



NON-EXECUTIVE DIRECTORS' FEES GUIDE

7TH EDITION

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1. INTRODUCTION

Non-executive directors (NEDs) are responsible for making critical strategic decisions and for overseeing the management of a company without the benefit of observing the business on a full-time basis. They also carry significant potential risk and liability. This requires particular skills, knowledge, experience and business judgement, for which they need to be fairly remunerated. However, determining fair remuneration is complicated due to the following:

- non-executive directors' contributions are made in a number of different ways, requiring different time commitments;
- there is no consistency on the prescribed number and duration of standing meetings per annum; and
- there is no uniform method of remunerating NEDs.

The information contained in this guide was derived from a desktop review of publicly available data extracted from 169 JSE listed companies, including the AltX companies

The purpose of this guide is to provide high-level insights for boards, and specifically remuneration committees, around:

- the various NED fee structures being utilised; and
- the average annual fees for board and committee members.

As a value add this year, we have included a general overview on the current board composition stats of the 169 JSE listed companies reviewed.

2. HOW TO USE THE GUIDE

There is no one-size fits all solution to determining what you should pay your NED. A number of factors will need to be considered when determining what would be fair remuneration in the specific circumstances, such as:

- the size of the organization;
- the industry and complexity of the business;
- the number of meetings the NED is expected to attend;
- the time commitment required of the NED; and
- the level of experience, skill and knowledge the NED brings to the board.

The average annual fees displayed below are not recommended rates by the IoDSA and are intended as a guide only. Each company will need to determine what remuneration will be reasonable in light of the above factors. A remuneration specialist should be engaged for more accurate company specific NED benchmarking.

2.1 CATEGORISATION OF COMPANIES

For purposes of the research, the JSE listed companies were divided into 3 size categories based on market capitalisation as at 20 March 2020. JSE Altx companies are displayed separately to represent small to medium companies (SMEs). The research was conducted on the basis of the most recent AGM notices and/or year end reports, ranging over the last 2019/2020 year-end period.

Level	Number of companies	Market Cap	
		Minimum	Maximum
Large	66 (out of 78)	R 10 000 000 000	Unlimited
Medium	47 (out of 116)	R 1 000 000 000	R 9 999 999 999
Small	45 (out of 122)	R 0	R 999 999 999
Altx	11 (out of 35)	N/A	N/A

2.2 HOW TO READ THE FEE TABLES

Each fee table is broken down based on the above 4 levels/categories of companies.

Step 1: Identify based on your organisation's market capitalization under which level your company falls under.

Each section provides you with the fees for the chair, the lead independent director and ordinary member listed from lowest to highest fees paid in that category.

Step 2: Look at the fee tables prescribed for that company level and thereafter the applicable position.

The tables show in addition to the lowest and highest fees paid:

- 25th percentile: this means 25% of the group earn that annual fee or less
- 50th percentile: this means 50% of the group earn that annual fee or less
- Average: this is the average annual fees paid in that category
- 75th percentile: this means 75% of the group earn that annual fee or less

3. FEE STRUCTURES

From the 169 companies reviewed, the following types of fee structures were used to remunerate NEDs:

Level	Sample size	Annual retainer	Fees per meeting	Combination	Share based fees
Large	66	76%	0%	24%	0%
Medium	47	74%	0%	23%	2%
Small	45	56%	9%	36%	0%
AltX	11	64%	9%	27%	0%

As can be seen from the table, the majority of companies prefer to pay an annual retainer. Since the 2018/2019 period, there was a slight shift in medium sized companies moving from a combined fees structure to an annual retainer fee structure (11% increase in medium sized companies preferring an annual retainer fees structure). Notwithstanding the fee structure used, the majority of companies paid additional fees for travel and other disbursements as well as *ad hoc* meetings fees on a daily or hourly basis, where relevant.

4. ANNUAL FEES

4.1 BOARD

Large	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 323 989	R 1 257 750	R 2 866 020	R 3 968 856	R 5 882 426	R 17 596 725
Lead Independent	R 145 000	R 400 400	R 674 450	R 917 225	R 1 224 300	R 3 060 300
Member	R 109 663	R 368 625	R 453 257	R 741 755	R 970 224	R 3 202 558

Medium	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R240 300	R 636 045	R 846 138	R 996 300	R 1 189 163	R 2 300 000
Lead Independent	R 111 000	R 375 075	R 464 500	R 538 971	R 636 946	R 1 092 527
Member	R 126 200	R 266 309	R 316 000	R 352 433	R 420 675	R 844 640

Small	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 96 000	R 347 600	R 500 000	R 621 059	R 832 000	R 2 295 225
Lead Independent	R 176 000	R 316 850	R 430 000	R 433 278	R 496 951	R 782 800
Member	R 67 936	R 180 450	R 250 044	R 271 137	R 300 925	R 994 598

Altx	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 50 000	R 189 078	R 314 578	R 411 723	R 497 131	R 1 200 000
Lead Independent	R 113 419	R 113 419	R 113 419	R 113 419	R 113 419	R 113 419
Member	R 50 000	R 149 578	R 243 759	R 249 166	R 344 054	R 450 000

Note: A majority of the companies pay an *ad hoc* hourly or daily rate for NED participation in extraordinary meetings or additional meetings above the annual requirement.

4.2 AUDIT COMMITTEE

Large	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 94 400	R 289 460	R 375 000	R 477 354	R 535 553	R 1 972 593
Member	R 47 100	R 159 400	R 197 728	R 225 689	R 259 648	R 789 037

Medium	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 41 200	R 177 135	R 257 000	R 278 788	R 366 088	R 691 650
Member	R 25 180	R 85 958	R 133 854	R 140 568	R 182 125	R 362 520

Small	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 27 142	R 86 018	R 170 161	R 191 463	R 247 223	R 787 910
Member	R 13 571	R 48 000	R 92 400	R 105 843	R 151 000	R 393 960

Altx	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 16 748	R 38 827	R 94 802	R 82 353	R 103 633	R 180 000
Member	R 11 130	R 17 013	R 48 825	R 36 591	R 52 069	R 53 920

Note: 55% of the total sample of companies have a standalone Audit Committee, while 38% have a combined Audit and Risk committee, and 7% have a combined variation of a committee incorporating the audit function.

4.3 SOCIAL AND ETHICS COMMITTEE

Large	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 47 250	R 135 625	R 207 458	R 234 656	R 250 000	R 1 025 392
Member	R 23 625	R 90 626	R 117 876	R 138 194	R 149 711	R 765 075

Medium	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 25 000	R 88 166	R 128 493	R 151 752	R 176 014	R 685 000
Member	R 13 740	R 50 480	R 72 000	R 77 827	R 101 277	R 181 500

Small	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 13 571	R 47 506	R 68 060	R 92 666	R 123 958	R 402 223
Member	R 7 500	R 29 363	R 55 689	R 60 380	R 76 000	R 311 346

Altx	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 5 671	R 16 046	R 42 270	R 85 332	R 96 425	R 300 000
Member	R 5 565	R 5 671	R 19 530	R 28 526	R 40 440	R 71 423

Note: 63% of the total sample of companies have a standalone Social and Ethics committee, while 37% have a combined variation of the Social and Ethics committee incorporating other functions e.g. sustainability, transformation and/or governance. 15% of the total sample have social and ethics included under the responsibility of another committee/by the board

4.4 NOMINATION COMMITTEE

Large	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 27 615	R 143 286	R 194 579	R 218 642	R 239 930	R 747 096
Member	R 16 590	R 91 000	R 124 265	R 135 451	R 157 853	R 306 030

Medium	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 7 300	R 71 358	R 116 000	R 127 002	R 146 850	R 337 856
Member	R 7 300	R 44 594	R 70 500	R 76 138	R 100 032	R 181 500

Small	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 12 084	R 39 047	R 80 925	R 88 479	R 132 750	R 180 000
Member	R 11 832	R 20 917	R 55 922	R 49 550	R 73 250	R 95 000

Altx	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 5 671	R 8 440	R 11 210	R 11 210	R 13 979	R 16 748
Member	R 5 671	R 7 036	R 8 401	R 8 401	R 9 765	R 11 130

Note: 42% of the total sample of companies have a standalone Nomination Committee, and 2% have a combined Nomination and Remuneration Committee. 9% have a combined variation of a Nomination Committee incorporating aspects of ethics and governance. 47% of the total sample do not have a Nomination Committee.

4.5 REMUNERATION COMMITTEE

Large	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 13 500	R 210 423	R 273 775	R 331 381	R 361 587	R 1 386 163
Member	R 10 800	R 105 975	R 147 250	R 163 105	R 182 330	R 554 465

Medium	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 25 000	R 109 375	R 140 765	R 157 941	R 205 113	R 515 000
Member	R 19 110	R 56 913	R 83 075	R 83 075	R 107 045	R 193 000

Small	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 14 080	R 54 650	R 100 000	R 129 864	R 151 791	R 616 000
Member	R 9 059	R 31 650	R 63 000	R 63 488	R 80 000	R 311 346

Altx	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 8 374	R 10 600	R 20 831	R 30 778	R 41 009	R 73 076
Member	R 5 565	R 8 454	R 11 342	R 14 622	R 19 151	R 26 960

Note: 76% of the total sample of companies have a standalone Remuneration Committee, with 2% of the companies having a combined Remuneration and Nomination Committee. 6% have a combined variation of a committee addressing remuneration. 15% of the total sample do not have a Remuneration Committee or the functions have been included elsewhere in another committee/by the board.

4.6 RISK COMMITTEE

Large	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 84 000	R 225 000	R 307 938	R 401 269	R 469 315	R 1 171 674
Member	R 56 000	R 112 265	R 150 259	R 178 788	R 219 500	R 468 670

Medium	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 100 920	R 143 750	R 158 400	R 185 652	R 211 243	R 330 000
Member	R 30 000	R 64 266	R 91 500	R 95 955	R 120 000	R 165 000

Small	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 30 000	R 111 450	R 173 000	R 141 213	R 183 600	R 226 891
Member	R 15 000	R 45 262	R 64 090	R 65 738	R 91 125	R 102 400

AltX

None of the AltX companies surveyed had a Risk Committee.

Note: 38% of the total sample of companies have a combined Risk and Audit committee. 26% have a standalone Risk Committee, and 15% have a combined variation of risk, compliance, IT and other committee. 37% do not have a Risk Committee and/or it remains under the Board mandate.

4.7 OTHER COMMITTEES

Other committees vary according to the business and sector in which an organization operates, and is thus company specific. All committees which did not fall within the King IV recommended or statutory committees covered above were grouped under this “other committees” category. The most common of the other committees across all the categories of companies was an investment committee, followed by an acquisitions committee and technology committee. Human resources, transformation and sustainability were also common areas which were either standalone or more often added to one of the common committees covered above.

Large	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 32 508	R 199 000	R 228 960	R 295 947	R 311 817	R 1 750 000
Member	R 27 850	R 100 768	R 133 926	R 154 480	R 164 000	R 560 000

Medium	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 24 760	R 113 955	R 125 691	R 127 793	R 200 000	R 212 000
Member	R 13 600	R 39 396	R 96 000	R 74 940	R 111 840	R 127 200

Small	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 18 119	R 30 036	R 50 138	R 91 132	R 161 437	R 226 891
Member	R 9 059	R 17 800	R 85 000	R 65 624	R 96 000	R 169 546

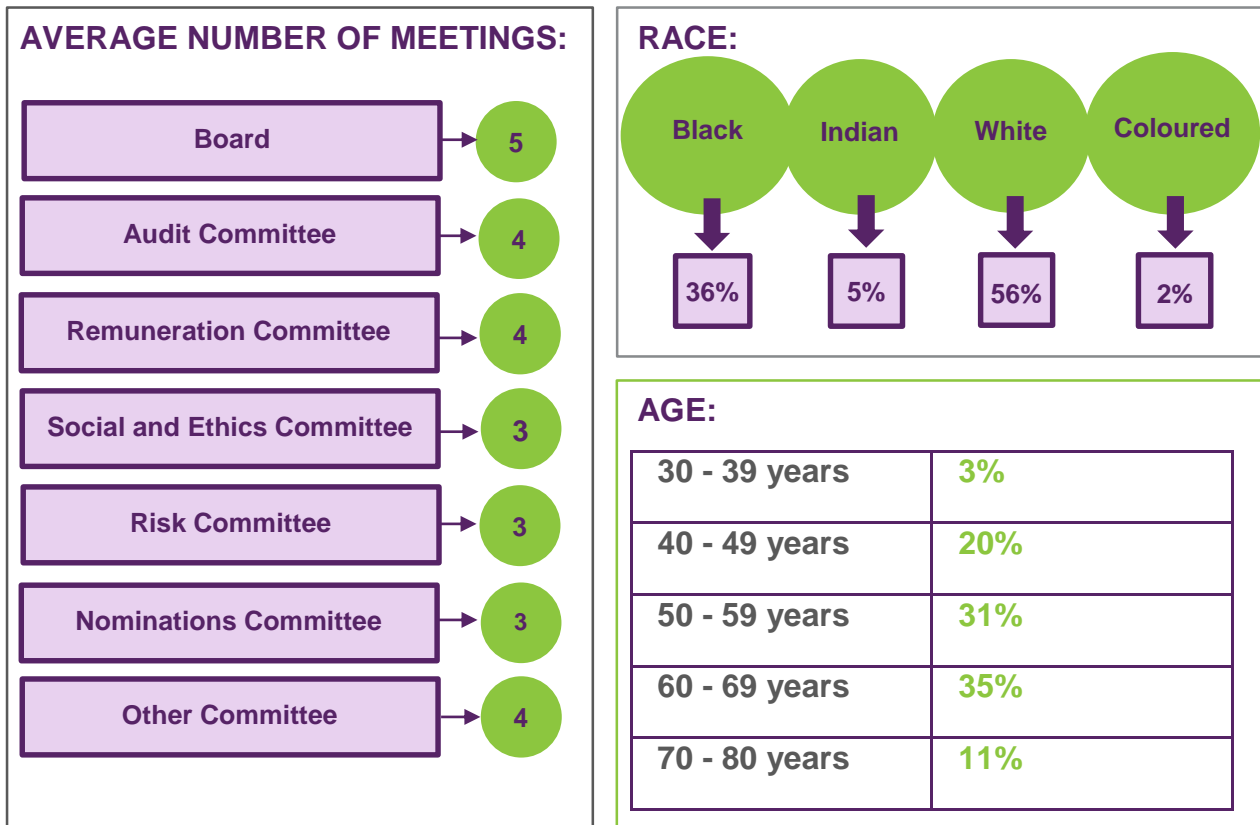
Altx	Lowest	25 th Percentile	50 th Percentile/ Median	Average/ Mean	75 th Percentile	Highest
Chair	R 15 160	R 15 160	R 15 160	R 15 160	R 15 160	R 15 160
Member	R 13 480	R 13 480	R 13 480	R 13 480	R 13 480	R 13 480

Altx

Only one company from the sample of Altx companies had made provision for a “other committees” category fee.

5. COMPANY PROFILE OVERVIEW

The below table provides a high-level overview the average stats in respect to number of meetings held as well diversity of directors in respect of the 169 JSE listed companies reviewed. The information used to derive these statistics were taken from publically available information as published in these companies latest Integrated Report etc. In addition, we captured the % of JSE listed companies that pay NED remuneration in different currencies.





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