



Life in the Boardroom

The 2014 Chairman and Non-Executive Director Survey

QUESTIONNAIRE

Please return to Dedar Mahal, MM&K, 1 Bengal Court, Birchin Lane, London, EC3V 9DD. Tel: 020 7283 7200, or to complete online go to www.mm-k.com and follow the links.

Confidentiality: Your information is confidential and subject to the Data Protection Act. Individual responses are not disclosed in the survey report.

In tests with directors, completion of this questionnaire took on average 15 minutes for one appointment and 30 minutes for three appointments.

1. CONTACT INFORMATION

Name	_____	Sex (M/F)	_____
Telephone	_____	Address	_____
Email	_____		_____

Thank you for completing the questionnaire for *Life in the Boardroom*, the Chairman and Non-Executive Director survey of fees, time commitments and topical issues for NEDs. In return for its completion, you will be provided with a free (copyright) copy of the survey report, which will be published in October 2014.

Please indicate in what form you would like the report:

Hard copy (by post)	<input type="checkbox"/>
Electronic (by email)	<input type="checkbox"/>
Both	<input type="checkbox"/>

PART A: CORE INFORMATION (REMUNERATION & TIME COMMITMENT)

A.1 Explanation

The core information and some current topic information is collected for each chairmanship or non-executive director (NED) role you hold. Please use a separate column for each directorship, up to a maximum of six. (For example, if you hold three chairman/NED appointments use Columns 1, 2 and 3. If you have more than six appointments please complete six columns only.)

How many chairman/NED appointments do you have?

A.2 General information about your companies and appointments

Provide information for each Chairman/ NED appointment	
1A. COMPANY NAME (optional ¹)	
Company 1	
Company 2	
Company 3	
Company 4	
Company 5	
Company 6	

	Provide information for each Chairman/ NED appointment					
	1	2	3	4	5	6
1B. COMPANY INFORMATION (cont'd)						
Company turnover £m						
Market capitalisation £m (if private, estimate approximate value of company)						
Number of executive directors on the board						
Number of non-executive directors on the board						

3. SECTOR	(please tick/check box)					
	1	2	3	4	5	6
Aerospace, manufacturing and construction						
Agriculture and forestry						
Financial services, including banking						
Chemical, pharmaceutical and biotech						
FMCG and household goods						
Healthcare services						
IT, media, telecoms						
Mining and metals						
Oil and gas producers and services						
Real estate investment and services						
Retail						
Support services						
Travel and leisure						
Utilities						
Other						

If 'Other' please describe in each case

¹ The survey report will be designed to ensure that no responses or data can be linked to a particular company or director.

4. OWNERSHIP AND MATURITY STAGE		(please tick/check box)					
Listed Public Company:	London Main Market						
	AIM						
	Main Listing Quoted Overseas						
Private Company:	Private Equity / Venture Capital Backed						
	Other UK Private Company (excluding PE/VC backed)/subsidiary.						
	Overseas owned private company/subsidiary						
	Public Sector/ Charity / Not for Profit						
Maturity Stage (Please choose best fit – if not relevant, leave blank)							
	Start up						
	Growth/development of core proposition						
	Product/geographical diversification						
	Established company with corporate development opportunities						
	Turnaround						
	Working towards a goal of sale or IPO						
	Other stage						

If 'Other stage' please describe in each case

5. YOUR ROLES		(please tick/check box)					
Chairman							
Deputy Chairman							
Senior Independent Director of the board							
Chairman of the Audit Committee							
Member (not chair) of Audit Committee							
Chairman of the Remuneration Committee							
Member (not chair) of Audit Committee							
Chairman of the Nominations Committee							
Member (not chair) of Nominations Committee							
Chairman of other committee							
Member (not chair) of other committee							
Specify 'other committee'							
Non-Executive Director (no specific responsibilities)							
Were you previously an Executive Director of same company?							
Year first appointed to the board							

A.3 Remuneration/fees

6. STRUCTURE OF REMUNERATION/FEES		(please tick/check box)					
Please identify which best describes the basis on which you are paid as a chairman/NED							
Annual fixed fees for main board (and/or) committee responsibilities							
Annual retainer plus fees directly related to recorded time							
Other							
Describe 'other'							
If you are not currently paid on a time basis, would you prefer to be paid on a time basis? y/n							

7. REMUNERATION/FEE AMOUNTS

(please enter values in £000)

If fees are paid on a fixed fee basis, go to 7(a); on retainer plus time-based, go to 7(b); if 'other' (Q6), use the closest category

7(a) IF PAID ON A FIXED FEE BASIS: How much do you receive in fees per annum? £000²	1	2	3	4	5	6
Total fees paid in cash, including Committee fees						
Fees paid in shares, ie value when awarded (Please make your best estimate of their value if the company is unquoted)						
Total fees						

Basic and Committee fees included above (ie if part of your total fees are paid in recognition of work on Committees) £000	1	2	3	4	5	6
Basic Fee as a Director						
Committee Fees						
Audit						
Remuneration						
Nominations						
Other Committees						

7(b) IF PAID ON A BASIS OF A RETAINER PLUS FEES FOR RECORDED TIME £000	1	2	3	4	5	6
Annual retainer for main board (and/or) committee responsibilities						
Daily rate						
Can you claim for travel time? y/n						

7(c) PENSION TRUSTEE FEES £000	1	2	3	4	5	6
If you are paid separate fees in respect of Pension Fund work/trusteeship not included in the total fee above, please state the amount here.						

7(d) FEE INCREASE	1	2	3	4	5	6
Ordinarily, how often (in years) are chairman/NED fees adjusted?						
In which calendar year did you receive the last adjustment/was your fee last set?						
What % increase in fees did you receive on the last adjustment? (insert N/A if no previous adjustment)						
If known, what % increase do you expect at the next adjustment? (insert N/K if not known)						

7(e) BENEFITS/PERQUISITES	1	2	3	4	5	6
Do you receive any other benefits? (Y/N)						
What is their annual value? (please state the taxable value of benefits) £000						

7(f) SHARES	1	2	3	4	5	6
What is the total value of shares in the company owned by you? (current price in £000)						
OR What % of the company is owned by you?						

7(g) SHARE OPTIONS	1	2	3	4	5	6
Have you been granted share options whilst a Non-Executive Director/ Chairman? (Y/N)						
What is the total value of shares in the company under option to you? (i.e. number of shares under option times share price at date of award) in £000						
OR What % of the company is under option to you?						

² For example, if fees are £45,000 per annum, insert 45

A.4 Time commitment

8. HOW MANY DAYS A YEAR DO YOU SPEND ON YOUR NON-EXECUTIVE ROLES?	1	2	3	4	5	6
Full board meetings (including preparation)						
Audit Committee						
Remuneration Committee						
Nominations Committee						
Other committees of the board						
Informal contact with other NEDs including telephone						
Consultation with major shareholders/shareholder advisory firms						
Other external representation of the company						
One to one meetings with CEO and other EDs; site visits						
Learning time						
Total days spent p.a. as a Director of the Company						
If you are also a Pension Fund Trustee, please state number of days spent per year						
In the past year, has the total number of days spent (1) increased a great deal (2) increased moderately (3) stayed more or less the same (4) fallen moderately (5) fallen a great deal						

9. EVOLUTION OF CHAIRMAN/NED PERSONAL RISK AND REWARD	1	2	3	4	5	6
In the past year, the personal demands and risk exposure of the chairman and NEDs in the company have: (1) increased a great deal (2) increased moderately (3) stayed more or less the same (4) fallen moderately (5) fallen a great deal						
In view of the current demands and risks, do you think your fees/package are too low? Y/N						
If you consider that your current fees/package are too low, why?						
My current fees/package have not kept pace with additional time demands						
My current fees/package do not reflect additional legal responsibilities and risk exposure						
My current fees/package do not reflect additional skills and knowledge I have had to acquire						
My current fees/package were too low on appointment						

PART B: CURRENT TOPICS

B.1 Explanation

This section covers issues that are current this year. The subjects have been suggested by MM&K and added to by respondents to the market research survey conducted in May 2014.

Questions 10-15 are designed to be answered specifically for each company of which you are a chairman or NED and have the same structure of columns for each company.

Questions 16-20 concern your general views and are not company specific.

Answer for each company

10. BOARD OPERATION AND EFFECTIVENESS OF NEDS						
Board Effectiveness:	Chairman / NED Appointments by Company					
	1	2	3	4	5	6
Do you feel the boards in your companies are effective? Insert (F) fully, (P) partially or (N) not effective?						
Is there a process in the company for evaluating board effectiveness? Insert Y/N						
Do you have concerns about the Non-Executive Directors' ability in your company to:	Please tick/check box if you have concerns. Otherwise leave blank					
Influence the Chairman, if necessary?						
Influence the CEO, if necessary?						
Force a change of key personnel who are underperforming?						
Force a change of professional advisers?						
Discuss their concerns with shareholders and/or bankers?						
Insist on appropriate corporate governance compliance?						
Incur appropriate costs to fulfil their role without approval of the Executive Directors?						

11. BOARD APPOINTMENTS AND COMPOSITION						
	1	2	3	4	5	6
How are Non-Executive Director appointments normally made? (please tick/check all that apply)						
Via a search consultant						
Adviser-introduced						
Personal contact of Executive or Non-Executive Director						
Other (please specify below)						
Did you have a formal interview on appointment? (Y/N)						

If 'Other' please describe in each case

12. EXECUTIVE DIRECTOR REMUNERATION						
When your company sets its executive remuneration policy, what are your priorities? Please rank – (1 represents the highest priority, 5 the lowest)	1	2	3	4	5	6
'Best practice'						
Supporting your own business strategy (rem driven by KPIs, business cycle, timeframe of strategy, company value creation)?						
Market competitiveness						
Economics of wealth creation and sharing between employees and shareholders						
Other						

If 'Other' please describe in each case

13. NEW DIRECTORS' REMUNERATION DISCLOSURE REGIME (skip if not relevant to your company(ies))						
Have the new (30 Sep 2013) Government reporting regulations led to improvements? Please answer (1) Made a lot worse (2) Made slightly worse (3) On balance the same (4) Slightly improved (5) Improved a lot	1	2	3	4	5	6
Dialogue with investors						
Focus on performance						
Time commitment in rem reports and consultation						
Future time commitment after first year						
Reports clearer?						
Dialogue with investors						
Comments						

14. RELATIONSHIP BETWEEN NEDS AND INSTITUTIONAL INVESTORS (skip if not relevant to your company(ies))						
Insert Y or N or X (mixed response from different investors)	1	2	3	4	5	6
Does your company get the access to investors it needs?						
Are institutional investors providing access to the right people?						
Do you get a timely response from institutional investors to proposed policies and disclosure reports?						
Is the dialogue constructive - ie both parties listen and are prepared to move?						
Have institutional investors become more willing to consider different approaches to reward?						
Proportion of your investors committed to a long term investment (>3 years) - Insert %						

15. CYBER RISKS						
	1	2	3	4	5	6
In the past year, did your board spend more time on issues to do with cyber risks (internet fraud, industrial espionage, hostile system attacks etc) (1) more time, (2) About the same (3) less time						

The following questions apply to your general experience, not to the specific companies of which you are a chairman or NED

16. As a chairman or NED, having to deal with a 'difficult' CEO

Have you experienced this situation? y/n

Do you think the right remuneration decisions are sometimes not made because of CEO resistance? y/n/don't know

Comments

17. Role of proxy advisors

Institutional investors say that using proxy advisors increases their efficiency and responsiveness by flagging up the companies that are outside the rem policy, governance and disclosure guidelines that they have themselves set.

Do you believe proxy advisors help the dialogue with key shareholders?

- Agree strongly
- Agree moderately
- Neutral
- Disagree moderately
- Disagree strongly

Comments

18. NED independence

Do you believe awarding a modest number of share options affects NED independence? y/n

Do you think long service as an NED affects their independence? y/n

If yes, what is a sensible rule of thumb? _____ years

What is the more important contribution of an NED?

- Objective independent (challenging and policing)
- As a strategic contributor (partner to executives)
- Cannot make the distinction

If independence is lost by long service as an NED, should the individual's strategic contribution be continued by a different role (eg consultant attending board meetings)? Y/N

19. Board diversity

Do you believe a diverse board leads to enhanced board (and therefore company) performance? Disagree strongly (1); disagree (2); neutral (3); agree (4); agree strongly

Which aspects of diversity do you think are or would be valuable to board performance assuming the right person were recruited?	Valuable	Not in itself important	Potentially distracting
People with senior executive experience in other sectors			
People with hands-on 'City' skills			
People with professional experience in advisory professions (HR, consultancy, law)			
Gender balance			
Cultural or racial diversity			
People with top level experience in other countries			
Employee representatives			
Other (specify)			

20. Comments and thoughts

In our report, we always provide a collection of insightful comments based on your responses – readers have found these very valuable.

We would welcome your comments on any board/NED issue you like – here are some possible subjects from last year’s NED comments and this year’s market research suggestions:

- Last year although 60% said executive pay was about right, 36% said it was too high. Why would NEDs (charged with setting it) think it is too high?
- What has changed since the new directors’ remuneration reporting regulations came in? The way the remuneration committee operates; formulation of policy; level of remuneration opportunity?
- Future sources and skills of NEDs
- What are the consequences for directors of failure to fulfil their accountabilities?
- What should the impact be on NED pay of the wide range of new regulations affecting directors (eg money laundering; bribery act; rem regs with risk of personal financial penalty)?
- Do NEDs have all the information they need to do the job?

