 10,596
AVIVA PLC	€ 10,311
STANDARD LIFE PLC	€ 10,178
SAINSBURY (J) PLC	€ 8,446
NEXT PLC	€ 8,294
SMITH & NEPHEW PLC	€ 8,140
KINGFISHER PLC	€ 8,067
LAND SECURITIES GROUP PLC	€ 7,655
WM MORRISON SUPERMARKETS	€ 7,582
MARKS & SPENCER GROUP PLC	€ 7,437
CAPITA PLC	€ 6,969
BURBERRY GROUP PLC	€ 6,942
SCHRODERS PLC	€ 6,781
INTERTEK GROUP PLC	€ 6,447
INTERCONTINENTAL HOTELS GROU	€ 6,363
BRITISH LAND CO PLC	€ 6,334
RANDGOLD RESOURCES LTD	€ 6,183
ABERDEEN ASSET MGMT PLC	€ 6,077
ITV PLC	€ 5,981
PETROFAC LTD	€ 5,856
SMITHS GROUP PLC	€ 5,842
UNITED UTILITIES GROUP PLC	€ 5,708
WEIR GROUP PLC/THE	€ 5,692

Company	Market cap. (€ million)
UK	
AGGREKO PLC	€ 5,655
JOHNSON MATTHEY PLC	€ 5,569
INTL CONSOLIDATED AIRLINE-DI	€ 5,550
WHITBREAD PLC	€ 5,440
GKN PLC	€ 5,103
BUNZL PLC	€ 5,082
EASYJET PLC	€ 5,058
CARNIVAL PLC	€ 4,996
RSA INSURANCE GROUP PLC	€ 4,949
REXAM PLC	€ 4,929
IMI PLC	€ 4,905
HARGREAVES LANSDOWN PLC	€ 4,864
G4S PLC	€ 4,857
SEVERN TRENT PLC	€ 4,821
SAGE GROUP PLC/THE	€ 4,768
TATE & LYLE PLC	€ 4,683
BABCOCK INTL GROUP PLC	€ 4,654
RESOLUTION LTD	€ 4,566
MEGGITT PLC	€ 4,554
CRODA INTERNATIONAL PLC	€ 4,385
ADMIRAL GROUP PLC	€ 4,311
TUI TRAVEL PLC	€ 4,301
LONDON STOCK EXCHANGE GROUP	€ 4,183
HAMMERSON PLC	€ 4,143
MELROSE INDUSTRIES PLC	€ 3,973
POLYMETAL INTERNATIONAL PLC	€ 3,931
EVRAZ PLC	€ 3,862
WOOD GROUP (JOHN) PLC	€ 3,820
EURASIAN NATURAL RESOURCES GROUP	€ 3,744
AMEC PLC	€ 3,707
SERCO GROUP PLC	€ 3,693
VEDANTA RESOURCES PLC	€ 3,164



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Shenzhen  
Singapore  
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Bucharest  
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Moscow  
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Prague  
Rome  
Stockholm  
Strasbourg  
Vienna  
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Edmonton  
Halifax  
Kansas City  
Los Angeles  
Montreal  
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