

# 2021 Director Compensation Report

# 2021 DIRECTOR COMPENSATION REPORT

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## Table of Contents

Executive Summary	1
Overview and Methodology	4
Total Board Compensation	6
Board Cash Compensation	8
Equity Award Types	11
Equity Award Denomination	12
Equity Compensation Values	13
Equity Vesting Practices	14
Committee Member Compensation	15
Committee Chair Compensation	16
Non-Executive Board Chair and Lead Director Compensation	17
Stock Ownership Guidelines and Retention Requirements	19
Shareholder-Approved Limits on Annual Director Compensation	21
Women on Boards and Women in Board Leadership Roles	23
List of Companies Surveyed	24
FW Cook Profile	27

# EXECUTIVE SUMMARY

FW Cook's 2021 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.

To reflect contemporary definitions of size designations among small, mid, and large cap companies, our methodology has changed for the 2021 study:

Group	Prior Studies Market Cap Designation	2021 and Go-Forward Market Cap Designation
Small Cap	<\$1B	<\$2B
Mid Cap	\$1 - \$5B	\$2 - \$10B
Large Cap	>\$5B	>\$10B

*Note: All year-over-year changes discussed herein are based on the go-forward size definitions for the 2021 study so that comparisons disclosed are on an apples-to-apples basis.*

2021 total compensation, at the median, increased modestly among small-cap and mid-cap companies compared to large-cap companies, where it was generally flat: the small-cap median changed, +3.2% to \$185,833, the mid-cap median increased by +3.9% to \$236,000, and the large-cap median increased +0.7% to \$294,167.

Director compensation structure remains consistent with prior years, with an average mix of 60% equity and 40% cash compensation, across the entire sample. Small-cap companies tend to have the highest cash weighting (average of 47%) and large-cap companies tend to have the lowest (average of 36%). Most companies continue to use fixed-value equity award guidelines, with full-value stock awards remaining the most common form of equity compensation and providing the most consistent means to align director pay with shareholder interests. Equity grants most commonly vest immediately, or cliff-vest after one year.

We continue to observe strong female representation on Boards: 98% of companies in the study have at least one woman on the Board (94% last year), and 67% of large-cap companies have three or more women on the Board (59% last year). The percentage of Boards with three or more women at mid- and small- cap companies also increased to 48% and 32%, respectively, from 25% of both mid- and small-cap companies in last year's study.

Thirty-six of the 300-company sample, (12%) included an Environmental, Social, and Governance (ESG)-related committee. Of those companies, 22 were in the Energy sector (61%), five were in the Financial Services sector (14%), five were in the Retail sector, and four were in the Industrial sector (11%). Additionally, 18 were large-cap (50%), 13 were mid-cap (36%), and only five (14%) were small-cap.

# EXECUTIVE SUMMARY

The following chart summarizes median total non-employee director pay levels and market capitalizations of the 300 companies in our study (100 companies in each size grouping):

## 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 - 2021 Study<sup>1</sup></b>	\$185,833	\$236,000	\$294,167
<b>Year-Over-Year Compensation Change</b>	+3.2%	+3.9%	+0.7%
<b>Market Capitalization (\$M) - 2021 Study<sup>2</sup></b>	\$646	\$3,809	\$30,290

<sup>1</sup>Excludes any temporary reductions related to COVID-19 pandemic.

<sup>2</sup>Market capitalization as of 4/30/21.

# EXECUTIVE SUMMARY

Additional key findings are summarized below:

<b>Cash vs. Equity</b>	<ul style="list-style-type: none"> <li>Companies in all size segments continue to provide more than half of total pay in equity, on average, with equity weighting generally increasing with company size.</li> <li>The average mix across the entire sample is 40% cash and 60% equity.</li> <li>Higher-paying sectors tend to place a greater weighting on equity; Retail and Technology companies have the most equity-heavy mix while Financial Services organizations have the least.</li> </ul>
<b>Cash Compensation for Board Service</b>	<ul style="list-style-type: none"> <li>Approximately 83% of the sample uses a retainer-only structure (no board meeting fees), and an additional 6% only pays a meeting fee for abnormally high activity above a pre-set threshold.</li> <li>The median board retainer for large-cap companies was \$95,000; \$80,000 for mid-cap companies and \$65,000 for small-cap companies.</li> <li>The Energy sector provides the highest median cash retainer for board service (\$100,000), and the Technology sector provides the lowest (\$60,000).</li> </ul>
<b>Equity Compensation for Board Service</b>	<ul style="list-style-type: none"> <li>Approximately 90% of companies in the sample grant full-value stock awards exclusively (i.e., no stock options). The Technology and Industrials sectors have the highest prevalence of stock options at 11% and 9%, respectively, granted in isolation or in tandem with full-value stock awards.</li> <li>Approximately 94% of companies denominate equity awards as a dollar value rather than as a fixed number of shares.</li> <li>The Technology sector provides the highest median equity retainer (\$200,000) and the Financial Services sector provides the lowest (\$112,664).</li> </ul>
<b>Committee Compensation</b>	<ul style="list-style-type: none"> <li>Sixty-five percent of companies provide additional compensation to committee members. Fixed retainers remain more prevalent than meeting fees as the means to deliver additional compensation.</li> <li>The prevalence of committee member retainers has been stable year-over-year, while the use of committee meeting fees continues to decrease.</li> </ul>
<b>ESG Committee</b>	<ul style="list-style-type: none"> <li>ESG committee chair retainers were \$15,000 at the median, which we observe to be aligned with the median of Nominating/Governance committee chair retainers for the 2021 study broadly.</li> <li>About one-third of companies with an ESG committee provide a member retainer or meeting fees</li> </ul>
<b>Non-Executive Board Chairs and Lead Directors</b>	<ul style="list-style-type: none"> <li>Non-executive board chairs are almost always provided additional compensation for the role, with the median ranging from \$80,000 at small-cap companies to \$150,000 at large-cap companies.</li> <li>Lead directors are also almost always provided with additional compensation, ranging from approximately \$22,500 to \$37,500 at the median across all size and sector groups.</li> </ul>
<b>Stock Ownership Guidelines and Retention Requirements</b>	<ul style="list-style-type: none"> <li>Approximately 85% of companies have director ownership guidelines, while stock retention requirements are less common, present at 31% of companies.</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>Ownership guidelines are typically enforced via a “years-to-achieve” rule (69% prevalence), a retention/holding requirement (11% prevalence), or a combination of the two (20% prevalence).</li> </ul>
<b>Annual Limits on Director Compensation</b>	<ul style="list-style-type: none"> <li>Prevalence of annual limits on director compensation remains high (69% of companies), with an even split between equity-only limits (50%) and total compensation limits (50%). The use of total compensation limits increased year-over-year (from 41% in last year’s study).</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 80% of this year's sample companies were constituents of last year's sample, albeit many were recategorized based on our updated sizing methodology as described earlier in this report. For a complete list of the companies included in this study, refer to the *List of Companies Surveyed* at the end of the report.

Market capitalization and trailing 12-month revenue as of April 30, 2021, are summarized below:

Market Capitalization (\$M)				Trailing 12-Month Revenue (\$M)		
Size	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
Small-Cap	\$474	\$646	\$993	\$283	\$777	\$1,714
Mid-Cap	\$2,808	\$3,809	\$5,597	\$1,164	\$2,499	\$5,059
Large-Cap	\$16,535	\$30,290	\$76,015	\$5,781	\$13,757	\$38,258
Sector	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
Energy	\$677	\$4,730	\$16,509	\$1,118	\$3,105	\$11,193
Financial Services	\$715	\$3,475	\$13,464	\$351	\$1,290	\$6,827
Industrials	\$1,357	\$4,836	\$21,245	\$1,119	\$3,046	\$11,683
Retail	\$1,415	\$3,647	\$15,124	\$1,565	\$4,433	\$12,532
Technology	\$1,244	\$4,178	\$31,536	\$438	\$1,281	\$5,829

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, 2021.

# OVERVIEW AND METHODOLOGY

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## Methodology

The 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 in this study include:

- Annual cash retainers and 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 meeting fees for committee member and chair service
- Additional compensation for serving as a non-executive chair or lead director

The report also presents our findings on equity vesting practices, the prevalence of stock ownership guidelines, the prevalence, design, and magnitude of shareholder-approved limits on annual compensation per director, and the number of Board member and leadership seats that are occupied by women.

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

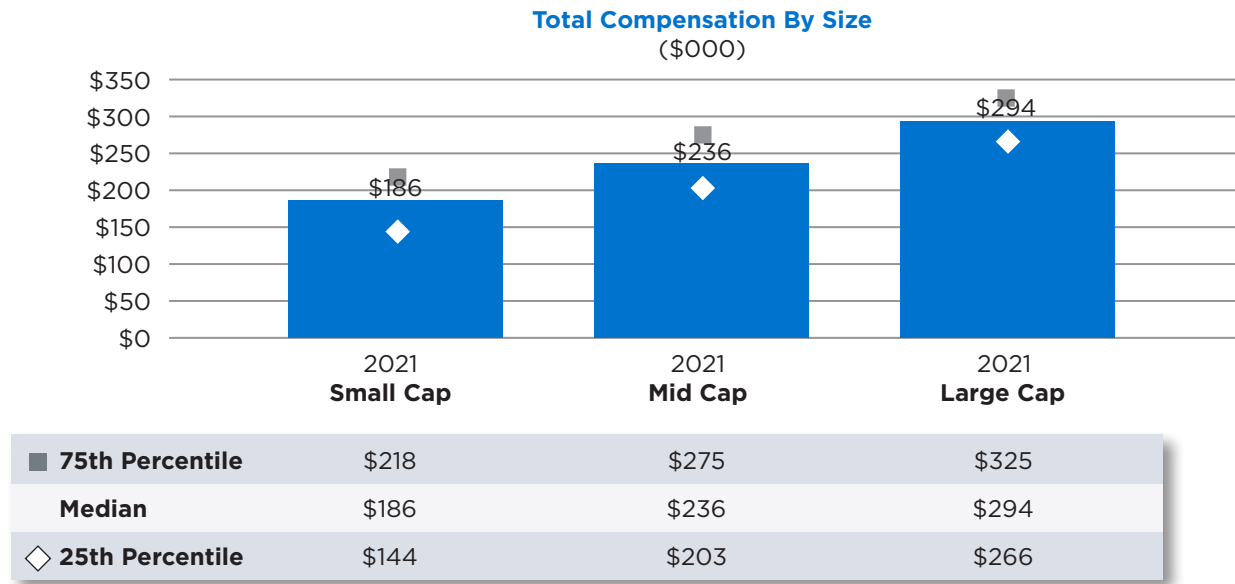
- Each director attends nine board meetings annually
- Each director is a member of one committee and attends six committee meetings per year
- If denominated as a number of shares (rather than as a fixed-dollar value), then equity compensation is valued using closing stock prices as of April 30, 2021, and, for stock options, each company's Accounting Standards Codification ("ASC") Topic 718 assumptions
- All non-annual equity compensation, which is used by 13% 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 our analysis includes one-fifth of the initial grant value plus the value of the annual grant)

Compensation levels in the study do not include temporary reductions related to the COVID-19 pandemic.

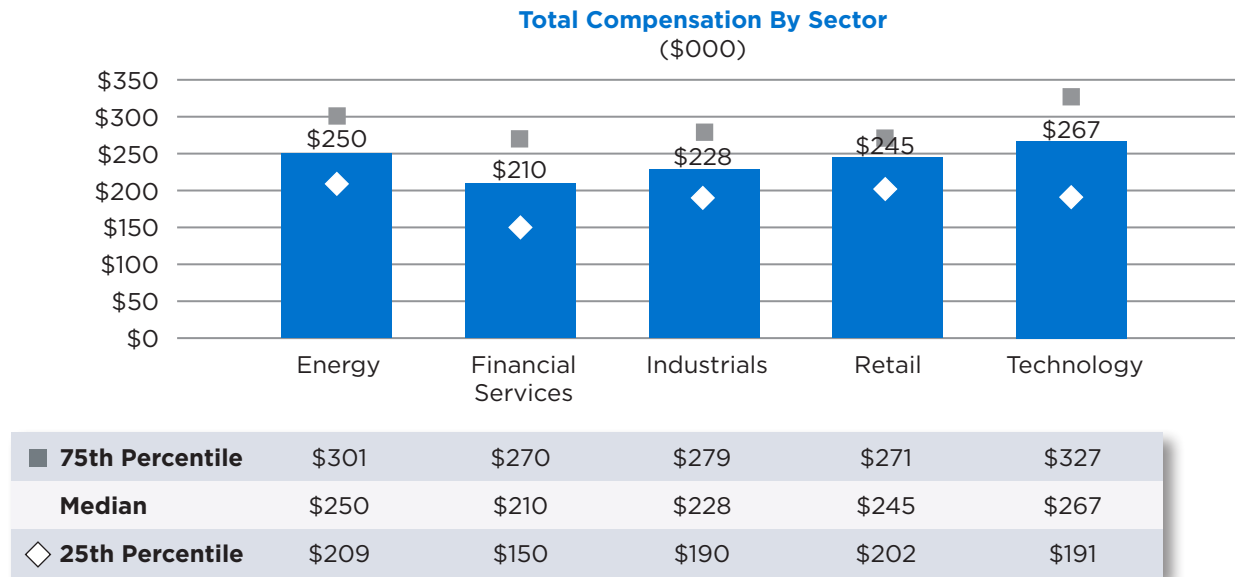
# TOTAL BOARD COMPENSATION

## Total Compensation – Pay Levels

Total director compensation levels continue to be influenced by company size. At the median, large-cap companies provide total pay of \$294,000 per director versus \$236,000 at mid-cap companies and \$186,000 at small-cap companies.



Technology sector companies in the study provide the highest median total pay compared to other sectors (\$267,000), while Financial Services companies continue to provide the lowest (\$210,000).



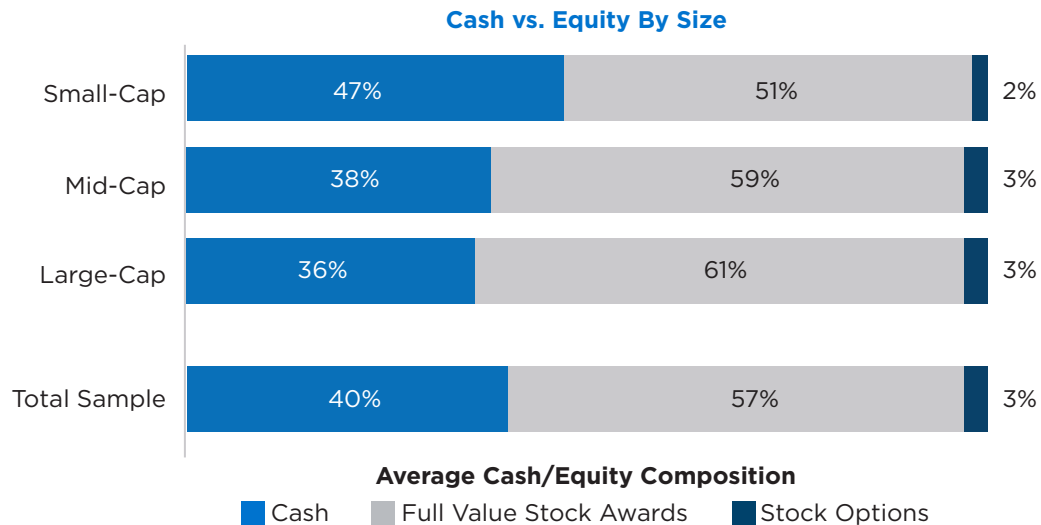


# TOTAL BOARD COMPENSATION

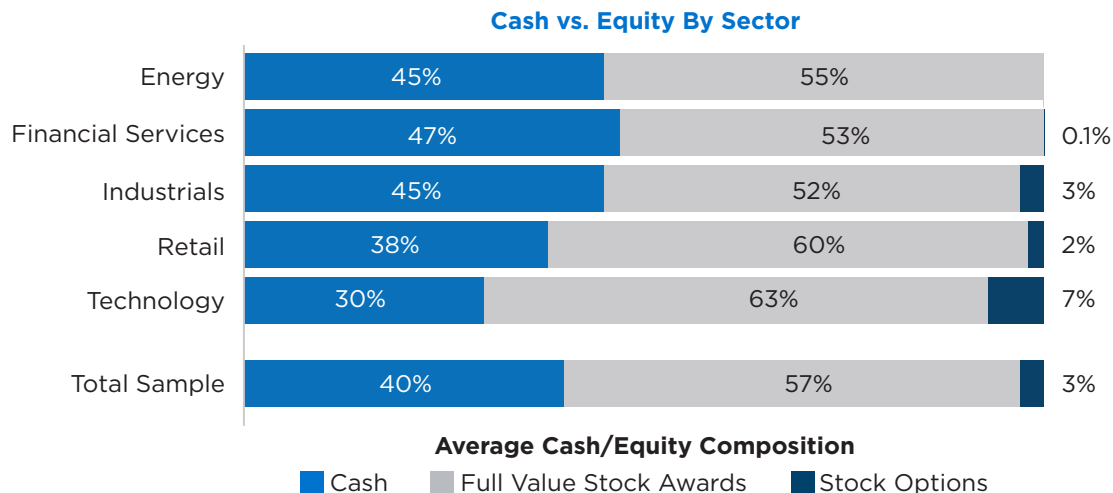
## Total Compensation – Cash vs. Equity

Compensation for board service typically consists of both cash and equity. The charts below illustrate average pay mix by company size and sector. Across all sizes and sectors, companies continue to favor delivering equity compensation in the form of full-value awards over stock options.

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 proportion of equity, averaging 53% of total compensation, while large-cap provide the highest, averaging 64% of total compensation.



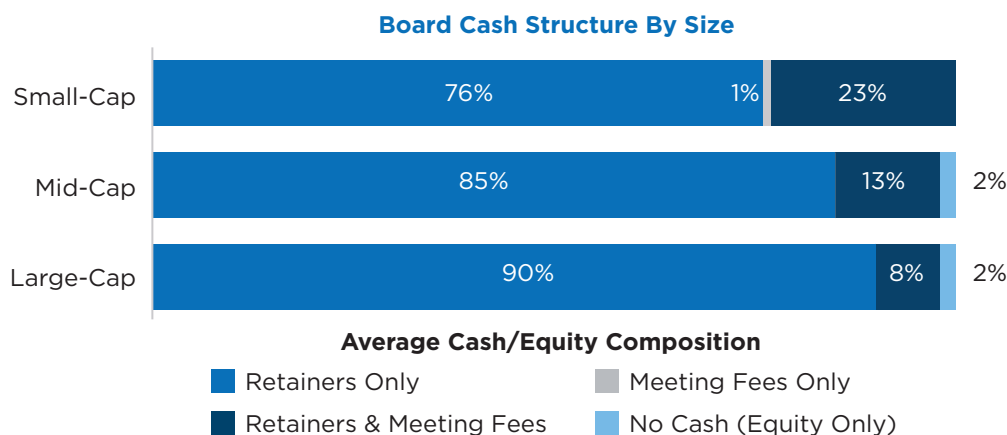
The highest-paying sectors tend to place a greater weighting on equity; on average, the companies in the Technology sector provide approximately 70% of total compensation in the form of equity. The lowest-paying sector, Financial Services, placed the lowest emphasis on equity (53%).



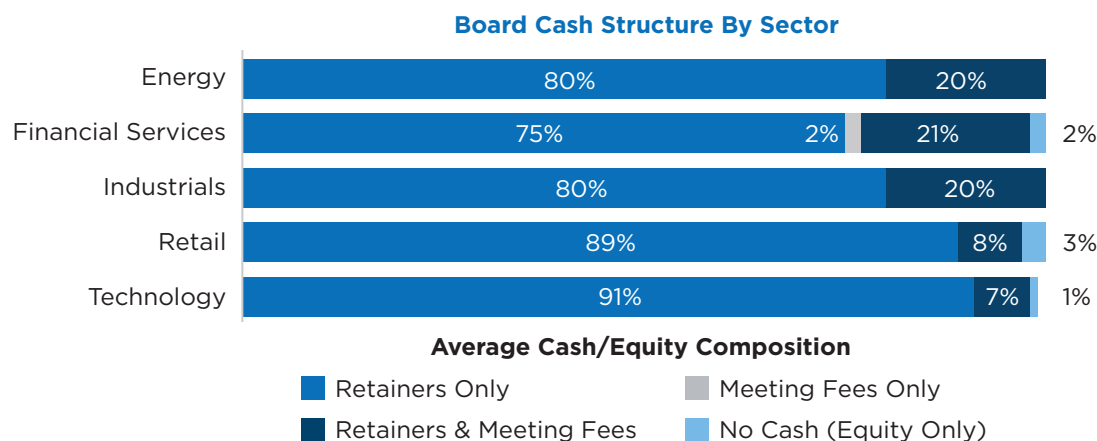
# BOARD CASH COMPENSATION

## Cash Compensation Pay Structure

Cash compensation for board service is typically provided through an annual board retainer, board meeting fees, or a combination of both. Across size and industry segments, retainer-only programs continue to be the most prevalent. After many years of companies simplifying their programs by eliminating board meeting fees, the number of companies taking a “retainer-only” approach has been steadily increasing to over 80% over the past few years. A small minority (6%) of companies in the sample provide additional compensation for years with abnormally high activity by instituting pre-set thresholds that require a specific number of meetings to occur before per-meeting fees are paid.



Retainer-only programs are the majority practice across all industry sectors.

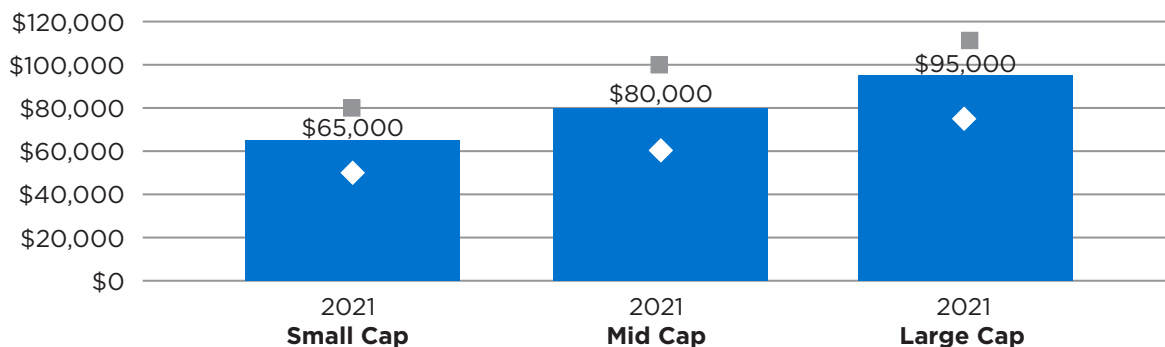


# BOARD CASH COMPENSATION

## Board Cash Retainers

Large-cap company cash retainers were \$95,000 at the median, \$80,000 for mid-cap companies and \$65,000 for small-cap companies.

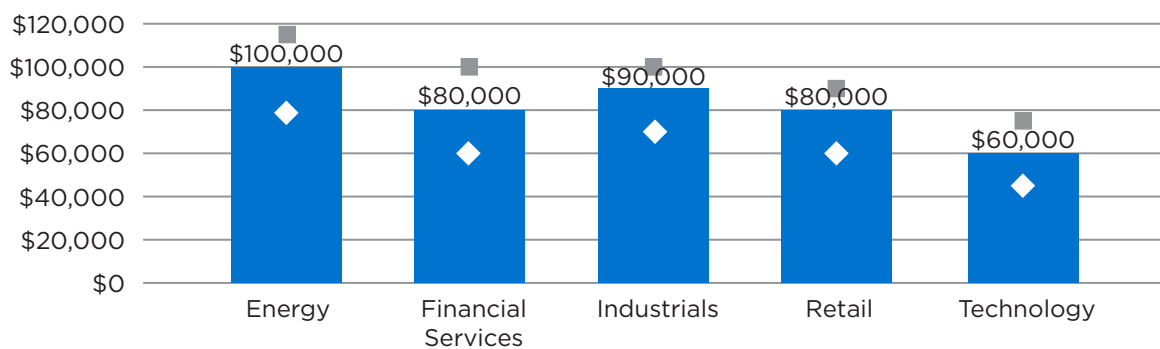
Board Cash Retainers By Size



■ 75th Percentile	\$80,000	\$100,000	\$111,250
◆ Median	\$65,000	\$80,000	\$95,000
◇ 25th Percentile	\$50,000	\$60,375	\$75,000

The Energy industry provided the highest board cash retainers followed by Industrial companies. Technology companies provided the lowest cash retainer among the industries studied.

Board Cash Retainers By Sector



■ 75th Percentile	\$115,000	\$100,000	\$100,000	\$90,000	\$75,000
◆ Median	\$100,000	\$80,000	\$90,000	\$80,000	\$60,000
◇ 25th Percentile	\$78,750	\$60,000	\$70,000	\$60,000	\$45,000

# BOARD CASH COMPENSATION

## Board Meeting Fees

The prevalence of board meeting fees continues to decline, with 10% of the total sample using board meeting fees, down from 15% in the prior year. Board meeting fees are more prevalent among smaller companies than larger companies, but the downward trend is observed in all three size categories.

Board Meeting Fees By Size					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
Small-Cap	18%	\$1,388	\$1,500	\$2,300	21%
Mid-Cap	7%	\$1,500	\$2,000	\$2,000	8%
Large-Cap	6%	\$2,125	\$2,750	\$5,625	10%

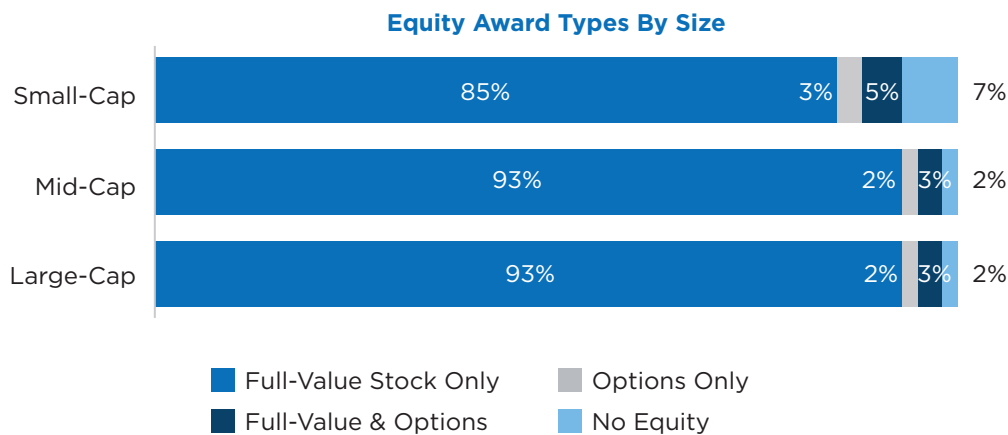
Board meeting fees are most prevalent in the Energy and Financial Services sectors, where median per-meeting fees, of \$1,500, are lower relative to Industrials, Retail and Technology sectors. Per-meeting fees in these sectors, where prevalence is at or below 10%, range from \$2,000 to \$2,500 at median.

Board Meeting Fees By Sector					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
Energy	13%	\$1,500	\$1,500	\$2,250	15%
Financial Services	19%	\$1,000	\$1,500	\$1,750	27%
Industrials	9%	\$2,000	\$2,500	\$3,000	15%
Retail	6%	\$2,000	\$2,000	\$2,125	4%
Technology	6%	\$2,000	\$2,200	\$3,425	11%

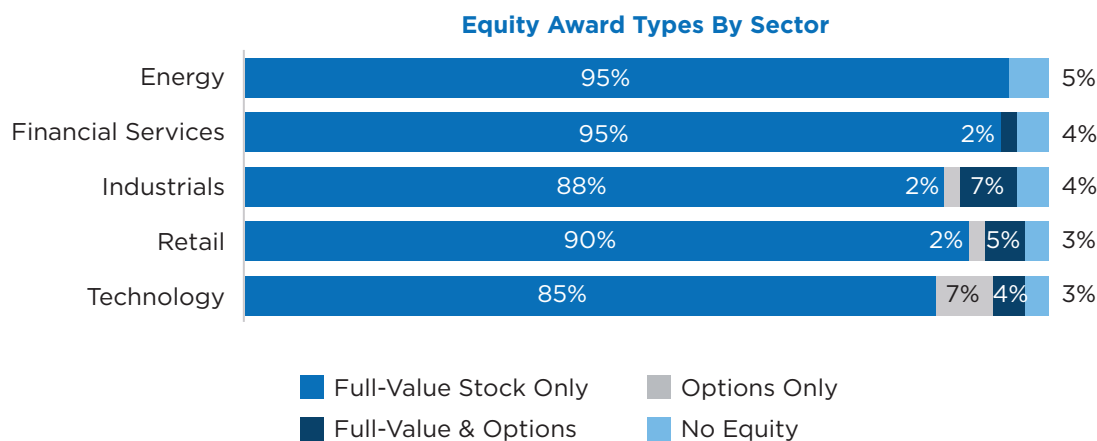
\*Prevalence statistics reflect companies that pay a fee starting with the first meeting in a year; across the entire sample, an additional 6% of companies (4% last year) provide a fee starting after a pre-set minimum number of meetings per year.

# EQUITY AWARD TYPES

Full-value stock awards (i.e., restricted stock/units, deferred stock units, or fully vested stock) remain the most prevalent equity grant type in director compensation programs across all company sizes and sectors. Option-only programs remain a minority practice following a decline across the sample over the last several years.



When segmented by industry, full-value awards remain the majority practice. Technology sector companies have the highest prevalence of options in their equity programs (11%), followed by companies in the Industrial sector (9%).



# EQUITY AWARD DENOMINATION

Companies continue to define annual equity awards primarily as a fixed-dollar value rather than as a fixed number of shares across all company sizes and sectors. Dollar-denominated awards provide the same proxy-disclosed grant value on an annual basis independent of stock price movement. Approximately 94% of all companies use a fixed-dollar approach for full-value awards, with small-cap companies slightly below this level and mid-cap and large-cap companies above this level. The fixed-share approach is used more often by the small minority of companies that grant stock options (5% of all companies).

**Equity Award Denomination By Size: Percentage of Companies**

	<b>Full-Value Stock</b> (Used by 94% of Companies)		<b>Options</b> (Used by 5% of Companies)	
	<b>Dollar Value</b>	<b>Number of Shares</b>	<b>Dollar Value</b>	<b>Number of Shares</b>
<b>Small-Cap</b>	93%	7%	20%	80%
<b>Mid-Cap</b>	97%	3%	60%	40%
<b>Large-Cap</b>	99%	1%	80%	20%

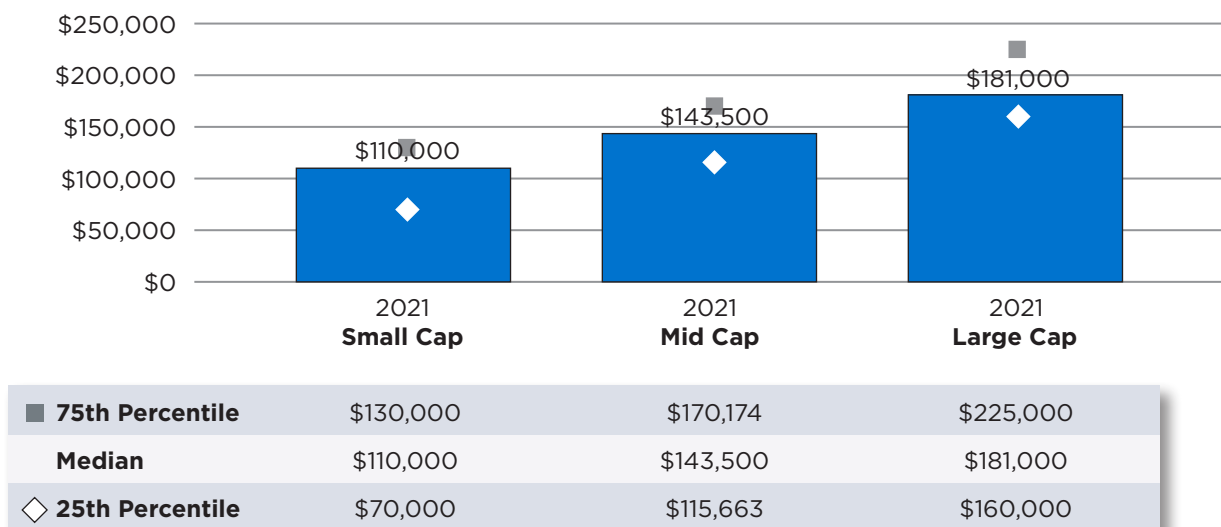
**Equity Award Denomination By Sector: Percentage of Companies**

	<b>Full-Value Stock</b> (Used by 94% of Companies)		<b>Options</b> (Used by 5% of Companies)	
	<b>Dollar Value</b>	<b>Number of Shares</b>	<b>Dollar Value</b>	<b>Number of Shares</b>
<b>Energy</b>	98%	2%	N/A	N/A
<b>Financial Services</b>	95%	5%	0%	100%
<b>Industrials</b>	98%	2%	100%	0%
<b>Retail</b>	93%	7%	50%	50%
<b>Technology</b>	98%	2%	29%	71%

# EQUITY COMPENSATION VALUES

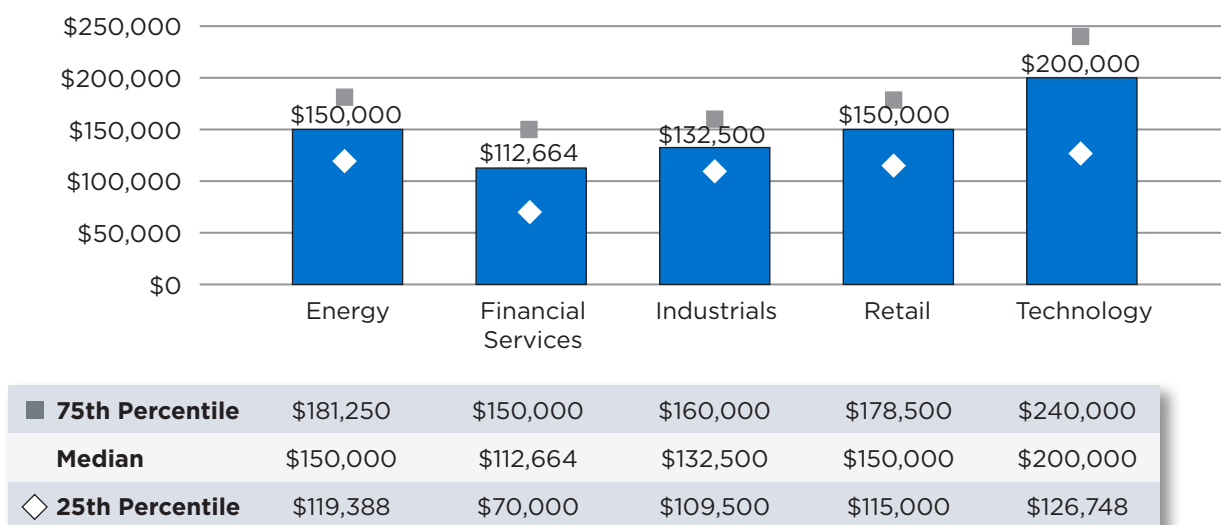
Large-cap company equity retainers were \$181,000 at the median, \$143,500 for mid-cap companies and \$110,000 for small-cap companies.

Equity Compensation Value By Size



Equity compensation continues to be highest among Technology companies and lowest among Financial Services companies.

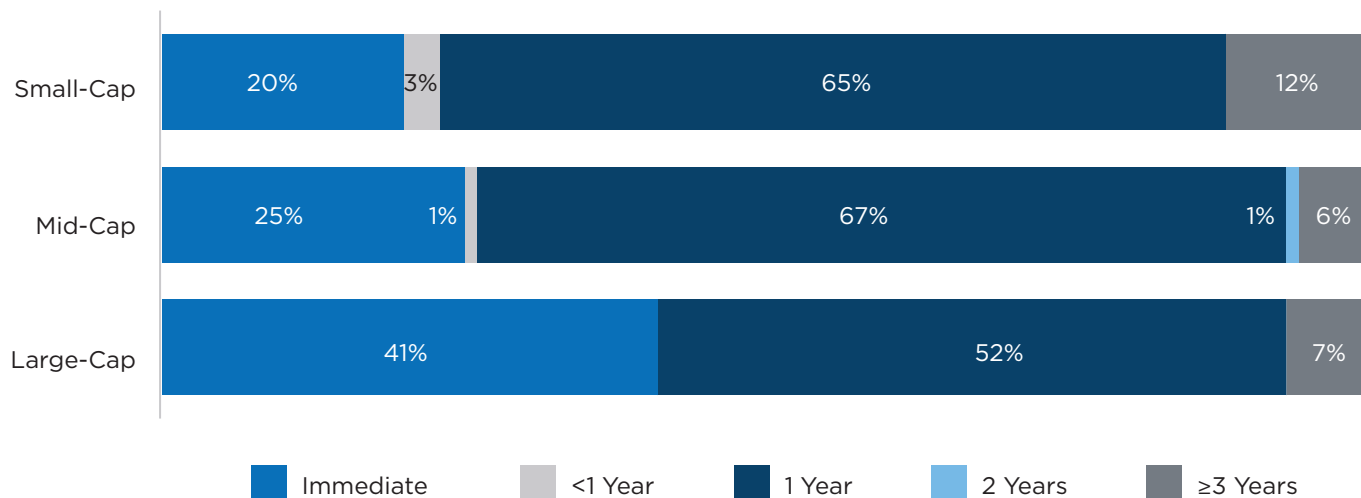
Equity Compensation Value By Sector



# EQUITY VESTING PRACTICES

Across size and industry sectors, equity awards most commonly vest within one year of grant. Among the sample, approximately 29% of companies vest awards immediately upon grant and another 62% vest awards within one year of grant (but not immediately). The prevalence of immediate vesting increases with company size, with the highest prevalence among large-cap companies (41%) and the lowest prevalence among small-cap companies (20%). Awards with longer vesting periods tend to vest in installments, rather than cliff vest.

Equity Compensation Vesting Periods By Size





# COMMITTEE MEMBER COMPENSATION

Committee service can be compensated through additional retainers paid in cash (or, more rarely, equity) and/or meeting fees. Sixty-five percent of companies provide additional compensation to directors for serving as a regular member of a board committee, either via a retainer, meeting fee, or both. We observe the highest prevalence at mid-cap companies (76%), followed by small-cap (64%) and large-cap companies (56%). Year-over-year, the prevalence of committee member retainers increased by 5% while the use of meeting fees decreased by 7%, consistent with our observed historical trends.

	Committee Member Retainers			Committee Meeting Fees*		
	Audit	Compensation	Nominating & Governance	Audit	Compensation	Nominating & Governance
<b>Total Prevalence (2021)</b>	<b>54%</b>	<b>49%</b>	<b>45%</b>	<b>11%</b>	<b>11%</b>	<b>9%</b>
<b>Total Prevalence (2020)</b>	<b>49%</b>	<b>45%</b>	<b>41%</b>	<b>18%</b>	<b>18%</b>	<b>17%</b>
<b>Size (2021)</b>						
Small-Cap	45%	45%	41%	19%	19%	14%
Mid-Cap	69%	60%	56%	7%	7%	7%
Large-Cap	48%	41%	38%	8%	7%	7%
<b>Sector (2021)</b>						
Energy	41%	34%	32%	13%	13%	9%
Financial Services	42%	33%	30%	23%	23%	19%
Industrials	39%	36%	32%	9%	9%	9%
Retail	63%	57%	52%	8%	8%	8%
Technology	78%	76%	72%	6%	4%	3%
<b>Pay Levels (All Companies 2021)</b>						
75th Percentile	\$15,000	\$10,000	\$10,000	\$2,300	\$2,000	\$2,000
Median	\$10,000	\$10,000	\$7,500	\$2,000	\$1,500	\$1,500
25th Percentile	\$10,000	\$7,125	\$5,000	\$1,500	\$1,500	\$1,438

\*Reflects companies that pay a fee starting with the first meeting in a year; across the entire sample, an additional 6% of companies (4% 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 substantial time required to lead a committee. As with committee member retainers, committee chair retainers tend to be highest for the audit committee and lowest for the nominating/governance committee, which recognizes the different time commitment expectations between committees.

The table below shows the prevalence and magnitude of retainers paid to directors who chair the audit, compensation, and nominating/governance committees. Most companies pay chair retainers in cash, although a small minority (approximately 5% of companies providing chair retainers) use equity, either in isolation or in combination with cash.

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	\$16,000	\$20,000	\$25,000	\$10,000	\$15,000	\$20,000	\$8,750	\$10,000	\$15,000
Mid-Cap	\$20,000	\$25,000	\$30,000	\$15,000	\$20,000	\$25,000	\$10,000	\$15,000	\$20,000
Large-Cap	\$25,000	\$25,000	\$35,000	\$20,000	\$20,000	\$25,000	\$15,000	\$20,000	\$20,000
<b>Sector</b>									
Energy	\$20,000	\$20,000	\$25,000	\$15,000	\$15,000	\$20,000	\$10,625	\$15,000	\$15,750
Financial Services	\$19,250	\$25,000	\$35,000	\$10,000	\$20,000	\$25,000	\$10,000	\$20,000	\$20,000
Industrials	\$20,000	\$20,000	\$25,000	\$15,000	\$18,750	\$20,000	\$10,000	\$15,000	\$17,500
Retail	\$20,000	\$25,000	\$30,000	\$15,000	\$20,000	\$25,000	\$12,375	\$15,000	\$20,000
Technology	\$20,000	\$25,000	\$35,000	\$15,000	\$19,000	\$25,000	\$10,000	\$15,000	\$20,000
<b>All Companies 2021</b>	<b>\$12,500</b>	<b>\$20,000</b>	<b>\$25,000</b>	<b>\$10,000</b>	<b>\$15,000</b>	<b>\$20,000</b>	<b>\$7,500</b>	<b>\$10,000</b>	<b>\$15,000</b>
Prevalence	95%			93%			88%		

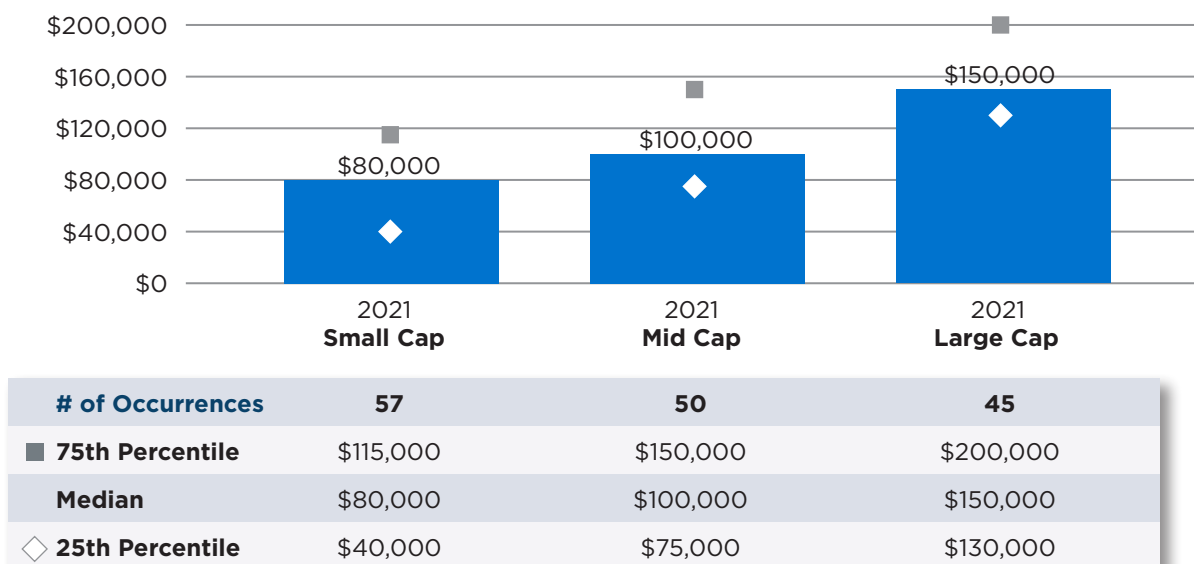
# NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

## Non-Executive Board Chair Retainer

There were 164 non-executive board chairs identified in this year's study, compared to 163 in the prior year's study. Of the non-executive board chairs identified this year, 152 (93%) are provided additional compensation over regular board member pay. Incremental compensation for non-executive board chairs is provided in cash (55%), equity (9%), or a combination of both (36%). Values in the table below exclude the companies that do not provide additional compensation to their non-executive board chair.

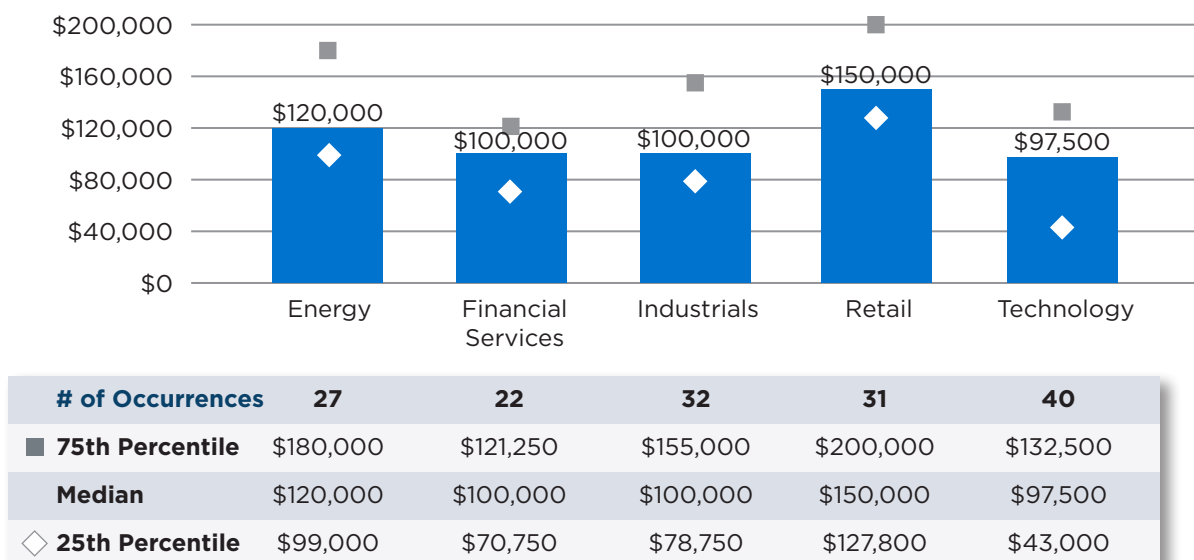
Additional retainers are highly differentiated based on factors including whether the role has strategic importance to the company as opposed to a governance focus, the skill set and experience of both the CEO and non-executive board chair, and the resulting expected time commitment.

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



Companies in the Retail sector provide the highest additional compensation for non-executive board chair service.

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

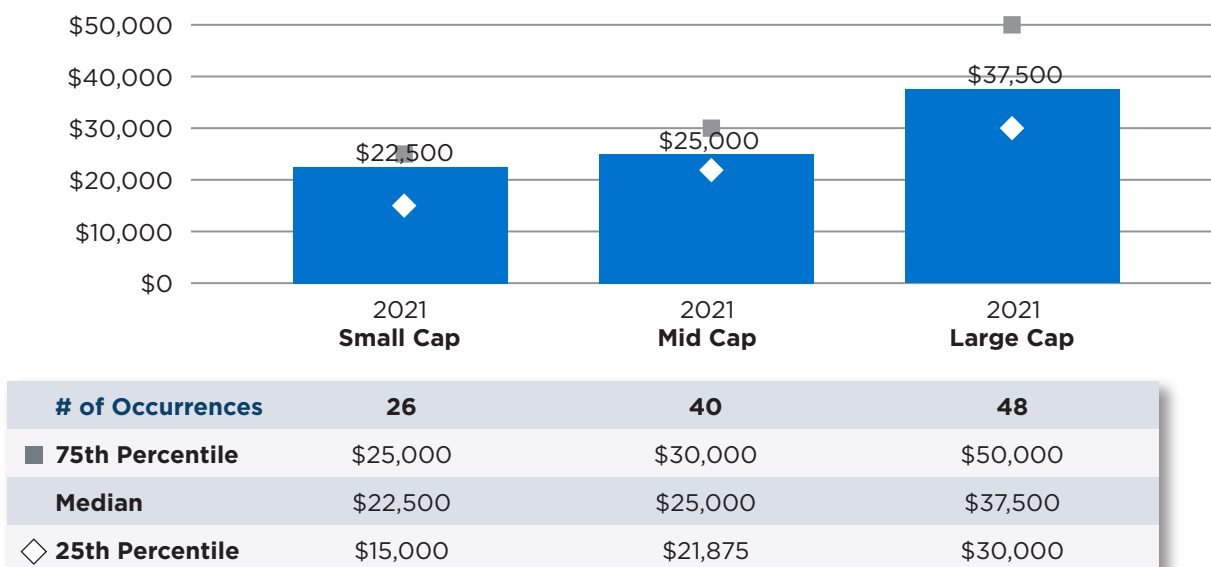


# NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

## Lead Director Retainer

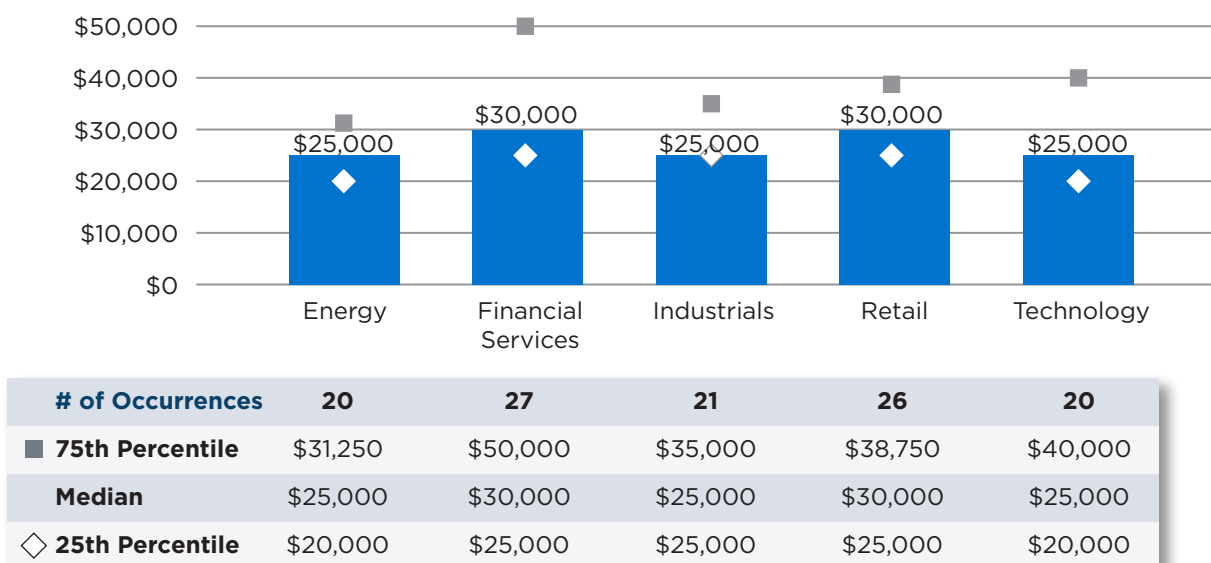
Of the 143 lead directors in this year's study, 114 (80%) receive additional compensation for their service. Lead director retainers exhibit less differentiation compared to other elements of director compensation, with a median value ranging from \$22,500 at small-cap companies to \$37,500 at large-cap companies.

Lead Director Retainers By Size



When segmented by sector there is limited differentiation in pay amounts, with a median lead director retainer of \$25,000 in the Energy, Industrials, and Technology sectors, and \$30,000 in the Financial Services and Retail sectors.

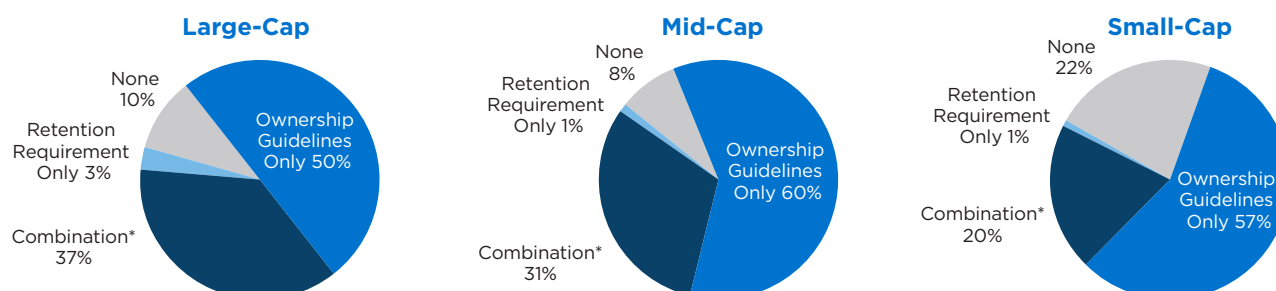
Lead Director Retainers By Sector



# STOCK OWNERSHIP GUIDELINES AND RETENTION REQUIREMENTS

Director stock ownership guidelines are in place for 85% of companies in our sample, particularly at large-cap and mid-cap companies, and have increased in prevalence year-over-year among large-cap and small-cap companies. Companies may also have stock retention requirements in the form of: (1) granting equity as deferred stock units that mandatorily settle after retirement from the board (most observed at large-cap companies) or (2) requiring retention of a percentage of “net shares” acquired, which is also known as a “retention ratio.”

Across all companies in the survey, 85% of companies have ownership guidelines and 31% have retention requirements.



## Retention Requirements

Retention requirements remain most prevalent at large-cap companies, where 40% of companies maintain them. Among all companies, the most common retention requirement is linked to the achievement of ownership guidelines (71%), although 29% of companies with retention requirements indicate directors must hold shares until retirement, either in the form of explicit requirements, or by granting deferred share units that typically settle at retirement.

Stock Retention Requirements				
	Small-Cap	Mid-Cap	Large-Cap	Overall
<b>Prevalence</b>	<b>21%</b>	<b>32%</b>	<b>40%</b>	<b>31%</b>
<b>Length Of Retention**</b>				
Until Retirement	19%	19%	43%	29%
Until Ownership Guideline Met	81%	81%	58%	71%
Fixed Years	0%	0%	0%	0%
<b>Vehicle for Requirement**</b>				
Retention Ratio	90%	84%	70%	80%
Deferred Stock Units (DSUs)	10%	6%	30%	17%
Retention Ratio and DSUs	0%	9%	0%	3%
<b>Retention Ratio***</b>				
100%	60%	67%	61%	63%
75%	0%	3%	7%	4%
50%	35%	27%	25%	28%
Other	0%	3%	7%	4%

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

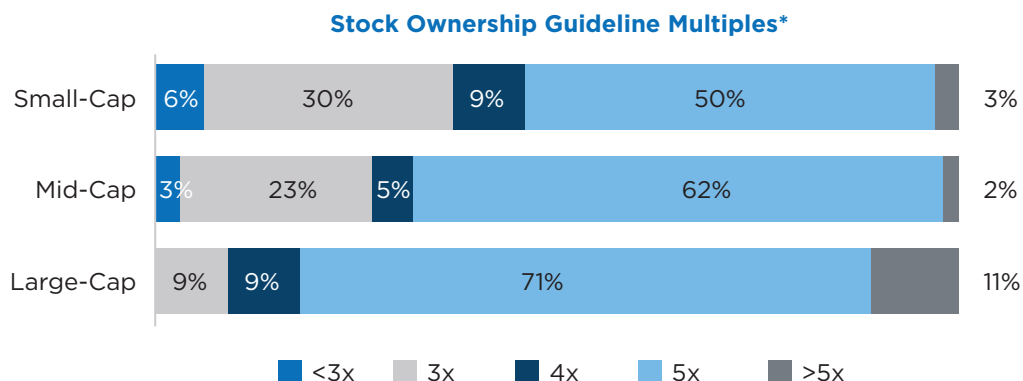
\*\*Calculated out of companies disclosing retention requirements

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

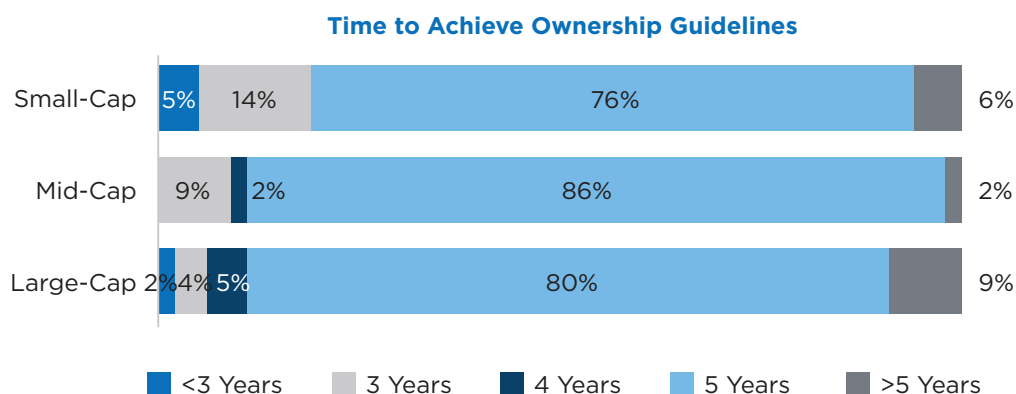
# STOCK OWNERSHIP GUIDELINES

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

Within the sample, approximately 82% of companies with stock ownership guidelines use the multiple of retainer approach (most commonly cash retainer). The magnitude of stock ownership guideline multiples increases with company size: the most prevalent multiple among large-cap, mid-cap, and small-cap companies is 5x cash retainer.



Of the companies with stock ownership guidelines, 80% have compliance deadlines to achieve ownership levels. Across all size and industry segments, a sizeable majority of companies provide five years to achieve ownership levels.



*\*Statistics reflect companies that define ownership guidelines as a multiple of cash retainer; across the entire sample, an additional 6% of companies define multiples based on either equity retainer or both cash and equity retainer*

# SHAREHOLDER-APPROVED LIMITS ON ANNUAL DIRECTOR COMPENSATION

In recent years, there has been a trend to include meaningful 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 a potential lawsuit, since case law does not seem to distinguish between cash and equity. However, recent legal developments indicate that the protection provided by a limit may be less than previously believed.

The application of limit is evenly split between Equity-only limits and Total Compensation limits. Note that some companies raise or nullify the limit in special cases, such as a director's first year of service or if a director serves as the board chair or lead director.

Annual Limits on Non-Employee Director Compensation				
	Small-Cap	Mid-Cap	Large-Cap	Overall
<b>Prevalence</b>	<b>62%</b>	<b>67%</b>	<b>77%</b>	<b>69%</b>
<b>Application of Limit*</b>				
Total Compensation	40%	61%	49%	50%
Equity Only	60%	39%	51%	50%
<b>Denomination of Equity Limit**</b>				
Dollar-Denominated	62%	88%	82%	76%
Share-Denominated	35%	8%	15%	21%
Both	3%	4%	3%	3%

\*Calculated out of companies disclosing limits

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

# SHAREHOLDER-APPROVED LIMITS ON ANNUAL DIRECTOR COMPENSATION

Median limit values on total director pay range between \$500,000 (small-cap companies) and \$750,000 (large-cap companies) and typically equate to a multiple of approximately 2.6x to 2.8x total director pay. Dollar-denominated equity-only limits tend to have similar or slightly smaller values than total compensation limits. 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, 2021, closing stock prices and the latest 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	\$500,000	\$650,000	\$400,000	\$500,000	\$500,000	\$459,263	\$1,363,000	\$2,962,936
Mid-Cap	\$500,000	\$600,000	\$750,000	\$425,000	\$500,000	\$600,000	\$3,655,100	\$4,674,575	\$6,093,800
Large-Cap	\$625,000	\$750,000	\$800,000	\$500,000	\$500,000	\$795,000	\$1,060,319	\$3,076,600	\$4,583,200
<b>Limit Multiple***</b>									
Small-Cap	2.3x	2.8x	3.4x	3.3x	3.6x	4.4x	12.0x	31.9x	38.3x
Mid-Cap	2.1x	2.8x	3.2x	2.3x	3.6x	4.5x	18.0x	35.0x	52.8x
Large-Cap	2.2x	2.6x	2.9x	2.5x	3.0x	3.8x	5.8x	12.1x	21.8x

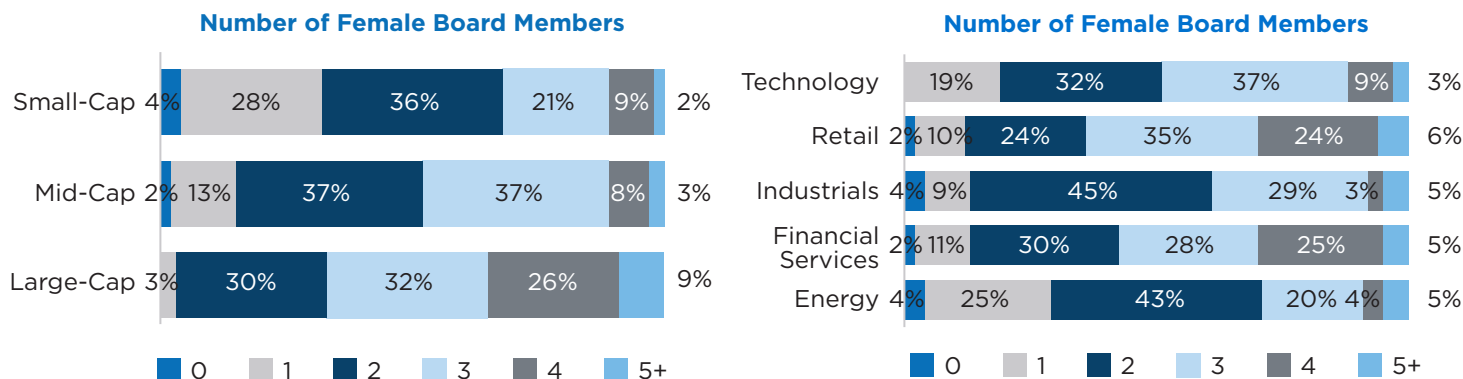
\*\*\*For total compensation limits, reflects multiple of total pay; for equity-only limits, reflects multiple of annual equity award value



# WOMEN ON BOARDS AND WOMEN IN BOARD LEADERSHIP ROLES

## Women on Boards

Female board members have become more prevalent and company size continues to show correlation to the presence of at least one woman on the company's Board: approximately 96% of small-cap and 98% of mid-cap companies have at least one female Board member, and 100% of large-cap companies have at least one female Board member. Approximately 67% of large-cap companies have at least three female Board members, compared to 48% for mid-cap companies and 32% for small-cap companies.



## Women in Leadership Roles

Just 5% of Non-Executive Board Chair seats and 8% of Lead Director seats in the sample are filled by women. Large-cap companies have the highest prevalence of women in lead director roles, with approximately 10% of Lead Director seats filled by women.

Prevalence of women holding Committee Chair roles is between 16% and 31% among the Audit, Compensation, and Nominating/Governance Committees (across the entire data sample).

Women In Leadership Roles				
	Small-Cap	Mid-Cap	Large-Cap	Overall
<b>Board Leadership</b>				
Non-Executive Board Chair	3%	5%	6%	5%
Lead Director	6%	6%	10%	8%
<b>Committee Leadership</b>				
Audit Chair	24%	16%	24%	21%
Compensation Chair	16%	20%	31%	22%
Nominating & Governance Chair	21%	26%	31%	26%

# LIST OF COMPANIES SURVEYED

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1-800-FLOWERS.COM, Inc.  
3M Company  
A. O. Smith Corporation  
Abercrombie & Fitch Co.  
Accenture plc  
Acushnet Holdings Corp.  
Adobe Inc.  
Advance Auto Parts, Inc.  
Advanced Energy Industries, Inc.  
Advanced Micro Devices, Inc.  
Aegion Corporation  
Aflac Incorporated  
Alamo Group Inc.  
Alleghany Corporation  
Amazon.com, Inc.  
American Airlines Group Inc.  
American Eagle Outfitters, Inc.  
American Express Company  
American Software, Inc.  
Amkor Technology, Inc.  
Analog Devices, Inc.  
Antero Midstream Corporation  
APA Corporation  
Apartment Investment and Management Company  
Applied Industrial Technologies, Inc.  
Applied Optoelectronics, Inc.  
ArcBest Corporation  
Arch Resources, Inc.  
Armstrong World Industries, Inc.  
Arthur J. Gallagher & Co.  
Atlas Air Worldwide Holdings, Inc.  
AutoZone, Inc.  
Axcelis Technologies, Inc.  
B. Riley Financial, Inc.  
Baker Hughes Company  
Banc of California, Inc.  
Bank of America Corporation  
Beacon Roofing Supply, Inc.  
Bed Bath & Beyond Inc.  
Best Buy Co., Inc.  
Big 5 Sporting Goods Corporation  
Big Lots, Inc.  
BlackRock, Inc.  
Bloomin' Brands, Inc.  
Booking Holdings Inc.  
Brown & Brown, Inc.  
Bryn Mawr Bank Corporation  
Builders FirstSource, Inc.  
Burlington Stores, Inc.  
Cabot Oil & Gas Corporation  
Cactus, Inc.  
Cadence Design Systems, Inc.  
Caesars Entertainment, Inc.  
Caleres, Inc.  
Callon Petroleum Company  
Camden National Corporation  
CarMax, Inc.  
Cass Information Systems, Inc.  
Cathay General Bancorp  
Centennial Resource Development, Inc.  
Central Pacific Financial Corp.  
Chegg, Inc.  
Chevron Corporation  
Cimarex Energy Co.  
Cincinnati Financial Corporation  
Citizens Financial Group, Inc.  
Citrix Systems, Inc.  
CNO Financial Group, Inc.  
CNX Resources Corporation  
Cognex Corporation  
Cognizant Technology Solutions Corporation  
Cohu, Inc.  
Colfax Corporation  
Columbia Sportswear Company  
Comerica Incorporated  
Conn's, Inc.  
ConocoPhillips  
Continental Resources, Inc.  
CoreLogic, Inc.  
Core-Mark Holding Company, Inc.  
CoStar Group, Inc.  
Cowen Inc.  
Crawford & Company  
Crocs, Inc.  
CrowdStrike Holdings, Inc.  
CSG Systems International, Inc.  
CTS Corporation  
Cummins Inc.  
CURO Group Holdings Corp.  
CVB Financial Corp.  
DCP Midstream, LP  
Deere & Company  
Dell Technologies Inc.  
Delta Air Lines, Inc.  
Devon Energy Corporation  
Diamondback Energy, Inc.  
DICK'S Sporting Goods, Inc.  
Digi International Inc.  
Digimarc Corporation  
Dillard's, Inc.  
DMC Global Inc.  
DocuSign, Inc.

# LIST OF COMPANIES SURVEYED

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Dolby Laboratories, Inc.	Hess Corporation
Dollar General Corporation	HollyFrontier Corporation
Dollar Tree, Inc.	HP Inc.
Domino's Pizza, Inc.	IES Holdings, Inc.
Donegal Group Inc.	Intel Corporation
Donnelley Financial Solutions, Inc.	Intuit Inc.
Dorman Products, Inc.	Iron Mountain Incorporated
Dover Corporation	Itron, Inc.
DraftKings Inc.	Jacobs Engineering Group Inc.
Duke Realty Corporation	Juniper Networks, Inc.
Dynatrace, Inc.	Kelly Services, Inc.
eGain Corporation	Kennametal Inc.
Ellington Financial Inc.	Kimball Electronics, Inc.
Ennis, Inc.	Kinder Morgan, Inc.
Enova International, Inc.	Kirkland's, Inc.
EnPro Industries, Inc.	KLA Corporation
Enterprise Products Partners L.P.	Kohl's Corporation
EOG Resources, Inc.	Lam Research Corporation
Evercore Inc.	Lands' End, Inc.
Everi Holdings Inc.	Laredo Petroleum, Inc.
Expeditors International of Washington, Inc.	Lattice Semiconductor Corporation
Exxon Mobil Corporation	Life Storage, Inc.
F5 Networks, Inc.	Lincoln National Corporation
Fastly, Inc.	Lockheed Martin Corporation
Foot Locker, Inc.	Lowe's Companies, Inc.
FormFactor, Inc.	MACOM Technology Solutions Holdings, Inc.
Fortive Corporation	Macy's, Inc.
Fossil Group, Inc.	Magellan Midstream Partners, L.P.
FuelCell Energy, Inc.	Marathon Oil Corporation
GAMCO Investors, Inc.	Marathon Petroleum Corporation
GameStop Corp.	MarineMax, Inc.
GATX Corporation	Matrix Service Company
General Dynamics Corporation	Maximus, Inc.
General Electric Company	Meridian Bancorp, Inc.
Genesis Energy, L.P.	MetLife, Inc.
German American Bancorp, Inc.	MGIC Investment Corporation
Gibraltar Industries, Inc.	Micron Technology, Inc.
Global Partners LP	Microsoft Corporation
Graham Holdings Company	Model N, Inc.
Green Dot Corporation	Morgan Stanley
Green Plains Inc.	MPLX LP
Griffon Corporation	Mr. Cooper Group Inc.
Halliburton Company	Murphy Oil Corporation
Hanesbrands Inc.	NCR Corporation
Hannon Armstrong Sustainable Infrastructure Capital	NetApp, Inc.
Harmonic Inc.	Netflix, Inc.
Haverty Furniture Companies, Inc.	Newpark Resources, Inc.
Healthcare Realty Trust Incorporated	Noble Midstream Partners LP
Helix Energy Solutions Group, Inc.	Nordstrom, Inc.
Heritage Commerce Corp	Northern Oil and Gas, Inc.
Heritage Financial Corporation	Northrop Grumman Corporation

# LIST OF COMPANIES SURVEYED

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NOV Inc.	Take-Two Interactive Software, Inc.
Novanta Inc.	Tanger Factory Outlet Centers, Inc.
Occidental Petroleum Corporation	Targa Resources Corp.
Oil States International, Inc.	Target Corporation
Omega Flex, Inc.	TCF Financial Corporation
ONEOK, Inc.	Tempur Sealy International, Inc.
OneSpan Inc.	Tenneco Inc.
Oracle Corporation	Tetra Tech, Inc.
Overstock.com, Inc.	Textron Inc.
PBF Energy Inc.	The Allstate Corporation
PC Connection, Inc.	The Children's Place, Inc.
Peabody Energy Corporation	The Container Store Group, Inc.
Penn National Gaming, Inc.	The First Bancshares, Inc.
Penn Virginia Corporation	The Hartford Financial Services Group, Inc.
Penske Automotive Group, Inc.	The Home Depot, Inc.
PGT Innovations, Inc.	The ODP Corporation
Phillips 66	The TJX Companies, Inc.
Pioneer Natural Resources Company	The Travelers Companies, Inc.
Plug Power Inc.	The Williams Companies, Inc.
Preformed Line Products Company	Thermon Group Holdings, Inc.
Premier Financial Corp.	Tower Semiconductor Ltd.
Q2 Holdings, Inc.	Tractor Supply Company
Rapid7, Inc.	Trimble Inc.
Regal Beloit Corporation	Triumph Group, Inc.
Renewable Energy Group, Inc.	TTEC Holdings, Inc.
Resources Connection, Inc.	TTM Technologies, Inc.
Ribbon Communications Inc.	Tucows Inc.
Rogers Corporation	Under Armour, Inc.
Rollins, Inc.	United Parcel Service, Inc.
Ross Stores, Inc.	United Rentals, Inc.
RPC, Inc.	Valero Energy Corporation
Ryder System, Inc.	Varonis Systems, Inc.
Sally Beauty Holdings, Inc.	Viad Corp
Schlumberger Limited	Viavi Solutions Inc.
Scholastic Corporation	Virtu Financial, Inc.
SecureWorks Corp.	Voya Financial, Inc.
Shake Shack Inc.	W&T Offshore, Inc.
Shoe Carnival, Inc.	Waste Connections, Inc.
Simmons First National Corporation	Waste Management, Inc.
SM Energy Company	Wells Fargo & Company
Smartsheet Inc.	Western Alliance Bancorporation
Spirit Airlines, Inc.	Western Digital Corporation
Stamps.com Inc.	Western Midstream Partners, LP
Stanley Black & Decker, Inc.	Williams-Sonoma, Inc.
Steven Madden, Ltd.	Woodward, Inc.
Sunoco LP	Workiva Inc.
Sykes Enterprises, Incorporated	Xylem Inc.
T. Rowe Price Group, Inc.	Zions Bancorporation, National Association

# FW COOK PROFILE

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