

2024  
Director  
Compensation  
Report

# 2024 DIRECTOR COMPENSATION REPORT

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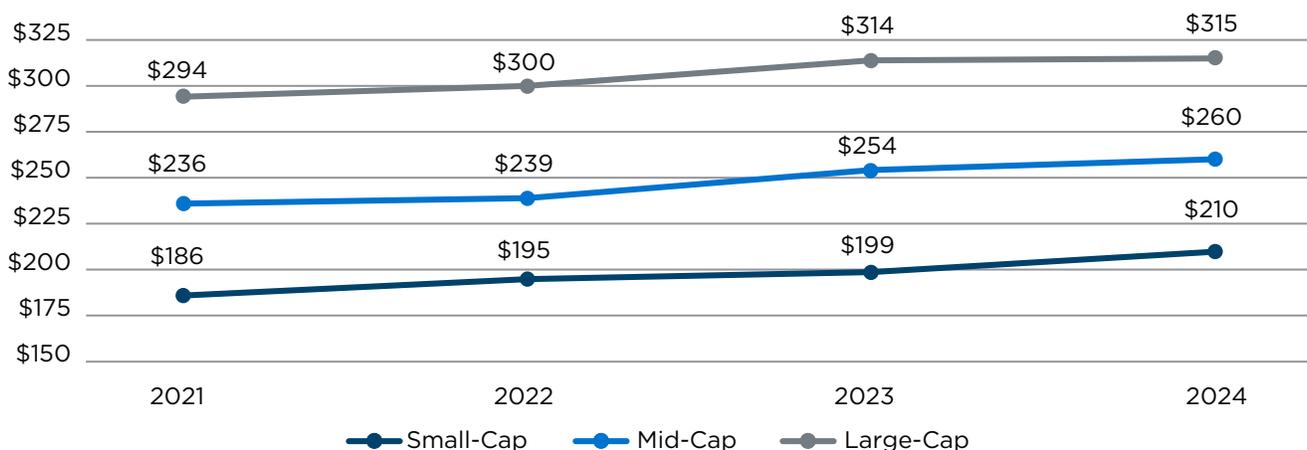
# EXECUTIVE SUMMARY

FW Cook's 2024 Director Compensation Report studies non-employee director compensation at 300 companies of various sizes and industries to analyze market practices in pay levels and program structure. Approximately 95% of companies overlap between this year's and last year's study.

At median, total director compensation saw more muted increases in 2024 as compared to 2023...

- Large-cap total director compensation remained roughly flat year-over-year at \$315,000 (versus a 4.7% increase in 2023)
- The mid-cap segment increased by 2.3% to \$260,000 (meaningfully smaller increase than the 6.6% observed in 2023)
- The small-cap segment increased by 5.7% to \$210,000 (meaningfully larger increase than the 1.9% observed in 2023).

**Median Total Compensation (2021 - 2024)**

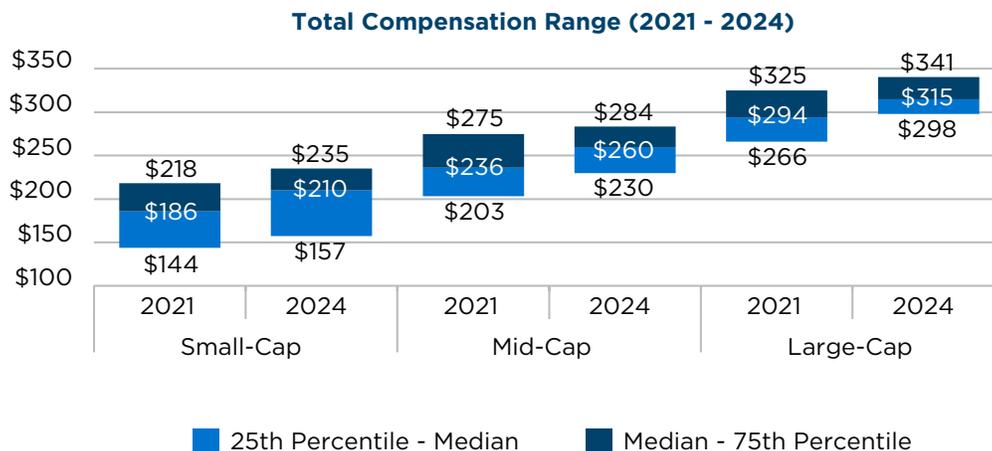


Director compensation pay ranges continue to narrow for mid-cap and large-cap companies. In 2021, the 75th percentile was 35% higher than the 25th percentile for mid-cap companies and 22% higher for large-cap companies. In 2024, the 75th percentile is 23% higher than the 25th percentile for mid-cap companies and only 14% higher for large-cap companies. For small-cap companies, the pay ranges have remained relatively static.

Narrowing pay ranges are the result of several observed trends:

- More companies are making smaller periodic changes to director compensation, resulting in values coalescing around the median.
- Companies with current pay levels that are at the upper quartile of the market have paused or made smaller increases to minimize the risk of being considered outliers. This could also be influenced by proxy advisory firm policies that criticize companies for outsized director compensation.
- Companies with current pay levels that are at the lower quartile of the market are making larger increases to remain competitive as the demand for qualified and effective directors continues to increase.

# EXECUTIVE SUMMARY



The pay structure of director compensation programs remains relatively consistent with 2023...

- In the total sample, companies have an average mix of 62% equity and 38% cash compensation (same as 2023). Small-cap companies tend to have the highest cash weighting (average of 43%) and large-cap companies tend to have the highest equity weighting (average of 65%).
- Most companies continue to prefer simpler cash retainer programs by providing larger Board annual cash retainers in lieu of meeting fees (only 4% of the total sample pay regular meeting fees, consistent with 3% in 2023).
- Most companies continue to grant fixed-value equity awards (98%) and primarily use full-value stock awards (94%). Annual equity awards most commonly vest after one year (70%), although about one-quarter of companies provide for immediate vesting.

## Summary of Director Compensation Values and Market Capitalizations

	Small-Cap	Mid-Cap	Large-Cap
Median Values	(Less than \$2B)	(\$2B - \$10B)	(Greater than \$10B)
<b>Total Compensation - 2024 Study</b>	\$210,000	\$260,000	\$315,000
<b>Year-Over-Year Compensation Change</b>	+5.7%	+2.3%	+0.3%
<b>Market Capitalization (\$M) - 2024 Study<sup>1</sup></b>	\$944	\$4,437	\$44,483

<sup>1</sup>Market capitalization as of 4/30/24.

# EXECUTIVE SUMMARY

Key findings are summarized below:

<p><b>Cash vs. Equity</b></p>	<ul style="list-style-type: none"> <li>• The average mix across the entire sample is 38% cash and 62% equity, consistent with FW Cook’s 2023 study and slightly more heavily weighted toward equity compared to 2021 and 2022 (40% cash / 60% equity mix in both years)</li> <li>• Companies in all size segments continue to provide roughly 60% or more of total pay in equity, on average, with equity weighting generally increasing with company size.</li> <li>• The highest paying sector, Technology, allocates 71% of total compensation in the form of equity, while other sectors generally provide 55% - 60% of total compensation in the form of equity (with the lowest equity weighting in the Industrials sector).</li> </ul>
<p><b>Cash Compensation for Board Service</b></p>	<ul style="list-style-type: none"> <li>• In the total sample, 89% of companies use a retainer-only structure (up from 86% in 2023), 9% pay an annual Board cash retainer and meeting fees, and 2% use equity-only programs. Five percent of companies pay meeting fees after a pre-set minimum number of Board meetings per year and 4% pay fees for all meetings (second year that prevalence of the former exceeds that of the latter).</li> <li>• At median, small- and mid-cap Board cash retainers increased by 7.1% and 1.5% to \$75,000 and \$86,250, respectively, and stayed flat at \$100,000 for large-cap companies.</li> <li>• The Technology sector provides the lowest median cash retainer at \$60,000, while other sectors provide a median cash retainer of at least \$90,000 (i.e., 50% higher than the Technology sector).</li> <li>• Board cash retainers saw single-digit percentage increases year-over-year for most sectors and size segments, with the largest increase observed in the Retail sector (9% increase).</li> </ul>
<p><b>Equity Compensation for Board Service</b></p>	<ul style="list-style-type: none"> <li>• Approximately 95% of the total sample grants full-value stock awards exclusively (i.e., no stock options). The Industrials sector has the highest prevalence of stock options (7% prevalence), typically in tandem with full-value stock awards.</li> <li>• At median, small-cap equity retainers stayed flat at \$125,000 and mid- and large-cap company equity retainers increased by 1.7% and 1.3% to \$152,500 and \$200,000, respectively.</li> <li>• Approximately 95% of the total sample incorporates short (i.e., 1-year or less) or immediate vesting provisions.</li> </ul>
<p><b>Committee Compensation</b></p>	<ul style="list-style-type: none"> <li>• About half of the total sample provides additional compensation to committee members in the form of retainers. The prevalence of committee member retainers has been stable over the past several years, while the use of committee meeting fees remains uncommon (of the total sample, only 4% of companies pay meeting fees after a pre-set minimum number of committee meetings per year and 6% pay fees for all meetings).</li> <li>• Nearly 75% of Technology companies provide committee member retainers, while only about one-third of companies in the Industrials sector provide committee member retainers.</li> <li>• In the total sample, 97%, 96%, and 93% of companies pay an additional retainer for serving as the Chair of the Audit, Compensation, and Nominating/Governance committees, respectively.</li> </ul>

(continued)

# EXECUTIVE SUMMARY

Key findings are summarized below: *(continued)*

<b>Non-Executive Board Chairs and Lead Directors</b>	<ul style="list-style-type: none"><li>• Ninety-five percent of Non-Executive Board chairs receive additional compensation for service in the role, with a median retainer of \$82,500, \$115,000, and \$175,000 at small-, mid-, and large-cap companies, respectively. Additional compensation is typically paid fully in cash (56% prevalence), though a sizable number of companies (36%) provide a mix of cash and equity.</li><li>• Similarly, 87% of Lead Directors receive additional compensation for service in the role, with a median retainer of \$25,000, \$32,500, and \$40,000 at small-, mid-, and large-cap companies, respectively. Additional compensation is typically paid fully in cash (93% prevalence), with a far smaller number of companies providing a mix of cash and equity (4% prevalence), as compared to Non-Executive Board chair practice.</li></ul>
<b>Stock Ownership Guidelines and Retention Requirements</b>	<ul style="list-style-type: none"><li>• In the total sample, 89% of companies have director stock ownership guidelines (88% in 2023), and 40% of companies have stock retention requirements (34% in 2023) typically in combination with stock ownership guidelines.</li><li>• The most common director ownership guideline is 5x the annual cash retainer with a 5-year timeframe to meet the guideline.</li><li>• Of companies with retention requirements, 59% require retention of stock awards until ownership guidelines are satisfied (68% in 2023), 35% require retention until retirement (31% in 2023), and only 6% structure the requirement as a fixed number of years (1% in 2023).</li></ul>
<b>Annual Limits on Director Compensation</b>	<ul style="list-style-type: none"><li>• Prevalence of annual limits on director compensation continues to increase (79% of the total sample versus 75% last year), with a growing bias towards a total compensation limit (62% versus 59% in 2023) versus an equity-only limit (38% versus 41% in 2023).</li></ul>

# OVERVIEW AND METHODOLOGY

## Research Sample

This study is based on a sample of 300 U.S. public companies equally divided among small-, mid-, and large-cap size segments (100 companies per segment) and further classified into five sectors: Energy, Financial Services, Industrials, Retail, and Technology (60 companies per sector) based on Standard & Poor's Global Industry Classification Standard ("GICS") codes. Approximately 95% of this year's sample companies were constituents of last year's sample, which allows for reliable year-over-year comparisons.

Market capitalization (as of April 30, 2024) and trailing four-quarters revenue are summarized below (all financial data sourced from S&P's Capital IQ Database):

Size	Market Capitalization (\$M)			Trailing 4-Quarters Revenue (\$M)		
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
<b>Small-Cap</b>	\$538	\$944	\$1,422	\$442	\$975	\$1,643
<b>Mid-Cap</b>	\$2,946	\$4,437	\$6,418	\$1,131	\$2,408	\$4,925
<b>Large-Cap</b>	\$26,269	\$44,483	\$92,583	\$9,718	\$20,156	\$54,217
Sector	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
<b>Energy</b>	\$1,581	\$5,478	\$32,927	\$1,333	\$3,372	\$15,950
<b>Financial Services</b>	\$1,128	\$5,395	\$24,820	\$522	\$1,995	\$13,108
<b>Industrials</b>	\$1,536	\$4,425	\$22,126	\$1,361	\$4,167	\$12,580
<b>Retail</b>	\$1,184	\$3,647	\$15,838	\$2,035	\$4,697	\$15,389
<b>Technology</b>	\$1,475	\$4,326	\$30,532	\$625	\$1,441	\$6,235

Director compensation program details were sourced from companies' proxy statements and/or annual reports, generally filed with the Securities and Exchange Commission ("SEC") in the one-year period ending May 31, 2024.

# OVERVIEW AND METHODOLOGY

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## Methodology

This study analyzes compensation for board and committee service (with the latter focused on the three most common standing committees of the board: audit, compensation, and nominating/governance). The specific pay components presented include:

- Annual cash retainers and regular meeting fees for board service
- Equity compensation, in the form of stock options or full-value stock awards (i.e., restricted shares/units, deferred stock units, and fully vested stock)
- Annual cash retainers and regular meeting fees for committee member and chair service
- Additional compensation for serving as a Non-Executive Board Chair or Lead Director

The report also presents our findings on equity vesting practices, the prevalence of stock ownership guidelines, and the prevalence, structure, and magnitude of shareholder-approved limits on annual compensation per director.

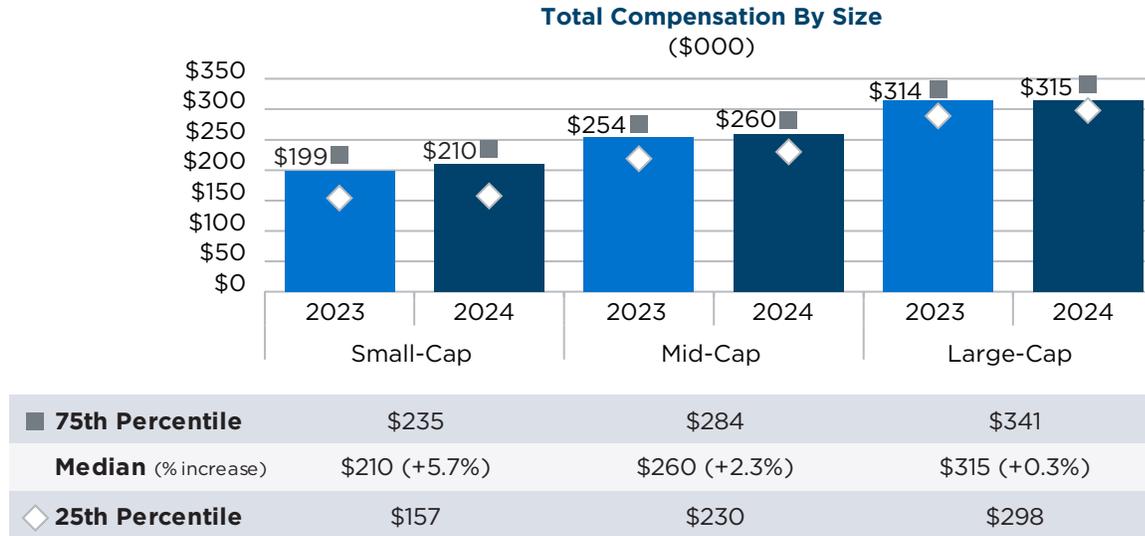
The following assumptions were used to facilitate competitive comparisons, consistent with prior years:

- Each director attends nine board meetings annually
- Each director is a member of one committee and attends six committee meetings per year
- If denominated as a number of shares (rather than as a fixed-dollar value), then equity compensation is valued using closing stock prices as of April 30, 2024, and, for stock options, a Black-Scholes model valuation using each company's Accounting Standards Codification ("ASC") Topic 718 assumptions
- All non-annual equity compensation, which is used by 9% of companies in the sample, is annualized over a five-year period (e.g., if a company makes a "larger than normal" equity grant upon initial election to the board followed by smaller annual grants, then the analysis includes one-fifth of the initial grant value plus the value of the annual grant)

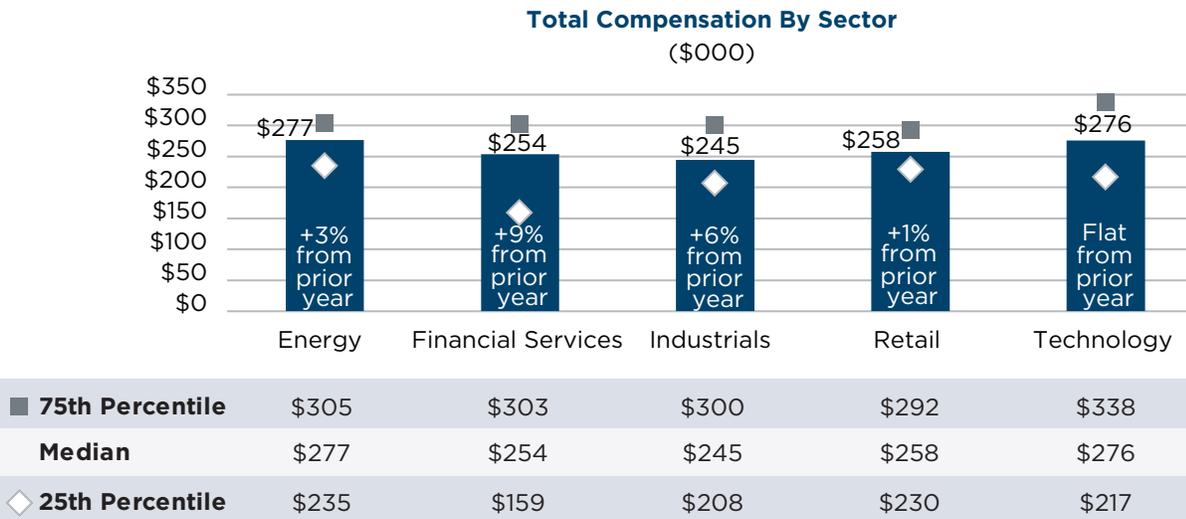
# TOTAL BOARD COMPENSATION

## Total Compensation – Pay Levels

Total director compensation levels continue to increase modestly and are scaled by company size. At median, large-cap companies provide total pay of \$315,000 per director versus \$260,000 at mid-cap companies and \$210,000 at small-cap companies. Year-over-year, median total director compensation increased by 5.7% and 2.3% at small- and mid-cap companies, respectively, and stayed roughly flat for large-cap companies.



The Technology and Energy sectors provide the highest median total director compensation (approximately \$276,000 and \$277,000, respectively). Median total compensation for other sectors ranges between ~\$245,000 (Industrials sector) and ~\$258,000 (Retail sector) and increased most year-over-year in the Financial Services sector (+9%).

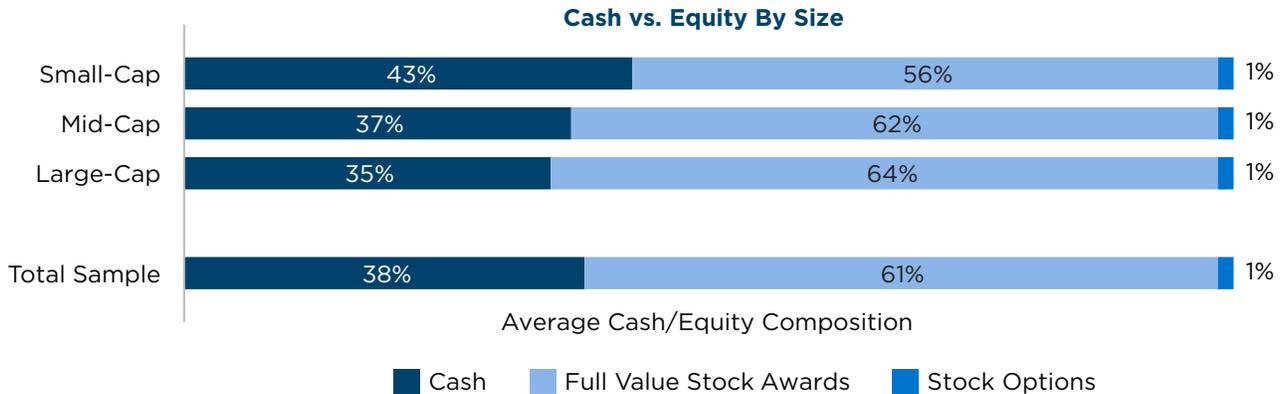


# TOTAL BOARD COMPENSATION

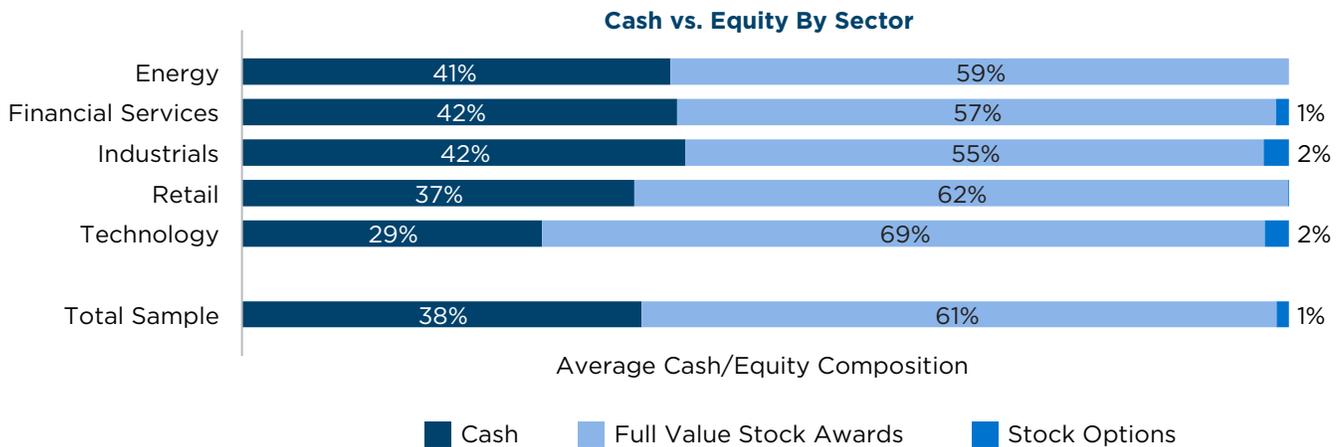
## Total Compensation – Cash vs. Equity

Compensation for board service typically consists of both cash and equity. The charts below illustrate average pay mix by company size and sector. The average pay mix in 2024 is 62% equity and 38% cash, consistent with last year's study and reflecting an ongoing, gradual shift (observed generally among all size segments and industry groups) toward more equity compensation (the average mix in 2021 was 60% equity and 40% cash).

Across all three size segments, companies provide at least half of compensation in equity, with the weighting on equity increasing with company size and total pay. Small-cap companies generally provide the lowest equity weighting, averaging 57% of total compensation, while large-cap companies provide the highest, averaging 65% of total compensation.



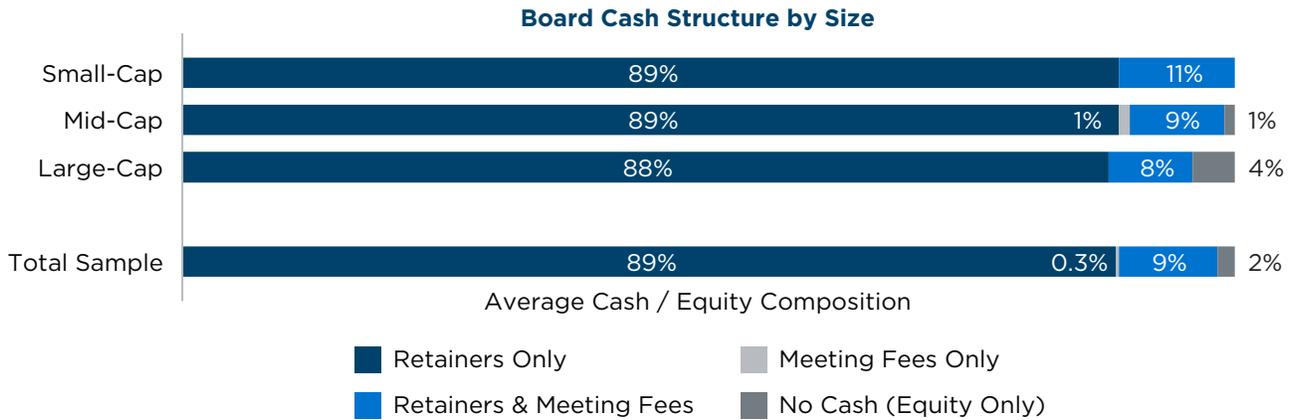
The companies in the Energy and Technology sectors (highest-paying sectors) provide approximately 59% and 71% of total compensation in the form of equity, respectively, while the Industrials sector (lowest-paying sector) places the lowest emphasis on equity (57%).



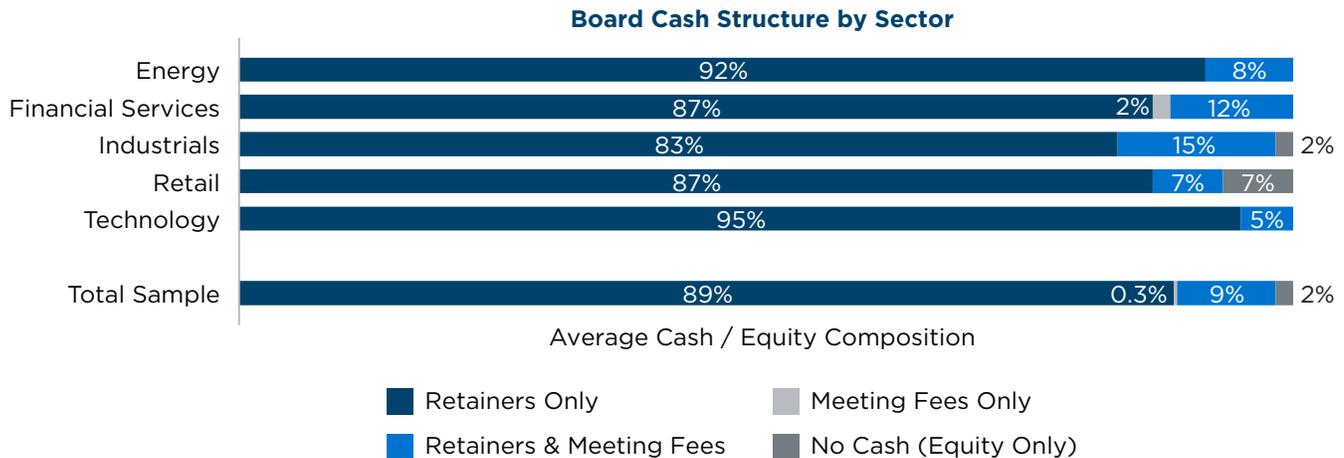
# BOARD CASH COMPENSATION

## Cash Compensation Pay Structure

Cash compensation for Board service is provided through an annual Board retainer, Board meeting fees, or a combination of both. Companies continue to simplify their programs through the elimination of Board meeting fees and adoption of a “retainer-only” approach with the rationale that attending Board meetings is an expected part of serving on the Board. The number of companies taking a “retainer-only” approach has been steadily increasing over the past few years to ~90% prevalence in 2024. Only 4% and 1% of large- and mid- companies, respectively, utilize an equity-only approach, and no small-cap companies utilize an equity-only approach.



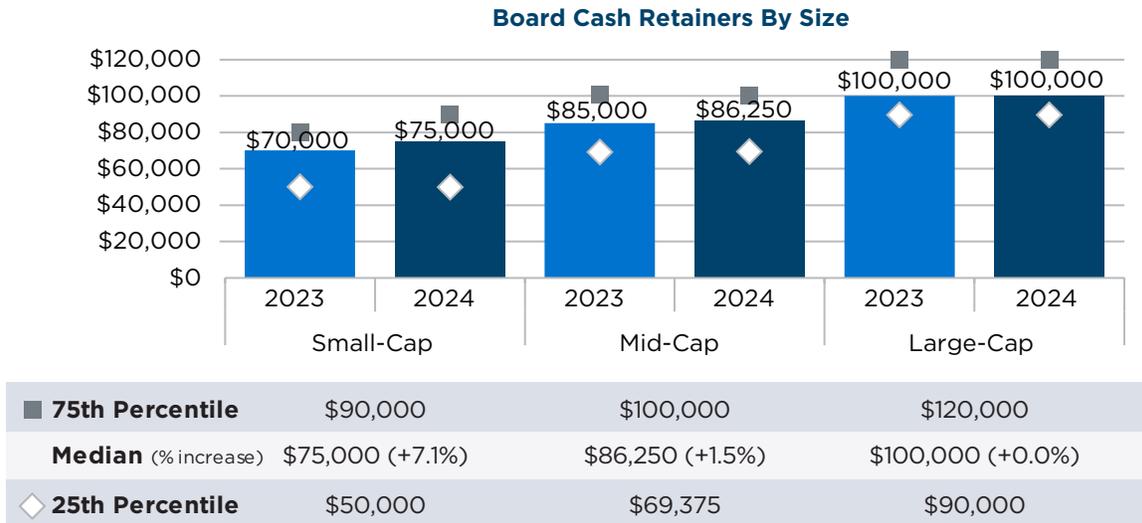
Retainer-only programs are the majority practice across all sectors; Financial Services and Industrials (the two lowest paying sectors) have the highest prevalence of retainer and meeting fee programs.



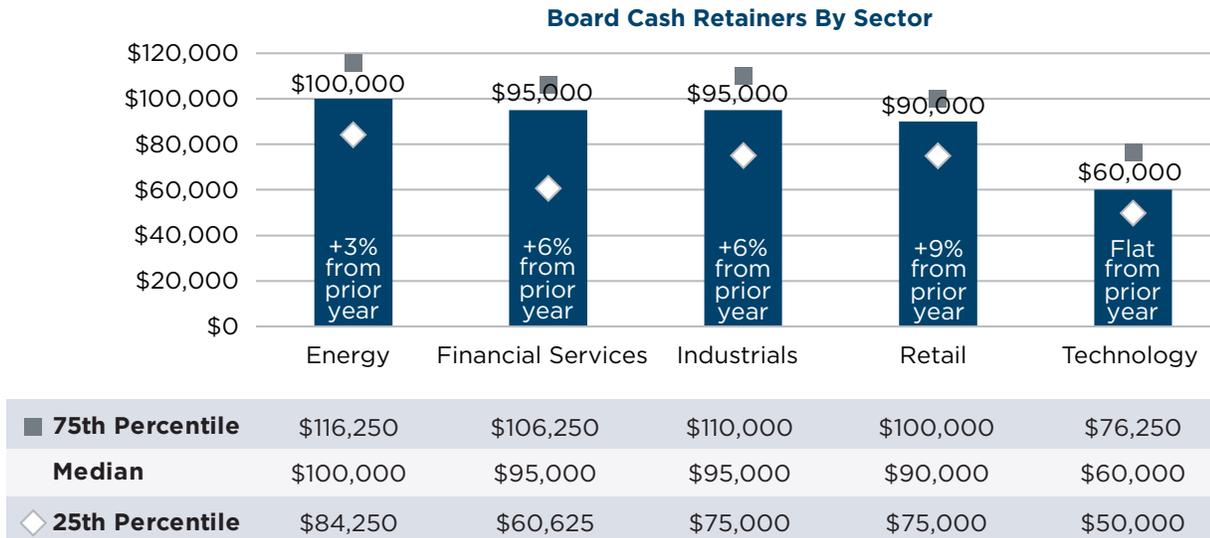
# BOARD CASH COMPENSATION

## Board Cash Retainers

At median, small-cap cash retainers increased from \$70,000 to \$75,000 in 2024, increased from \$85,000 to \$86,250 at mid-cap companies, and stayed flat at large-cap companies.



The Technology sector provides the lowest median cash retainer at \$60,000, while the other sectors provide a median cash retainer of at least \$90,000 (50% higher than the Technology sector).



# BOARD CASH COMPENSATION

## Board Meeting Fees

The prevalence of Board meeting fees stayed approximately flat, with only 4% of the total sample using Board meeting fees (consistent with 3% last year, with difference attributed to change in sample composition, and down from 15% four years ago). Board meeting fees remain more common among small-cap companies, but the decline in prevalence of board meeting fees is observed among all size segments. The prevalence of meeting fees that are paid only after a threshold number of meetings has also declined, with 5% of companies providing such meeting fees (down from 8% last year).

Board Meeting Fees By Size					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
<b>Small-Cap</b>	6%	\$1,125	\$1,500	\$1,875	7%
<b>Mid-Cap</b>	4%	\$1,875	\$2,000	\$3,375	2%
<b>Large-Cap</b>	3%	\$1,750	\$2,000	\$3,250	1%

Board meeting fees are most prevalent in the Financial Services sector, and least prevalent in the Energy sector. At median, Board meeting fees range from \$1,500 to \$2,000.

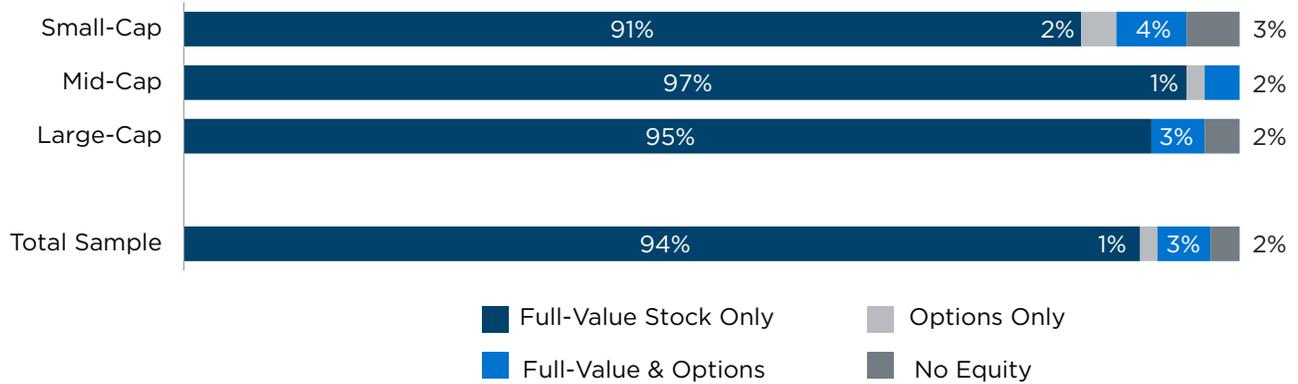
Board Meeting Fees By Sector					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
<b>Energy</b>	2%	\$2,000	\$2,000	\$2,000	2%
<b>Financial Services</b>	8%	\$1,000	\$1,500	\$4,500	8%
<b>Industrials</b>	5%	\$1,500	\$1,500	\$1,905	3%
<b>Retail</b>	3%	\$1,625	\$1,750	\$1,875	2%
<b>Technology</b>	3%	\$2,000	\$2,000	\$2,000	2%

\*Prevalence statistics reflect companies that pay a fee starting with the first meeting in a year; across the entire sample, an additional 5% of companies (8% last year) provide a fee starting after a pre-set minimum number of meetings per year.

# EQUITY AWARD TYPES

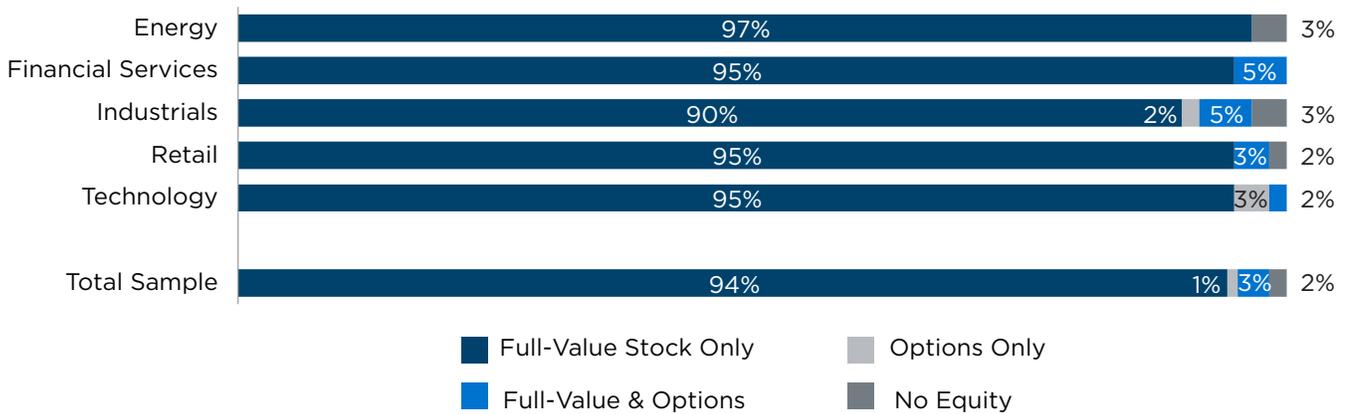
Full-value stock awards (i.e., restricted stock/units, deferred stock units, and fully vested stock) remain the most prevalent equity grant type (94%) in director compensation programs across all size segments and sectors, and the prevalence of option-only programs continues to decline (1% versus 2% in last year's study). Only 3% of the total sample provides a combination of full-value stock awards and options.

**Equity Award Types By Size**



The high prevalence of full-value awards is consistent across sectors, with at least 90% of companies granting full-value stock only (equity mix has stayed relatively consistent year-over-year).

**Equity Award Types By Sector**



# EQUITY AWARD DENOMINATION

A large majority of companies across all company sizes and sectors denominate annual equity awards as a fixed-dollar value, rather than as a fixed number of shares. Dollar-denominated awards provide the same proxy-disclosed grant value on an annual basis independent of stock price movement. Consistent with last year's study, approximately 95% of all companies use a fixed-dollar approach for full-value awards. Of the companies that grant options, practice is mixed between the use of share-denominated and dollar-denominated awards, though large-cap companies that grant options only grant dollar-denominated awards (consistent with last year's study).

Equity Award Denomination By Size: Percentage of Companies				
	Full-Value Stock (Used by 98% of Companies)		Options (Used by 4% of Companies)	
	Dollar Value	Number of Shares	Dollar Value	Number of Shares
<b>Small-Cap</b>	95%	5%	50%	50%
<b>Mid-Cap</b>	97%	3%	67%	33%
<b>Large-Cap</b>	99%	1%	100%	0%

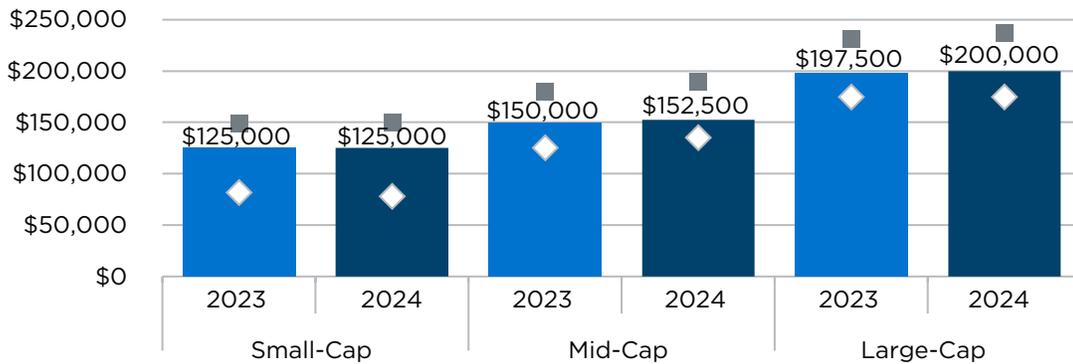
Share-denominated approaches are most common in the Financial Services sector, with 7% of companies that grant full-value awards using a share-denominated approach and all of the companies that award options using a share-denominated approach.

Equity Award Denomination By Sector: Percentage of Companies				
	Full-Value Stock (Used by 98% of Companies)		Options (Used by 4% of Companies)	
	Dollar Value	Number of Shares	Dollar Value	Number of Shares
<b>Energy</b>	98%	2%	N/A	N/A
<b>Financial Services</b>	93%	7%	0%	100%
<b>Industrials</b>	96%	4%	100%	0%
<b>Retail</b>	97%	3%	N/A	N/A
<b>Technology</b>	100%	0%	67%	33%

# EQUITY COMPENSATION VALUES

At median, small-cap equity retainers stayed flat in 2024, increased from \$150,000 to \$152,500 at mid-cap companies, and increased from \$197,500 to \$200,000 at large-cap companies.

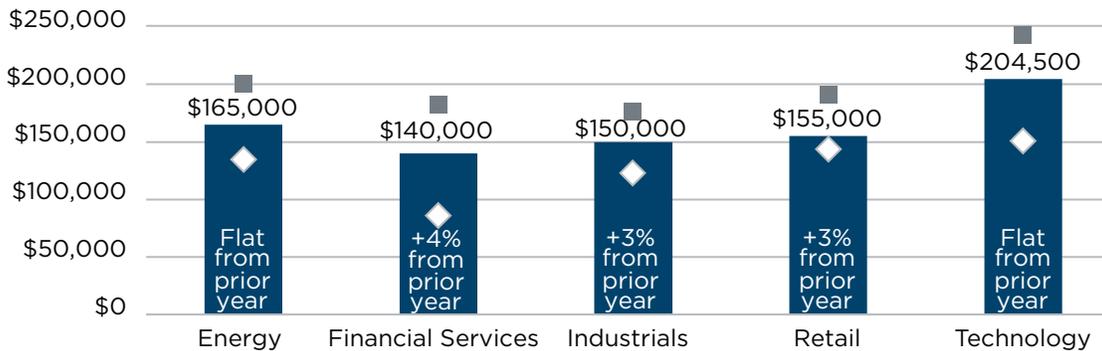
Equity Compensation Value By Size



■ <b>75th Percentile</b>	\$150,000	\$190,000	\$236,250
◆ <b>Median</b> (% increase)	\$125,000 (+0.0%)	\$152,500 (+1.7%)	\$200,000 (+1.3%)
◇ <b>25th Percentile</b>	\$77,522	\$135,000	\$175,000

Equity compensation continues to be highest in the Technology sector and lowest in the Financial Services sector. At median, the Industrials and Retail sectors saw 5% and 3% year-over-year increases in equity compensation, while other sectors were flat year-over-year.

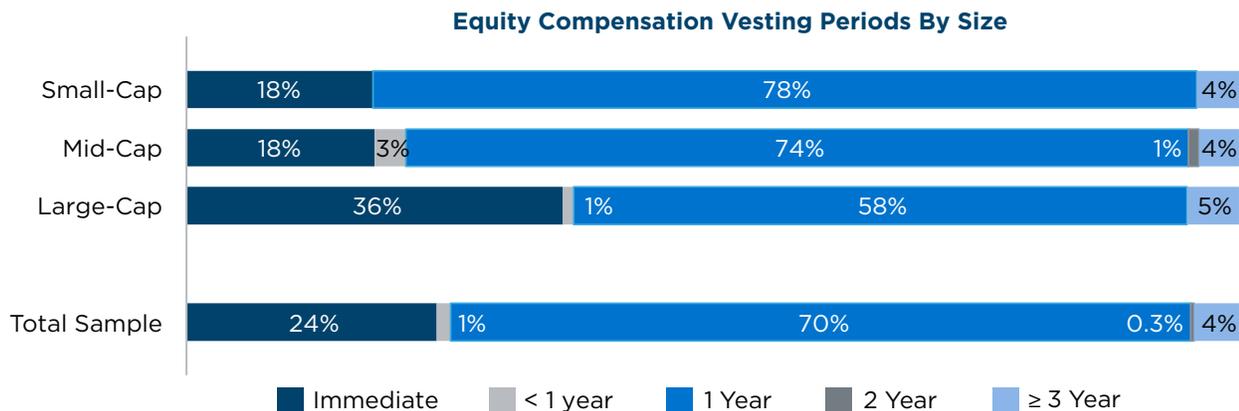
Equity Compensation Value By Sector



■ <b>75th Percentile</b>	\$200,000	\$182,500	\$175,000	\$191,250	\$242,500
◆ <b>Median</b>	\$165,000	\$140,000	\$150,000	\$155,000	\$204,500
◇ <b>25th Percentile</b>	\$135,000	\$85,000	\$123,000	\$143,750	\$150,000

# EQUITY VESTING PRACTICES

Equity awards are typically subject to short vesting provisions (i.e., immediate or 1-year). Across all size segments and sectors, approximately 95% of companies utilize short vesting provisions (consistent with last year's study), with the most prevalent approach being 1-year cliff vesting. A common practice is to align the annual Board service term with 1-year cliff vesting such that the equity award vests at the earlier of the anniversary of the grant or the next annual shareholder meeting. Approximately 36% of large-cap companies utilize immediate vesting, while only 18% of small- and mid-cap companies have immediate vesting. For companies with vesting periods longer than 1-year, equity awards typically vest in installments (e.g., 3-year pro rata vesting).



# COMMITTEE MEMBER COMPENSATION

Committee service can be compensated through additional retainers paid in cash (or, more rarely, equity) and/or meeting fees. Sixty-one percent of companies provide additional compensation for serving as a regular member of a board committee, either via a retainer, meeting fee, or both. Year-over-year, the prevalence of committee member retainers and meeting fees was relatively consistent.

Year-over-year, pay levels among Audit, Compensation, and Nominating & Governance committees were generally flat. At median, the Audit and Compensation committee member retainers were both \$10,000, while the Nominating & Governance committee member retainer was \$7,500. Committee meeting fees were typically \$1,500.

	Committee Member Retainers			Committee Meeting Fees*		
	Audit	Compensation	Nominating & Governance	Audit	Compensation	Nominating & Governance
<b>Total Prevalence (2024)</b>	<b>54%</b>	<b>48%</b>	<b>46%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>
<b>Total Prevalence (2023)</b>	<b>53%</b>	<b>46%</b>	<b>44%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Size (2024)</b>						
<b>Small-Cap</b>	55%	55%	53%	7%	7%	7%
<b>Mid-Cap</b>	61%	55%	53%	6%	6%	6%
<b>Large-Cap</b>	46%	35%	32%	4%	4%	4%
<b>Sector (2024)</b>						
<b>Energy</b>	48%	40%	38%	3%	3%	3%
<b>Financial Services</b>	50%	38%	37%	13%	13%	13%
<b>Industrials</b>	35%	33%	32%	5%	5%	5%
<b>Retail</b>	60%	55%	52%	3%	3%	3%
<b>Technology</b>	77%	75%	72%	3%	3%	3%
<b>Pay Levels (All Companies 2024)</b>						
<b>75th Percentile</b>	\$15,000	\$10,000	\$10,000	\$2,000	\$2,000	\$2,000
<b>Median</b>	\$10,000	\$10,000	\$7,500	\$1,500	\$1,500	\$1,500
<b>25th Percentile</b>	\$10,000	\$7,500	\$5,000	\$1,500	\$1,500	\$1,500

\*Reflects companies that pay a fee starting with the first meeting in a year; across the entire sample, an additional 4% of companies (6% last year) provide a fee starting after a pre-set minimum number of meetings per year.

# COMMITTEE CHAIR COMPENSATION

Consistent with prior years, nearly all companies provide additional compensation to committee chairs to recognize the greater time required to lead a committee. For the total sample, median compensation for the Audit and Compensation committee chairs remained flat year-over-year (\$25,000 and \$20,000, respectively) and rose from \$15,000 to \$17,500 for the Nominating & Governance committee chair. Most companies pay chair retainers in cash (93%), and a small minority pay in equity (4%) or a mix of cash and equity (3%).

Committee Chair Retainers (Inclusive of Any Member Retainers)									
	Audit			Compensation			Nominating & Governance		
Percentile	25th	Median	75th	25th	Median	75th	25th	Median	75th
<b>Size</b>									
Small-Cap	\$20,000	\$20,000	\$30,000	\$13,750	\$17,500	\$23,000	\$10,000	\$15,000	\$18,125
Mid-Cap	\$20,000	\$25,000	\$32,500	\$15,000	\$20,000	\$25,000	\$10,000	\$15,000	\$20,000
Large-Cap	\$25,000	\$30,000	\$40,000	\$20,000	\$25,000	\$30,000	\$20,000	\$20,000	\$25,000
<b>Sector</b>									
Energy	\$20,000	\$25,000	\$30,000	\$15,000	\$20,000	\$25,000	\$15,000	\$17,500	\$20,000
Financial Services	\$20,000	\$30,000	\$40,000	\$15,625	\$25,000	\$30,000	\$10,000	\$20,000	\$25,000
Industrials	\$20,000	\$25,000	\$27,500	\$15,000	\$20,000	\$23,875	\$11,500	\$15,000	\$20,000
Retail	\$25,000	\$30,000	\$35,000	\$20,000	\$25,000	\$25,000	\$15,000	\$20,000	\$20,000
Technology	\$20,000	\$25,000	\$34,500	\$15,000	\$20,000	\$25,000	\$10,000	\$15,000	\$20,000
<b>All Companies 2024</b>	<b>\$20,000</b>	<b>\$25,000</b>	<b>\$34,250</b>	<b>\$15,000</b>	<b>\$20,000</b>	<b>\$25,000</b>	<b>\$12,000</b>	<b>\$17,500</b>	<b>\$20,000</b>
Prevalence		97%			96%			93%	

# NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

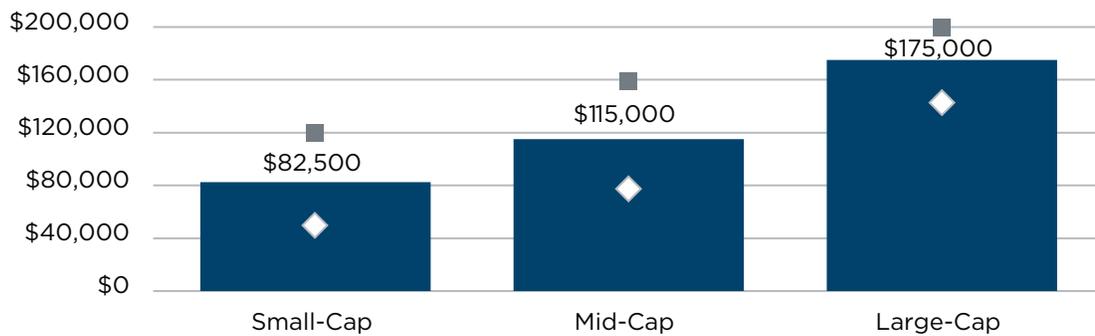
## Non-Executive Board Chair Retainer

There were 156 Non-Executive Board chairs identified in this year’s study. Of these, 95% receive additional compensation in addition to regular Board member pay (consistent with last year’s study). Incremental compensation for Non-Executive Board chairs is typically provided in the form of cash (56%), followed by a combination of cash and equity (36%), and only equity (8%).

At median, Non-Executive Board chair retainers for small-cap companies increased from \$70,000 to \$82,500 and remained flat year-over-year for mid- and large-cap companies at \$115,000 and \$175,000, respectively. Values in the table below exclude companies that do not provide additional compensation to their Non-Executive Board chair.

Additional retainers are highly differentiated based on a number of factors (e.g., if the role has strategic importance to the company as opposed to a governance focus, the skill set and experience of both the CEO and Non-Executive Board chair, and the resulting expected time commitment), which explains the wide interquartile range among each size group.

**Non-Executive Board Chair Retainers By Size**

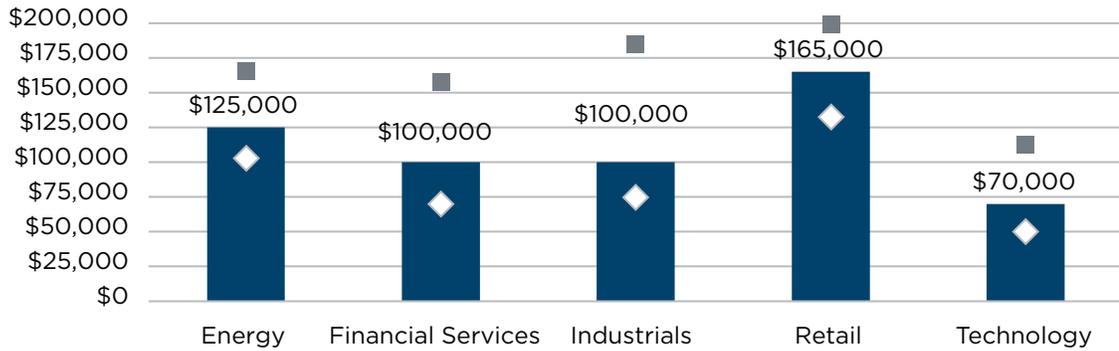


# of Occurrences	52	54	42
■ 75th Percentile	\$120,000	\$158,750	\$200,000
■ Median	\$82,500	\$115,000	\$175,000
◆ 25th Percentile	\$50,000	\$78,125	\$142,500

# NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

Companies in the Retail and Technology sectors provide the highest and lowest additional compensation for Non-Executive Board chair service, respectively (same as in last year's study). Median incremental compensation for this role is generally flat year-over-year for all sectors, with the most significant change among Retail companies (decreased from \$200,000 to \$165,000, attributed to change in sample composition).

**Non-Executive Board Chair Retainers By Sector**



# of Occurrences	Energy	Financial Services	Industrials	Retail	Technology
■ 75th Percentile	\$165,000	\$157,500	\$185,000	\$200,000	\$112,500
■ Median	\$125,000	\$100,000	\$100,000	\$165,000	\$70,000
◆ 25th Percentile	\$102,500	\$70,000	\$75,000	\$132,500	\$50,000

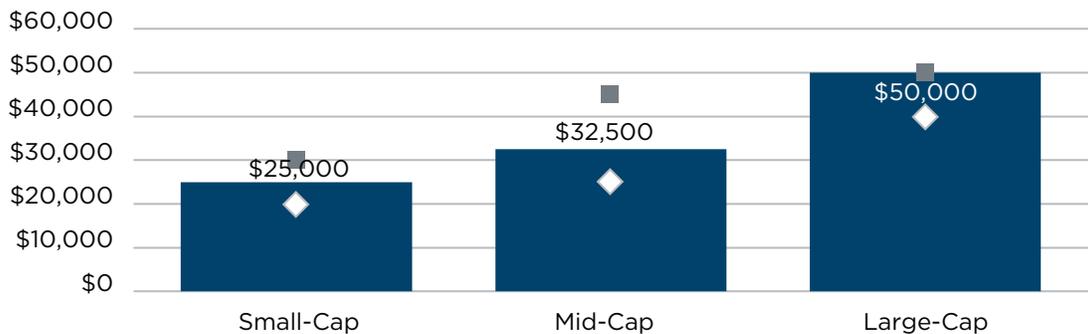
# NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

## Lead Director Retainer

Of the 148 Lead Directors in this year's study, 87% receive additional compensation for their service. Lead director retainers exhibit less differentiation compared to Non-Executive Board chair retainers and other elements of director compensation, with median values of \$25,000, \$32,500, and \$50,000 at small-, mid-, and large-cap companies, respectively.

Median Lead Director retainers were flat across all size segments. Values in the table below exclude companies that do not provide additional compensation to their Lead Director.

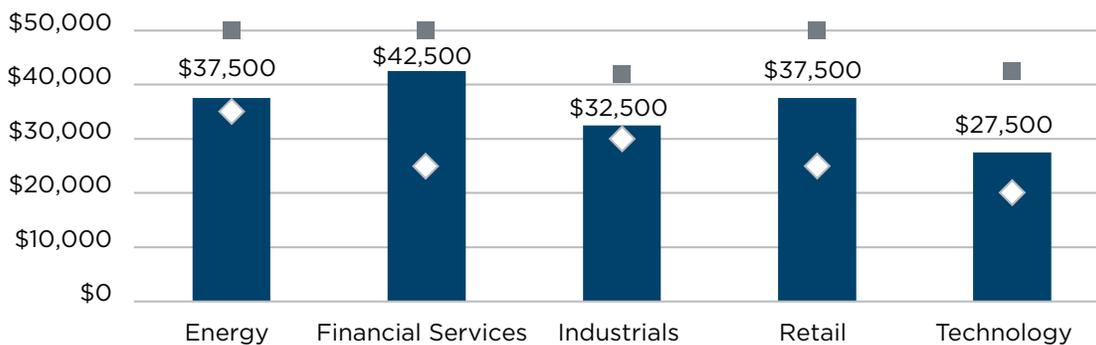
**Lead Director Retainers By Size**



# of Occurrences	36	40	53
■ 75th Percentile	\$30,000	\$45,000	\$50,000
Median	\$25,000	\$32,500	\$50,000
◇ 25th Percentile	\$20,000	\$25,000	\$40,000

Similar to prior years, there is limited differentiation in pay amounts between industries, with median Lead Director retainers ranging from \$27,500 (Technology) to \$42,500 (Financial Services).

**Lead Director Retainers By Sector**

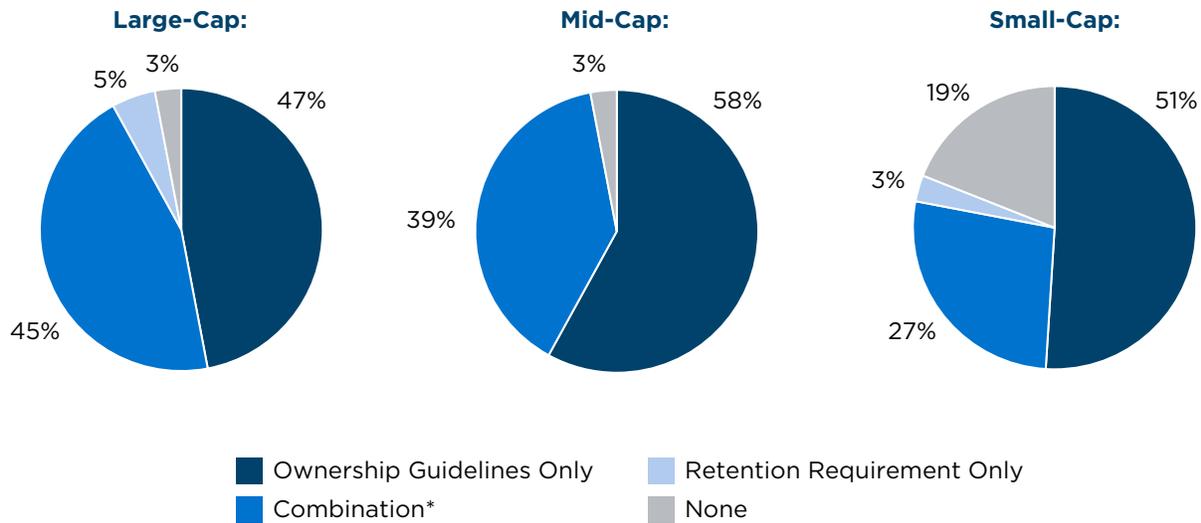


# of Occurrences	18	34	26	28	23
■ 75th Percentile	\$50,000	\$50,000	\$41,875	\$50,000	\$42,500
Median	\$37,500	\$42,500	\$32,500	\$37,500	\$27,500
◇ 25th Percentile	\$35,000	\$25,000	\$30,000	\$25,000	\$20,000

# RETENTION REQUIREMENTS AND STOCK OWNERSHIP GUIDELINES

Among the total sample, 40% and 89% of companies maintain retention requirements and director stock ownership guidelines, respectively. The prevalence of such governance features increases with company size, with 19% of small-cap companies disclosing neither retention requirements nor stock ownership guidelines, versus only 3% of mid- and large-cap companies.

While maintaining ownership guidelines only remains the most common practice among all size segments, 39% and 45% of mid- and large-cap companies disclose using a combination of a retention requirement and ownership guideline (versus only 27% of small-cap companies).



\*Combination means the use of a retention requirement in addition to an ownership guideline.

# RETENTION REQUIREMENTS AND STOCK OWNERSHIP GUIDELINES

## Retention Requirements

Stock retention requirements generally can be found in the form of: (1) granting equity as deferred stock units that mandatorily settle upon retirement from the board (most observed at large-cap companies) or (2) requiring retention of a percentage of “net after-tax shares” acquired, which is also known as a “retention ratio.”

Retention requirements remain most common among large-cap companies (50% prevalence). Among all companies with retention requirements, 59% apply a retention requirement until an ownership guideline is achieved, while 35% require directors to hold shares until retirement, either in the form of explicit requirements or by granting deferred share units that settle at retirement, and 6% apply a retention requirement over a fixed number of years.

Stock Retention Requirements				
	Small-Cap	Mid-Cap	Large-Cap	Overall
<b>Prevalence</b>	<b>30%</b>	<b>39%</b>	<b>50%</b>	<b>40%</b>
<b>Length Of Retention**</b>				
Until Retirement	27%	21%	52%	35%
Until Ownership Guideline Met	73%	74%	38%	59%
Fixed Years	0%	5%	10%	6%
<b>Vehicle for Requirement**</b>				
Retention Ratio	93%	92%	70%	83%
Deferred Stock Units (DSUs)	0%	3%	6%	3%
Retention Ratio and DSUs	7%	5%	24%	13%
<b>Retention Ratio***</b>				
100%	77%	68%	83%	77%
75%	3%	3%	0%	2%
50%	17%	24%	15%	18%
Other	3%	5%	2%	3%

\*\*Calculated out of companies disclosing retention requirements.

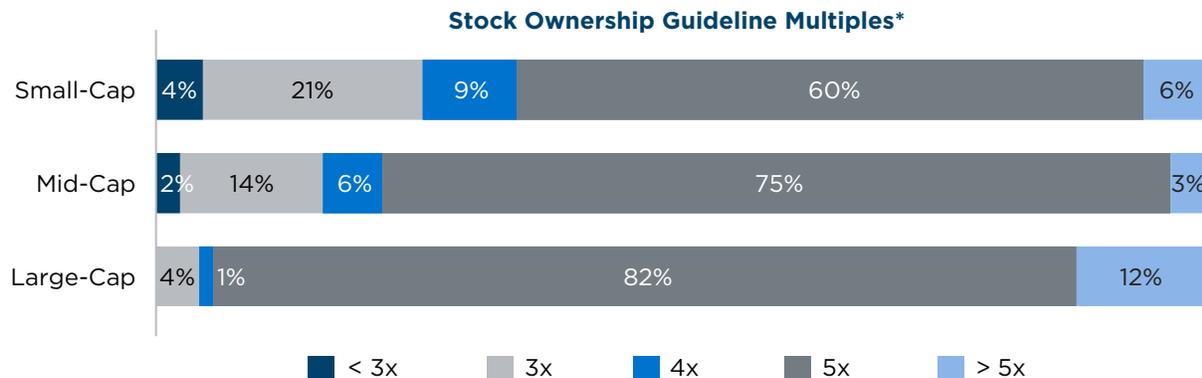
\*\*\*Calculated out of companies disclosing retention ratios.

# RETENTION REQUIREMENTS AND STOCK OWNERSHIP GUIDELINES

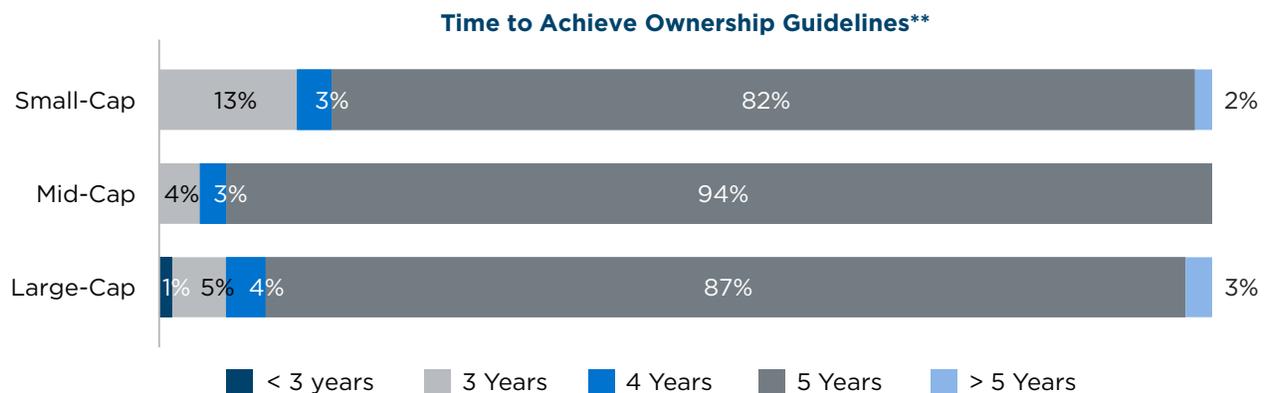
## Stock Ownership Guidelines

Director stock ownership guidelines are typically defined in three ways: (1) as a multiple of retainer (most commonly cash retainer), (2) as a dollar value of shares, or (3) as a fixed number of shares.

Of the total sample, approximately 85% of companies with stock ownership guidelines use the “multiple of retainer” approach. The most common multiple among all size segments is 5x the annual Board cash retainer, with the prevalence of 5x cash retainer increasing year-over-year from 57% to 60% among small-cap companies, 74% to 75% among mid-cap companies, and 79% to 82% among large-cap companies (consistent with trend observed in last year’s study).



Companies across all size segments typically include a 5-year period to achieve the stock ownership guidelines.



\*Statistics reflect companies that define ownership guidelines as a multiple of cash retainer; across the entire sample, an additional 5% of companies define multiples based on either equity retainer or both cash and equity retainer. An additional 14% of companies have ownership guidelines that are based on a fixed number of shares or a fixed value.

\*\*Statistics exclude companies that do not specify a time to achieve the stock ownership guideline; of the 89% of the total sample that maintain director stock ownership guidelines, 18% of companies do not specify a time to achieve.

# SHAREHOLDER-APPROVED LIMITS ON ANNUAL DIRECTOR COMPENSATION

## Limit Types & Prevalence

The majority of companies (79%) continue to include limits on annual compensation per director in shareholder-approved equity plans. Such limits can apply to equity compensation only (expressed as a dollar value or number of shares/options) or to total compensation (cash and equity); the latter is viewed as providing more complete protection against potential lawsuits, since case law does not seem to distinguish between cash and equity.

The application of a limit is more prevalent for total compensation than equity-only among the total sample of companies and the prevalence of such total compensation limits is 3% higher year-over-year. Some companies raise or nullify the limit in special cases, such as a director's first year of service or for additional premiums for Non-Executive Board chairs or Lead Directors.

Annual Limits on Non-Employee Director Compensation				
	Small-Cap	Mid-Cap	Large-Cap	Overall
<b>Prevalence</b>	<b>72%</b>	<b>83%</b>	<b>82%</b>	<b>79%</b>
<b>Application of Limit*</b>				
Total Compensation	56%	70%	60%	62%
Equity Only	44%	30%	40%	38%
<b>Denomination of Equity Limit**</b>				
Dollar-Denominated	72%	76%	82%	77%
Share-Denominated	25%	24%	15%	21%
Both	3%	0%	3%	2%

\*Calculated out of companies disclosing limits

\*\*Calculated out of companies with equity-only limits

# SHAREHOLDER-APPROVED LIMITS ON ANNUAL DIRECTOR COMPENSATION

## Limit Values

Median limits on total director pay remain virtually unchanged from last year's study. Limits typically range from \$500,000 (small-cap companies) to \$750,000 (large-cap companies) and equate to a multiple of approximately 2.5x to 3.0x total director pay. Dollar-denominated equity-only limits tend to have similar or smaller values than total compensation limits (\$150,000 and \$200,000 less at the median for mid- and large-cap companies, respectively). Share-denominated equity-only limits are larger and more variable, both as a dollar value and as a multiple of annual equity award value. This variability may be attributable to stock price growth following the establishment of limits or companies' desire to provide a buffer against stock price decline, among other factors. Such limits have been valued using April 30, 2024 closing stock prices and Black-Scholes valuation (for stock options) using the latest disclosed ASC Topic 718 option valuation assumptions.

Percentile	Total Compensation Limit			Dollar-Denominated Equity Limit			Share-Denominated Equity Limit		
	25th	Median	75th	25th	Median	75th	25th	Median	75th
<b>Dollar Value of Limit</b>									
Small-Cap	\$500,000	\$525,000	\$750,000	\$300,000	\$500,000	\$500,000	\$1,150,700	\$1,774,000	\$3,283,343
Mid-Cap	\$500,000	\$625,000	\$750,000	\$500,000	\$500,000	\$750,000	\$4,941,150	\$5,718,500	\$8,683,600
Large-Cap	\$725,000	\$750,000	\$900,000	\$500,000	\$575,000	\$750,000	\$3,826,850	\$5,918,600	\$7,452,650
<b>Limit Multiple***</b>									
Small-Cap	2.3x	3.0x	3.8x	2.5x	3.4x	4.2x	10.2x	16.3x	31.7x
Mid-Cap	2.1x	2.4x	2.8x	3.3x	3.7x	4.3x	20.4x	54.1x	80.1x
Large-Cap	2.0x	2.5x	3.0x	2.4x	2.6x	3.5x	18.4x	25.7x	31.7x

\*\*\*For total compensation limits, reflects multiple of total pay; for equity-only limits, reflects multiple of annual equity award value

# LIST OF COMPANIES SURVEYED

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1-800-FLOWERS.COM, Inc.  
3M Company  
AAR Corp.  
Abercrombie & Fitch Co.  
Accenture plc  
Acushnet Holdings Corp.  
Adobe Inc.  
Advanced Energy Industries, Inc.  
Aflac Incorporated  
Amazon.com, Inc.  
AMC Entertainment Holdings, Inc.  
American Airlines Group Inc.  
American Eagle Outfitters, Inc.  
American Express Company  
American Software, Inc.  
AMERISAFE, Inc.  
Amkor Technology, Inc.  
Analog Devices, Inc.  
APA Corporation  
Apartment Investment and Management Company  
Applied Industrial Technologies, Inc.  
ArcBest Corporation  
Arch Resources, Inc.  
Archrock, Inc.  
Armstrong World Industries, Inc.  
Arthur J. Gallagher & Co.  
Autodesk, Inc.  
AutoZone, Inc.  
Axcelis Technologies, Inc.  
B. Riley Financial, Inc.  
Baker Hughes Company  
Bank of America Corporation  
Beacon Roofing Supply, Inc.  
Best Buy Co., Inc.  
Beyond, Inc.  
Big 5 Sporting Goods Corporation  
Big Lots, Inc.  
BlackRock, Inc.  
Bloomin' Brands, Inc.  
Booking Holdings Inc.  
Brown & Brown, Inc.  
Burlington Stores, Inc.  
Cactus, Inc.  
Cadence Design Systems, Inc.  
Caesars Entertainment, Inc.  
Caleres, Inc.  
Camden National Corporation  
Capital One Financial Corporation  
CarMax, Inc.  
Cass Information Systems, Inc.  
Cathay General Bancorp  
Central Pacific Financial Corp.  
ChampionX Corporation  
Chevron Corporation  
Chord Energy Corporation  
Cincinnati Financial Corporation  
Citizens Financial Group, Inc.  
CNO Financial Group, Inc.  
CNX Resources Corporation  
Cognex Corporation  
Cognizant Technology Solutions Corporation  
Cohu, Inc.  
Columbia Sportswear Company  
Comerica Incorporated  
Commerce Bancshares, Inc.  
Conn's, Inc.  
ConocoPhillips  
CONSOL Energy Inc.  
Core Laboratories Inc.  
Corsair Gaming, Inc.  
CoStar Group, Inc.  
Coterra Energy Inc.  
Crawford & Company  
Crocs, Inc.  
CrowdStrike Holdings, Inc.  
CSG Systems International, Inc.  
CSW Industrials, Inc.  
CTS Corporation  
Cullen/Frost Bankers, Inc.  
Cummins Inc.  
CVB Financial Corp.  
Datadog, Inc.  
Dave & Buster's Entertainment, Inc.  
Deere & Company  
Dell Technologies Inc.  
Delta Air Lines, Inc.  
Devon Energy Corporation  
Diamond Offshore Drilling, Inc.  
Diamondback Energy, Inc.  
DICK'S Sporting Goods, Inc.  
Digi International Inc.  
Digimarc Corporation  
Dillard's, Inc.  
Discover Financial Services  
DMC Global Inc.  
DocuSign, Inc.  
Dolby Laboratories, Inc.  
Dollar General Corporation  
Dollar Tree, Inc.  
Domino's Pizza, Inc.

# LIST OF COMPANIES SURVEYED

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Donegal Group Inc.  
Donnelley Financial Solutions, Inc.  
Dorman Products, Inc.  
Dover Corporation  
DraftKings Inc.  
Dril-Quip, Inc.  
DT Midstream, Inc.  
eGain Corporation  
Ellington Financial Inc.  
Ennis, Inc.  
Enova International, Inc.  
Enpro Inc.  
EOG Resources, Inc.  
Evercore Inc.  
Everi Holdings Inc.  
Exxon Mobil Corporation  
Fastly, Inc.  
Foot Locker, Inc.  
FormFactor, Inc.  
Fortive Corporation  
Fossil Group, Inc.  
FuelCell Energy, Inc.  
GameStop Corp.  
GATX Corporation  
General Dynamics Corporation  
General Electric Company  
German American Bancorp, Inc.  
Gibraltar Industries, Inc.  
Graham Holdings Company  
Green Dot Corporation  
Green Plains Inc.  
Griffon Corporation  
Halliburton Company  
Hanesbrands Inc.  
HA Sustainable Infrastructure Capital, Inc.  
Harmonic Inc.  
Haverty Furniture Companies, Inc.  
Healthcare Realty Trust Incorporated  
Helix Energy Solutions Group, Inc.  
Heritage Commerce Corp  
Heritage Financial Corporation  
Hertz Global Holdings, Inc.  
Hess Corporation  
HNI Corporation  
HP Inc.  
ICF International, Inc.  
IES Holdings, Inc.  
Intel Corporation  
Intuit Inc.  
Itron, Inc.  
Jacobs Solutions Inc.  
JELD-WEN Holding, Inc.  
Kelly Services, Inc.  
Kennametal Inc.  
Kimball Electronics, Inc.  
Kinder Morgan, Inc.  
KLA Corporation  
KLX Energy Services Holdings, Inc.  
Kohl's Corporation  
Kyndryl Holdings, Inc.  
Lakeland Financial Corporation  
Lands' End, Inc.  
Lattice Semiconductor Corporation  
Lemonade, Inc.  
Lincoln National Corporation  
Lockheed Martin Corporation  
Lowe's Companies, Inc.  
Lululemon Athletica Inc.  
MACOM Technology Solutions Holdings, Inc.  
Macy's, Inc.  
Marathon Petroleum Corporation  
MarineMax, Inc.  
Marten Transport, Ltd.  
Matador Resources Company  
Matrix Service Company  
Maximus, Inc.  
McDonald's Corporation  
MetLife, Inc.  
MGIC Investment Corporation  
Micron Technology, Inc.  
Microsoft Corporation  
Model N, Inc.  
Morgan Stanley  
Mr. Cooper Group Inc.  
Murphy Oil Corporation  
Nabors Industries Ltd.  
NetApp, Inc.  
Newpark Resources, Inc.  
Nordstrom, Inc.  
Northern Oil and Gas, Inc.  
Northrop Grumman Corporation  
NOV Inc.  
Novanta Inc.  
Occidental Petroleum Corporation  
Oceanering International, Inc.  
Oil States International, Inc.  
Omega Flex, Inc.  
ONEOK, Inc.  
OneSpan Inc.  
Oracle Corporation

# LIST OF COMPANIES SURVEYED

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Patterson-UTI Energy, Inc.  
PBF Energy Inc.  
PC Connection, Inc.  
Peabody Energy Corporation  
Permian Resources Corporation  
Phillips 66  
Pioneer Natural Resources Company  
Playa Hotels & Resorts N.V.  
Plug Power Inc.  
Preformed Line Products Company  
Premier Financial Corp.  
Q2 Holdings, Inc.  
Quanex Building Products Corporation  
Range Resources Corporation  
Rapid7, Inc.  
Regal Rexnord Corporation  
Reinsurance Group of America, Incorporated  
Resources Connection, Inc.  
Ribbon Communications Inc.  
Rogers Corporation  
Rollins, Inc.  
Ross Stores, Inc.  
RPC, Inc.  
Ryder System, Inc.  
Sally Beauty Holdings, Inc.  
Schlumberger Limited  
Scholastic Corporation  
SecureWorks Corp.  
SEI Investments Company  
SentinelOne, Inc.  
Shake Shack Inc.  
Shoe Carnival, Inc.  
SilverBow Resources, Inc.  
Simmons First National Corporation  
SM Energy Company  
Smartsheet Inc.  
Southwestern Energy Company  
Spirit Airlines, Inc.  
Stanley Black & Decker, Inc.  
Steven Madden, Ltd.  
T. Rowe Price Group, Inc.  
Talos Energy Inc.  
Tanger Inc.  
Target Corporation  
TechnipFMC plc  
Tellurian Inc.  
Tempur Sealy International, Inc.  
Tetra Tech, Inc.  
The Allstate Corporation  
The Bank of New York Mellon Corporation  
The Cheesecake Factory Incorporated  
The Children's Place, Inc.  
The Container Store Group, Inc.  
The First Bancshares, Inc.  
The Goldman Sachs Group, Inc.  
The Hartford Financial Services Group, Inc.  
The Home Depot, Inc.  
The ODP Corporation  
The TJX Companies, Inc.  
The Travelers Companies, Inc.  
The Wendy's Company  
The Williams Companies, Inc.  
Thermon Group Holdings, Inc.  
Tidewater Inc.  
Tower Semiconductor Ltd.  
Tractor Supply Company  
Trimble Inc.  
Triumph Group, Inc.  
Truist Financial Corporation  
TTEC Holdings, Inc.  
TTM Technologies, Inc.  
Tu cows Inc.  
U.S. Silica Holdings, Inc.  
United Parcel Service, Inc.  
United Rentals, Inc.  
Valero Energy Corporation  
Varonis Systems, Inc.  
Veritex Holdings, Inc.  
Viad Corp  
Viavi Solutions Inc.  
Virtu Financial, Inc.  
Vital Energy, Inc.  
Voya Financial, Inc.  
W&T Offshore, Inc.  
Waste Connections, Inc.  
Waste Management, Inc.  
Watsco, Inc.  
Webster Financial Corporation  
Wells Fargo & Company  
WESCO International, Inc.  
Western Alliance Bancorporation  
Western Digital Corporation  
WillScot Mobile Mini Holdings Corp.  
Woodward, Inc.  
Workiva Inc.  
World Kinect Corporation  
Xylem Inc.  
YETI Holdings, Inc.  
Yum! Brands, Inc.  
Zions Bancorporation, National Association

# FW COOK PROFILE

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**FW Cook** is an independent consulting firm specializing in executive and director compensation and related corporate governance matters. Founded in 1973, our firm has served more than 3,000 companies of divergent size and business focus from our offices in New York, Chicago, Los Angeles, San Francisco, Atlanta, Houston, and Boston. We currently serve as the independent advisor to the compensation committees at a substantial number of the most prominent companies in the U.S.

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