

2023
Director
Compensation
Report

2023 DIRECTOR COMPENSATION REPORT

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EXECUTIVE SUMMARY

FW Cook's 2023 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 90% of companies overlap between this year's and last year's study.

At median, total director compensation saw higher increases in 2023 than in 2022...

- The small-cap median increased by 1.9% from \$195,000 to \$198,750, the mid-cap median increased by 6.6% from \$238,500 to \$254,250, and the large-cap median increased by 4.7% from \$300,000 to \$314,000.
- The increases in total director compensation in 2023 for the mid-cap and large-cap companies were meaningfully larger than in 2022 (1.1% and 2.0%, respectively), likely reflecting the expanding responsibilities associated with Board and committee service, the tight talent pool for qualified directors, and the general inflationary environment.

The pay structure of director compensation programs remained relatively consistent with prior years in 2023...

- Companies have an average mix of 38% cash and 62% equity compensation across the entire sample. Small-cap companies have the highest cash weighting (42%) and large-cap companies have the lowest (35%).
- Most companies continue to simplify cash payments by replacing meetings fees with larger Board annual cash retainers (only 3% of the total sample pay regular meeting fees, down from 8% in 2022).
- Most companies continue to grant fixed-value equity awards (96%), and solely use full-value equity (93%). Annual equity awards most commonly vest after one-year (66%), although some vest immediately (27%).

Prevalence of female and racially or ethnically diverse directors continues to increase...

- The percentage of companies with at least three female directors on the Board continues to increase rapidly year-over-year: from 39% to 49% for small-cap companies, from 50% to 63% for mid-cap companies, and from 81% to 88% for large-cap companies.
- Females represent 21% of Board leadership positions (i.e., Non-Executive Chair or Lead Director), which is up from 14% last year.
- Far fewer companies lack racially or ethnically diverse Board members: in 2022, 19% of small-cap and 11% of mid-cap companies did not have any racially/ethnically diverse Board members; this year only 7% of small-cap and 6% of mid-cap companies did not disclose at least one racially/ethnically diverse Board member.
- Most Boards do not report having an LGBTQ+ Board member, which is relatively consistent with 2022.

Summary of Director Compensation Values and Market Capitalizations

	Small-Cap	Mid-Cap	Large-Cap
Median Values	(Less than \$2B)	(\$2B - \$10B)	(Greater than \$10B)
Total Compensation - 2023 Study	\$198,750	\$254,250	\$314,000
Year-Over-Year Compensation Change	+1.9%	+6.6%	+4.7%
Market Capitalization (\$M) - 2023 Study¹	\$989	\$4,397	\$40,456

¹Market capitalization as of 4/30/23.

EXECUTIVE SUMMARY

Key findings are summarized below:

<p>Cash vs. Equity</p>	<ul style="list-style-type: none"> • The average mix across the entire sample is roughly 38% cash and 62% equity, slightly more heavily weighted towards equity compared to 2021 and 2022 (40%/60% cash/equity mix in both years). • 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. • The highest paying sector, Technology, allocates 71% of total compensation in the form of equity, while the lowest paying sectors, Financial Services and Industrials, both allocate under 60% of total compensation in the form of equity.
<p>Cash Compensation for Board Service</p>	<ul style="list-style-type: none"> • In the total sample, 86% of companies use a retainer-only structure (up slightly from 85% in 2022), 11% pay an annual Board cash retainer and meeting fees, and 3% use equity-only programs. Eight percent of companies pay meeting fees after a pre-set minimum number of Board meetings per year and 3% pay fees for all meetings; this is the first year that prevalence of the former has been higher than the latter. • The median Board retainer for large-cap and small-cap companies stayed flat year-over-year, while mid-cap companies increased from \$80,000 to \$85,000. • The Energy sector provides the highest median cash retainer for Board service (\$97,500), followed by the Financial Services and Industrials sectors (\$90,000), and the Retail Sector (\$82,500). The Technology sector provides the lowest (\$60,000). Cash retainers for Board service saw minimal increases year-over-year by sector and size.
<p>Equity Compensation for Board Service</p>	<ul style="list-style-type: none"> • Approximately 93% of the total sample grants full-value stock awards exclusively (i.e., no stock options). The Industrials and Financial Services sectors have the highest prevalence of stock options, at 8% and 5%, respectively, granted in isolation or in tandem with full-value stock awards. Just 2% of the companies in the sample do not grant equity. • The median equity retainer increased year-over-year from \$190,000 to \$197,500 at large-cap companies, from \$140,000 to \$150,000 at mid-cap companies, and from \$120,000 to \$125,000 at small-cap companies. • Approximately 93% of the total sample incorporates immediate or short (i.e., 1-year or less) vesting provisions (up slightly from 92% in 2022).
<p>Committee Compensation</p>	<ul style="list-style-type: none"> • Approximately 50% of the total sample provides additional compensation to committee members of the major committees in the form of retainers. Prevalence of committee member retainers has been stable over the past several years, while the use of committee meeting fees continues to decrease; only 5% of companies pay committee meeting fees (down from 10% in 2022). • Approximately 75% of Technology companies provide committee member retainers; only ~33% of companies in the Industrials sector provide member retainers. • In the total sample, 97%, 95%, and 92% of companies pay an additional retainer for serving as the Chair of the Audit, Compensation, and Nominating/Governance committees, respectively.

(continued)

EXECUTIVE SUMMARY

Key findings are summarized below: *(continued)*

Non-Executive Board Chairs and Lead Directors	<ul style="list-style-type: none">• 94% of Non-Executive Board chairs receive additional compensation for the role in 2023, with a median retainer of \$175,000 at large-cap companies, \$115,000 at mid-cap companies, and \$70,000 at small-cap companies. Retainers are typically paid fully in cash (54% prevalence), followed by a mix of cash and equity (39% prevalence). The Retail sector has the highest median Board Chair retainer at \$200,000, while the Technology sector's median retainer is lowest, at \$60,000.• Similarly, 84% of Lead Directors receive additional compensation for the role in 2023, with a median retainer of \$50,000 at large-cap companies (+\$10,000 from 2022), \$30,000 at mid-cap companies (+\$5,000), and \$25,000 at small-cap companies (same as 2022). Retainers are typically paid fully in cash (92% prevalence).
Stock Ownership Guidelines and Retention Requirements	<ul style="list-style-type: none">• In the total sample, 88% of companies have director ownership guidelines (same as in 2022), while stock retention requirements are less common (34% of companies).• The most common director ownership guideline is 5x the annual cash retainer with a 5-year timeframe to meet the guideline.• Of companies with retention requirements, there has been a trend towards requiring retention of stock awards until ownership guidelines are met (68% in 2023, up from 62% in 2022), while 31% require retention until retirement, and 1% require retention for a fixed number of years.
Annual Limits on Director Compensation	<ul style="list-style-type: none">• Prevalence of annual limits on director compensation continues to increase (75% of the total sample versus 72% last year), with a growing bias towards a total compensation limit (59% versus 54% in 2022) rather than an equity-only limit (41%).

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 90% of this year's sample companies were constituents of last year's sample, which allows for reliable year-over-year comparisons.

Market capitalization and trailing 12-month revenue as of April 30, 2023, are summarized below:

Size	Market Capitalization (\$M)			Trailing 12-Month Revenue (\$M)		
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
Small-Cap	\$584	\$989	\$1,386	\$441	\$936	\$1,668
Mid-Cap	\$2,939	\$4,397	\$7,130	\$1,279	\$2,602	\$5,655
Large-Cap	\$23,527	\$40,456	\$81,442	\$10,881	\$21,576	\$52,138
Sector	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
Energy	\$1,574	\$4,600	\$29,291	\$1,442	\$3,665	\$21,520
Financial Services	\$1,186	\$6,664	\$26,618	\$531	\$1,886	\$16,632
Industrials	\$1,613	\$5,163	\$18,343	\$1,376	\$3,529	\$13,052
Retail	\$1,415	\$4,351	\$13,836	\$2,085	\$5,502	\$17,156
Technology	\$1,376	\$3,924	\$27,946	\$679	\$1,651	\$6,513

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, 2023.

OVERVIEW AND METHODOLOGY

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 prevalence of female and diverse Board members

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

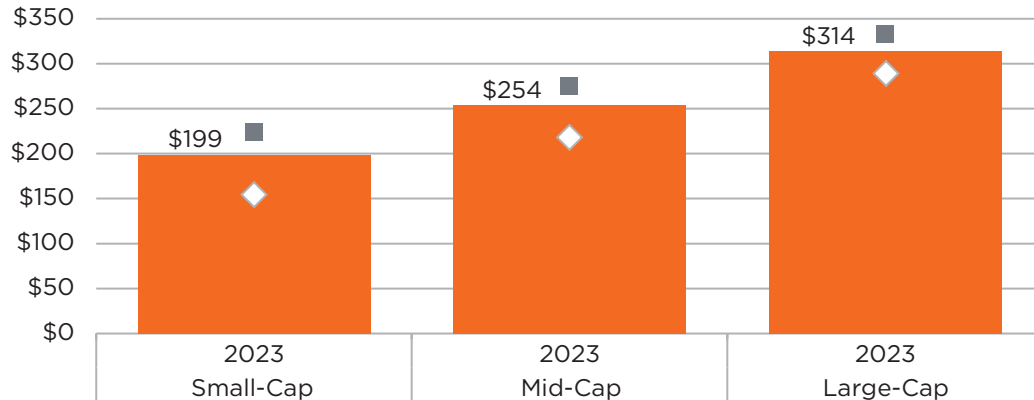
- Each director attends nine Board meetings annually
- Each director is a member of one committee and attends six committee meetings per year
- If denominated as a number of shares (rather than as a fixed-dollar value), then equity compensation is valued using closing stock prices as of April 30, 2023, 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 11% 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)

TOTAL BOARD COMPENSATION

Total Compensation – Pay Levels

Total director compensation levels continue to increase and are scaled by company size. At the median, large-cap companies provide total pay of \$314,000 per director versus \$254,250 at mid-cap companies and \$198,750 at small-cap companies. Year-over-year the median total compensation increased 4.7% at large-cap companies, 6.6% at mid-cap companies and 1.9% at small-cap companies.

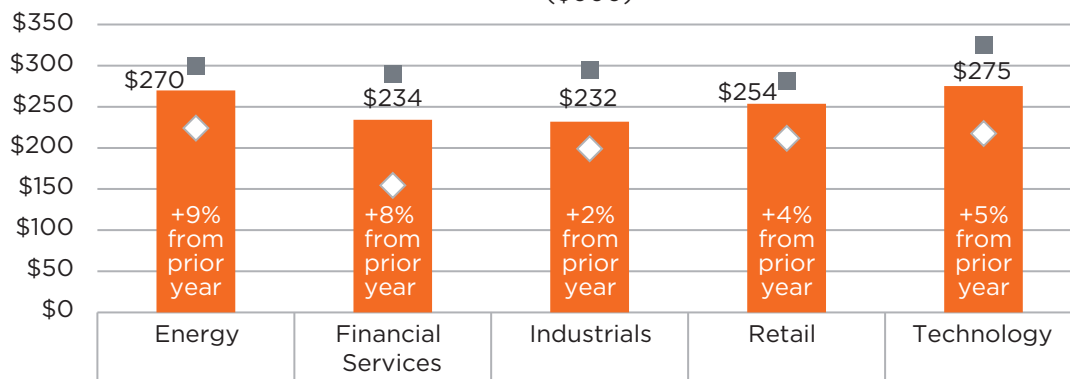
Total Compensation By Size
(\$000)



■ 75th Percentile	\$225	\$275	\$333
◆ Median (% increase)	\$199 (+1.9%)	\$254 (+6.6%)	\$314 (+4.7%)
◇ 25th Percentile	\$154	\$219	\$289

The Technology and Energy sector companies in the study provide the highest median total pay (\$275,000 and \$270,000, respectively). Median total pay at other sectors range between ~\$230,000 (Industrials) and ~\$255,000 (Retail). While Financial Services is the lowest paying sector by median total compensation, the sector saw a large year-over-year increase from 2022 (+8%).

Total Compensation By Sector
(\$000)



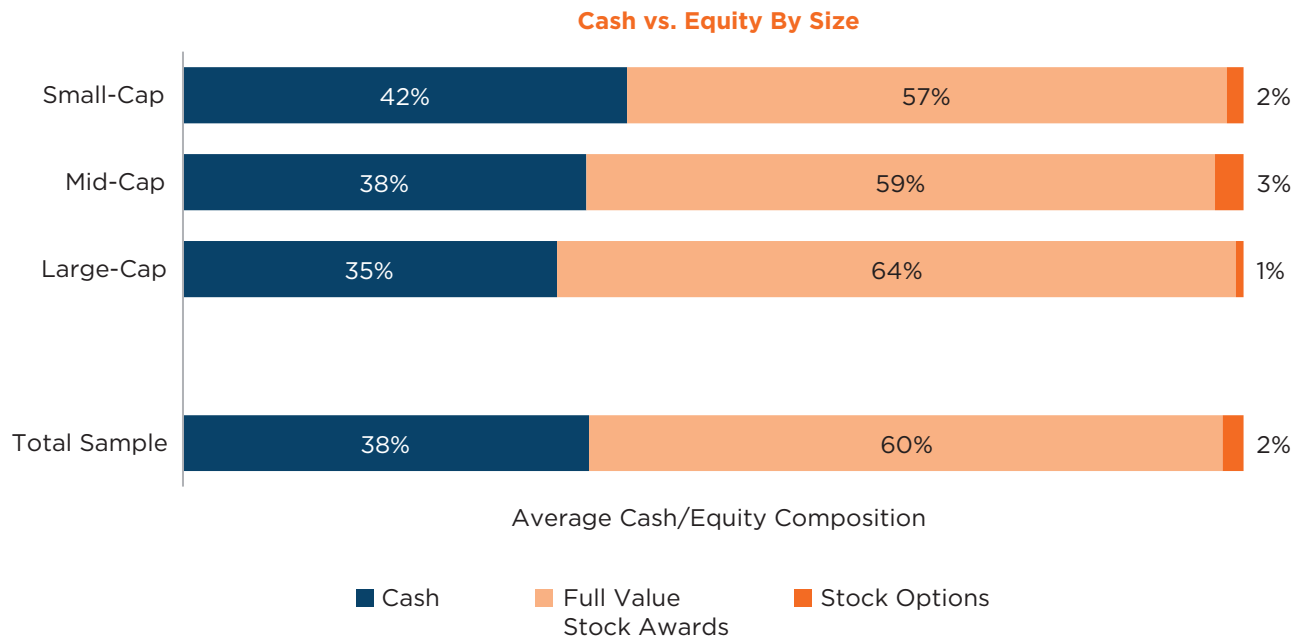
■ 75th Percentile	\$300	\$290	\$295	\$280	\$325
◆ Median	\$270	\$234	\$232	\$254	\$275
◇ 25th Percentile	\$224	\$155	\$199	\$213	\$216

TOTAL BOARD COMPENSATION

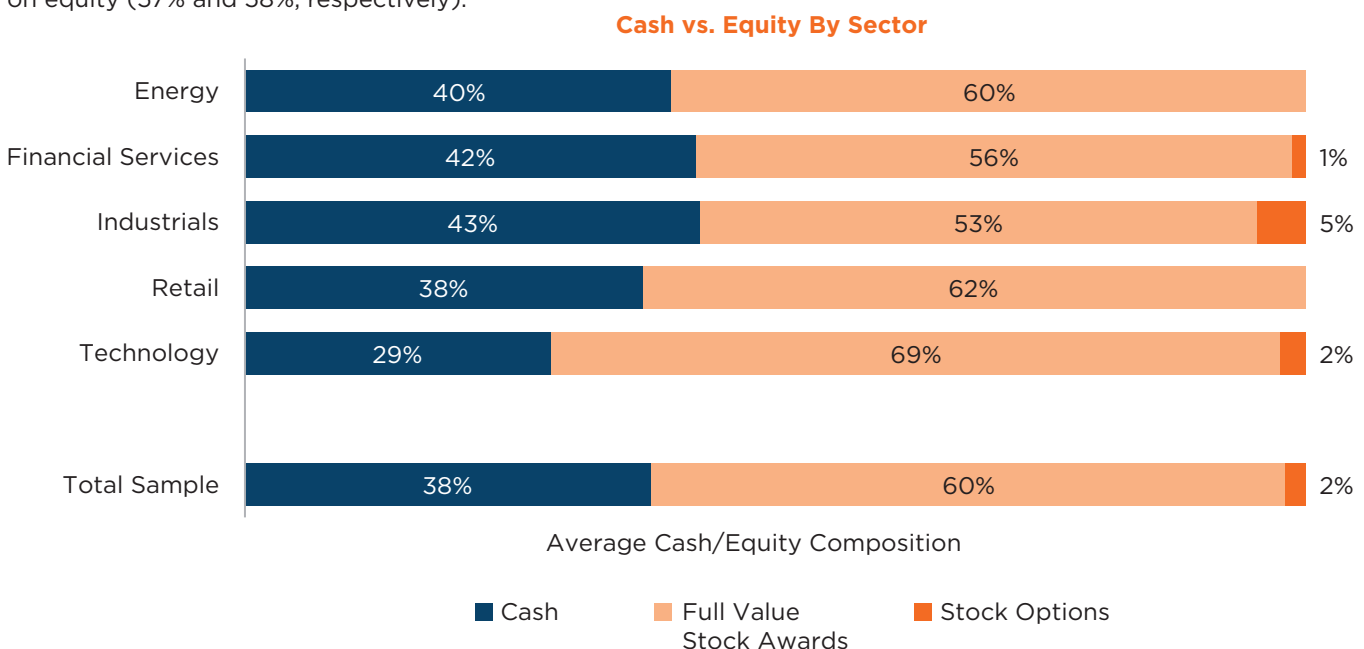
Total Compensation – Cash vs. Equity

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 2023 is 62% equity and 38% cash. The average pay mix has been shifting towards equity over the years; the average mix in 2020 was 57% equity and 43% cash. The gradual shift towards equity is reflected in all industry groups and size segments as well.

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 59% of total compensation, while large-caps provide the highest, averaging 65% of total compensation.



The companies in the Technology sector (highest paying sector) provide approximately 71% of total compensation in the form of equity while the Financial Services and Industrial sectors (the lowest-paying sectors) placed the lowest emphasis on equity (57% and 58%, respectively).

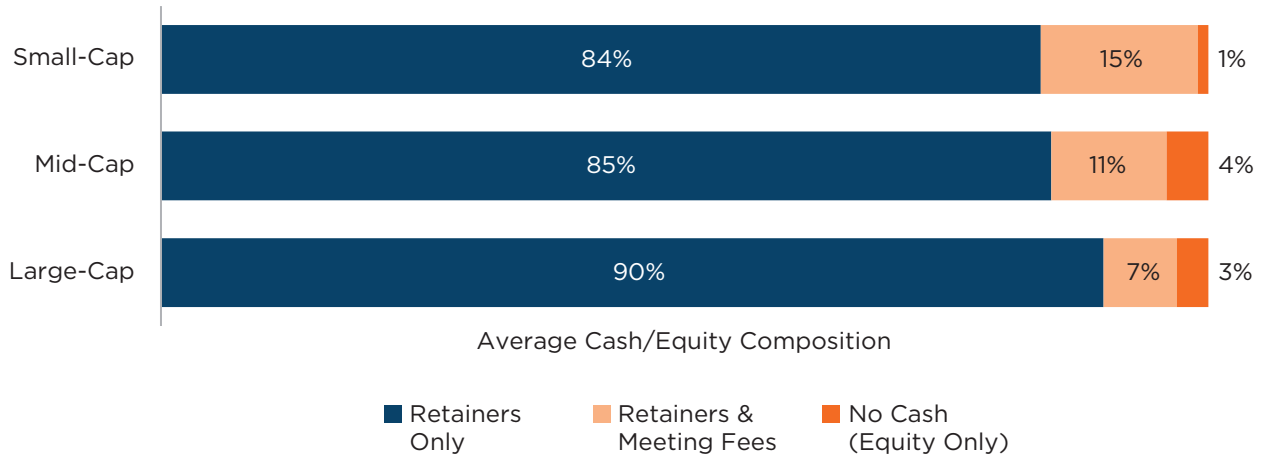


BOARD CASH COMPENSATION

Cash Compensation Pay Structure

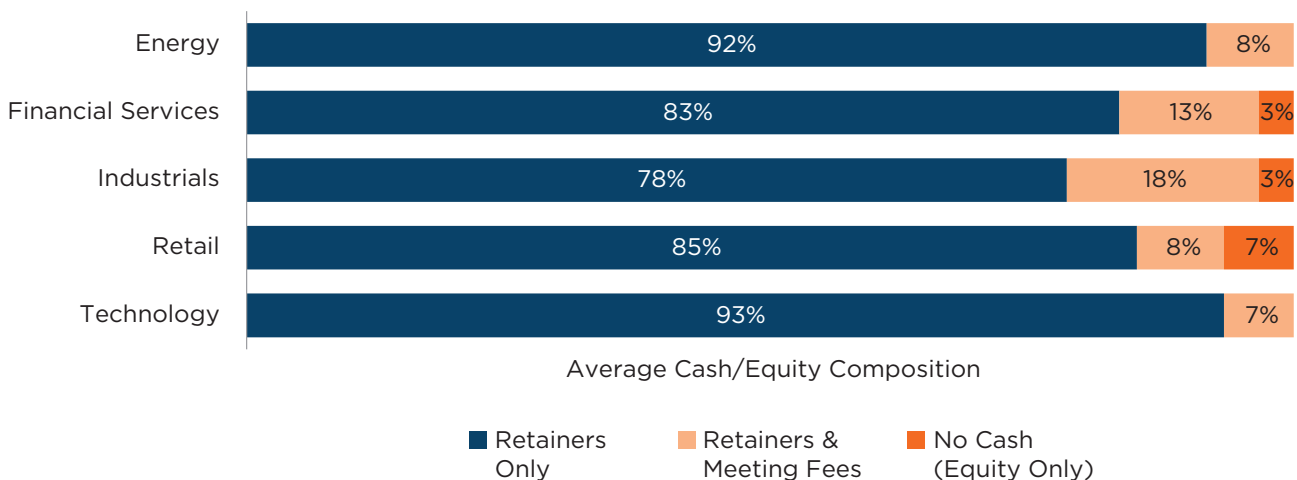
Cash compensation for Board service is provided through an annual Board retainer, Board meeting fees, or a combination of both. Companies continue to simplify their programs through the elimination of Board meeting fees and adoption of a “retainer-only” approach with the rationale that attending Board meetings is an expected part of serving on the Board. The number of companies taking a “retainer-only” approach has been steadily increasing in the past few years to over 86% prevalence. Only 3% and 4% of large-cap and mid-cap companies, respectively, utilize an equity-only approach, while only 1% of small-cap companies use an equity-only approach.

Board Cash Structure by Size



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

Board Cash Structure by Sector

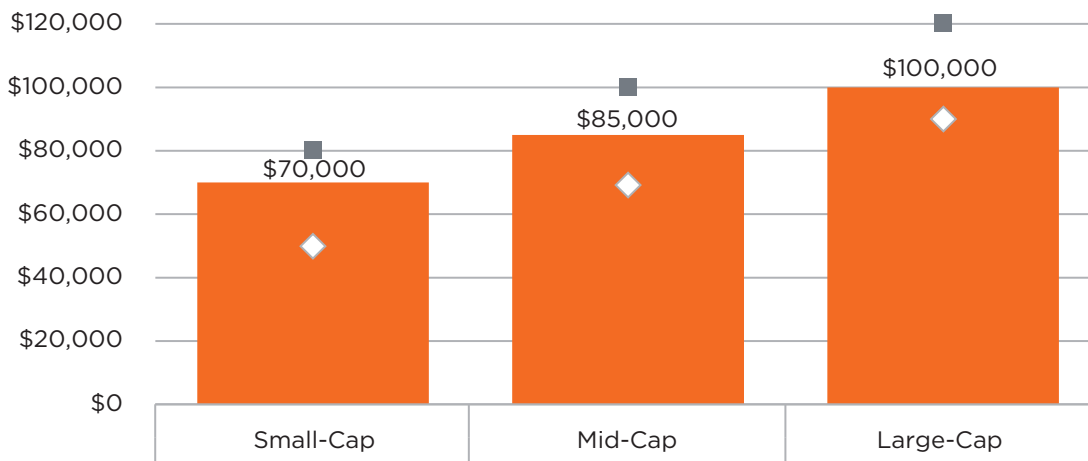


BOARD CASH COMPENSATION

Board Cash Retainers

At the median, large-cap and small-cap company cash retainers stayed flat at \$100,000 and \$70,000 in 2023; median cash retainers increased from \$80,000 to \$85,000 at mid-cap companies.

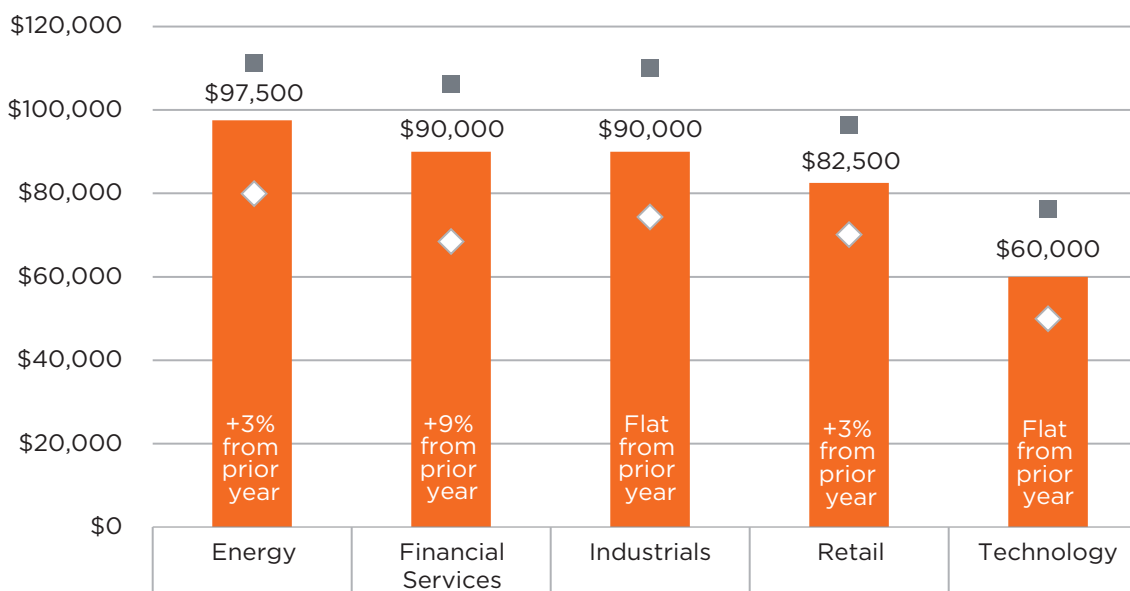
Board Cash Retainers By Size



■ 75th Percentile	\$80,000	\$100,000	\$120,000
■ Median	\$70,000	\$85,000	\$100,000
◆ 25th Percentile	\$50,000	\$69,375	\$90,000

The Technology sector provides the lowest median cash retainer at \$60,000, which stayed flat year-over-year. The Industrial, Financial Services and Energy sectors all provide a median cash retainer of at least \$90,000 (50% higher or more than the Technology sector). The Retail sector is positioned between these levels, with a median Board cash retainer of \$82,500.

Board Cash Retainers By Sector



■ 75th Percentile	\$111,250	\$106,250	\$110,000	\$96,250	\$76,250
■ Median	\$97,500	\$90,000	\$90,000	\$82,500	\$60,000
◆ 25th Percentile	\$80,000	\$68,125	\$74,375	\$70,000	\$50,000

BOARD CASH COMPENSATION

Board Meeting Fees

The prevalence of Board meeting fees continues to decline, with only 3% of the total sample using Board meeting fees, down from 8% last year, 10% two years ago and 15% three years ago. Board meeting fees are more common among smaller companies; however, the decline in prevalence of Board meeting fees is observed among companies of all sizes. Meeting fees that are paid only after passing a threshold number of meetings are more common with 8% of companies proving such meeting fees (not shown in chart below), compared to a 5% prevalence in 2022.

Board Meeting Fees By Size					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
Small-Cap	7%	\$1,250	\$1,500	\$2,000	13%
Mid-Cap	2%	\$3,375	\$4,750	\$6,125	7%
Large-Cap	1%	\$4,500	\$4,500	\$4,500	4%

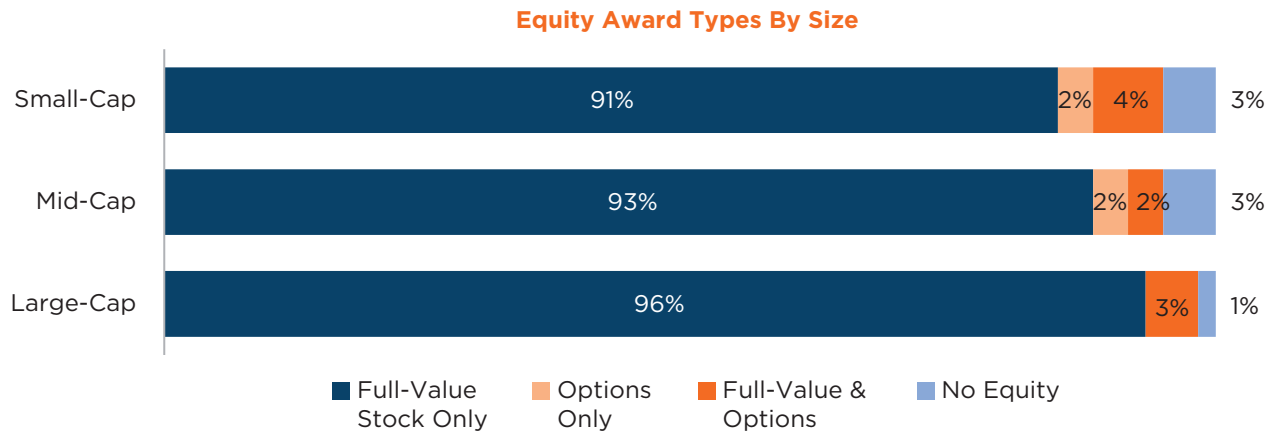
Board meeting fees are most prevalent in the Financial Services sector. The Financial Services industry typically pays a \$1,500 per meeting fee at the median, while other sectors pay a per meeting fee ranging from \$1,850 to \$2,000 at the median.

Board Meeting Fees By Sector					Prior Year Meeting Fee Prevalence*
	Prevalence*	25th Percentile	Median	75th Percentile	
Energy	2%	\$2,000	\$2,000	\$2,000	13%
Financial Services	8%	\$1,000	\$1,500	\$4,500	15%
Industrials	3%	\$1,675	\$1,850	\$2,025	7%
Retail	2%	\$2,000	\$2,000	\$2,000	5%
Technology	2%	\$2,000	\$2,000	\$2,000	5%

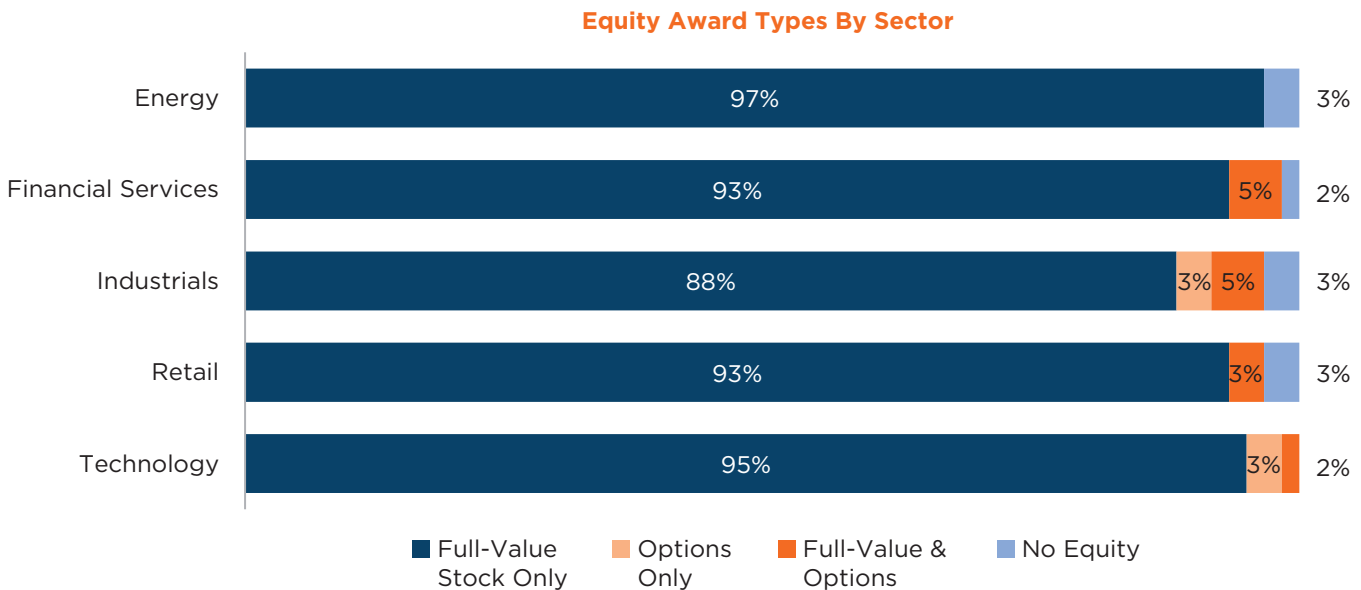
*Prevalence statistics reflect companies that pay a fee starting with the first meeting in a year.

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 (93% prevalence). We continue to observe a decline in the prevalence of option-only programs. Only 3% of the total sample provides a combination of full-value stock awards and options.



The high prevalence of full-value awards is consistent across sectors (all industries have prevalence of 90% or higher). The equity mix has stayed relatively consistent year-over-year across most sectors.



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 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, approximately 96% 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 dollar-denominated and share-denominated awards, though large-cap companies that grant options solely use a dollar-denominated approach (consistent with last year).

Equity Award Denomination By Size: Percentage of Companies				
	Full-Value Stock (Used by 96% of Companies)		Options (Used by 4% of Companies)	
	Dollar Value	Number of Shares	Dollar Value	Number of Shares
Small-Cap	94%	6%	50%	50%
Mid-Cap	95%	5%	75%	25%
Large-Cap	99%	1%	100%	0%

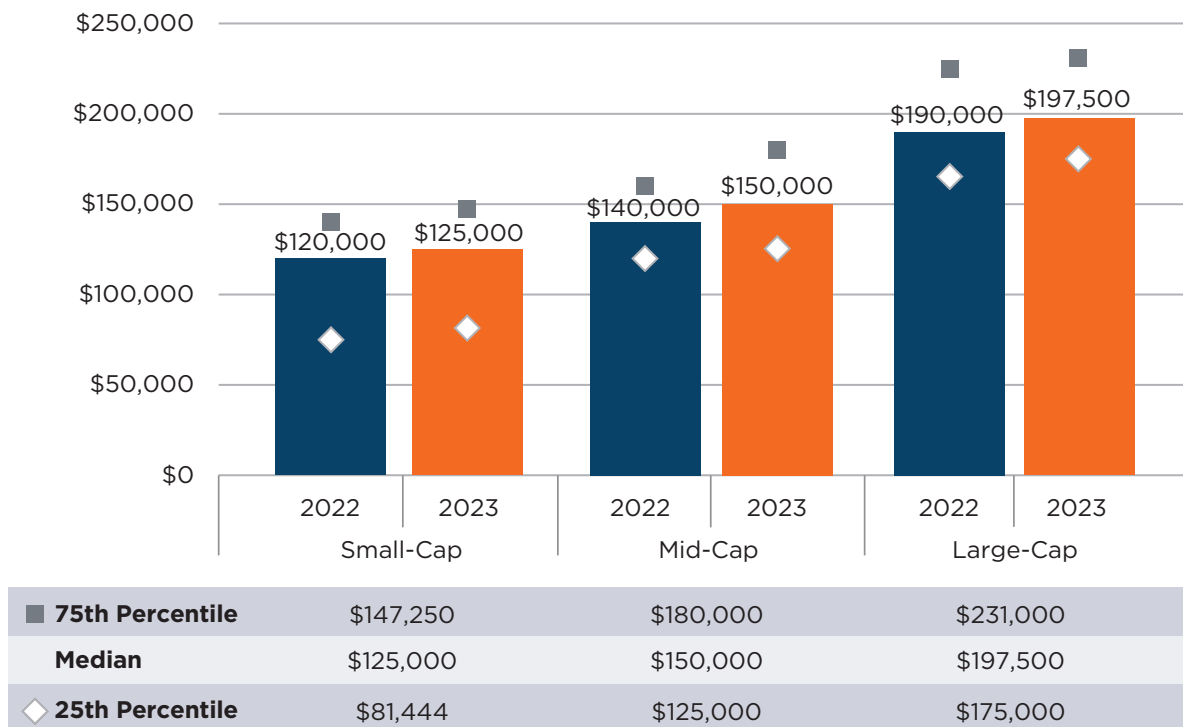
Share-denominated approaches are most prevalent in the Financial Services sector, with 8% of companies that grant full-value awards using a share-denominated approach and all companies that grant options using a share-denominated approach.

Equity Award Denomination By Sector: Percentage of Companies				
	Full-Value Stock (Used by 96% of Companies)		Options (Used by 4% of Companies)	
	Dollar Value	Number of Shares	Dollar Value	Number of Shares
Energy	97%	3%	N/A	N/A
Financial Services	92%	8%	0%	100%
Industrials	96%	4%	100%	0%
Retail	95%	5%	N/A	N/A
Technology	100%	0%	67%	33%

EQUITY COMPENSATION VALUES

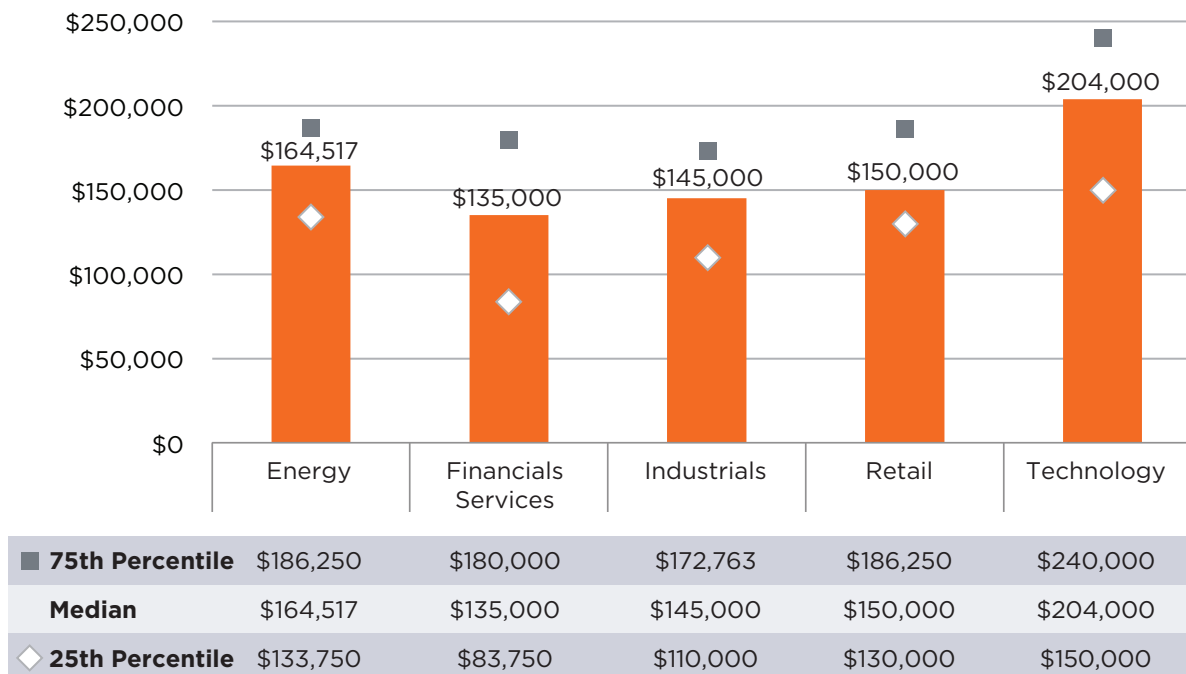
At the median, large-cap company equity retainers increased from \$190,000 in 2022 to \$197,500 in 2023, mid-cap company equity retainers increased from \$140,000 to \$150,000, and small-cap equity retainers increased from \$120,000 to \$125,000.

Equity Compensation Value By Size



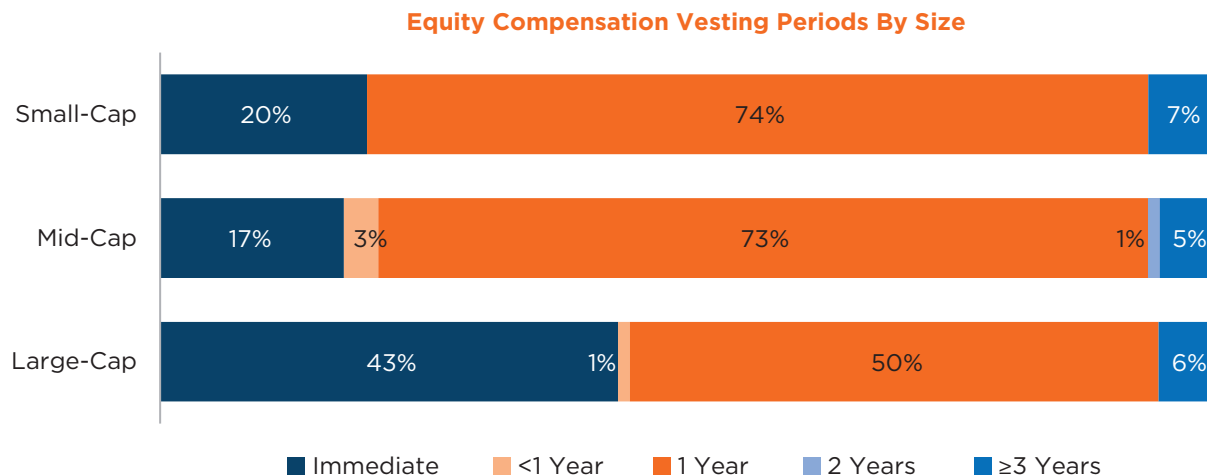
Median equity compensation continues to be highest among Technology companies and lowest among Financial Services companies. Industrial companies saw a 12% year-over-year increase in median equity compensation; Energy and Financial Services companies saw 10% and 8% year-over-year increases, respectively; and Technology companies saw a 6% increase. Median equity compensation at Retail companies remained flat year-over-year.

Equity Compensation Value By Sector



EQUITY VESTING PRACTICES

Equity awards are typically subject to short vesting provisions (i.e., immediate or 1-year). Across all sizes and sectors, approximately 94% of companies utilize short vesting provisions (up from 92% last year), 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 43% of large-cap companies utilize immediate vesting, while only 20% of small-cap and 17% of mid-cap companies have immediate vesting. For companies that have 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. 62% 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. Year-over-year, the prevalence of committee member retainers increased by 2% and the use of meeting fees decreased by 5%.

Year-over-year, pay levels among Audit committees increased slightly (5%), while the Compensation, and Nominating & Governance committees were flat. At the median, Audit and Compensation committee member retainers were \$10,500 and \$10,000, respectively, 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
Total Prevalence (2023)	53%	46%	44%	5%	5%	5%
Total Prevalence (2022)	52%	45%	42%	10%	9%	9%
Size (2023)						
Small-Cap	50%	49%	46%	8%	8%	8%
Mid-Cap	61%	54%	54%	5%	5%	5%
Large-Cap	47%	36%	33%	3%	3%	3%
Sector (2023)						
Energy	48%	42%	40%	3%	3%	3%
Financial Services	45%	32%	33%	13%	13%	13%
Industrials	33%	32%	28%	5%	5%	5%
Retail	60%	52%	50%	3%	3%	3%
Technology	77%	75%	70%	2%	2%	2%
Pay Levels (All Companies 2023)						
75th Percentile	\$15,000	\$11,000	\$10,000	\$2,000	\$2,000	\$2,000
Median	\$10,500	\$10,000	\$7,500	\$1,500	\$1,500	\$1,500
25th Percentile	\$10,000	\$7,500	\$5,000	\$1,000	\$1,000	\$1,000

*Reflects companies that pay a fee starting with the first meeting in a year; across the entire sample, an additional 6% of companies (5% 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. Median compensation for all three committee chairs (Audit, Compensation and Nominating & Governance) remained the same year-over-year when looking at the complete sample. Most companies pay chair retainers in cash (95%), and a small minority pay in equity (2%) 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
Size									
Small-Cap	\$18,375	\$20,000	\$25,000	\$12,000	\$15,000	\$20,000	\$10,000	\$12,250	\$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	\$30,000	\$37,750	\$20,000	\$25,000	\$30,000	\$20,000	\$20,000	\$25,000
Sector									
Energy	\$20,000	\$25,000	\$26,875	\$15,000	\$20,000	\$20,000	\$10,000	\$15,000	\$20,000
Financial Services	\$20,000	\$30,000	\$39,250	\$12,500	\$23,750	\$30,000	\$10,000	\$20,000	\$25,000
Industrials	\$20,000	\$25,000	\$30,000	\$15,000	\$20,000	\$25,000	\$10,000	\$15,000	\$20,000
Retail	\$25,000	\$25,000	\$35,000	\$20,000	\$21,500	\$25,000	\$15,000	\$20,000	\$20,000
Technology	\$20,000	\$25,000	\$33,500	\$15,000	\$20,000	\$25,000	\$10,000	\$15,000	\$20,000
All Companies 2023	\$20,000	\$25,000	\$30,000	\$15,000	\$20,000	\$25,000	\$10,000	\$15,000	\$20,000
Prevalence		97%			95%			92%	

NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

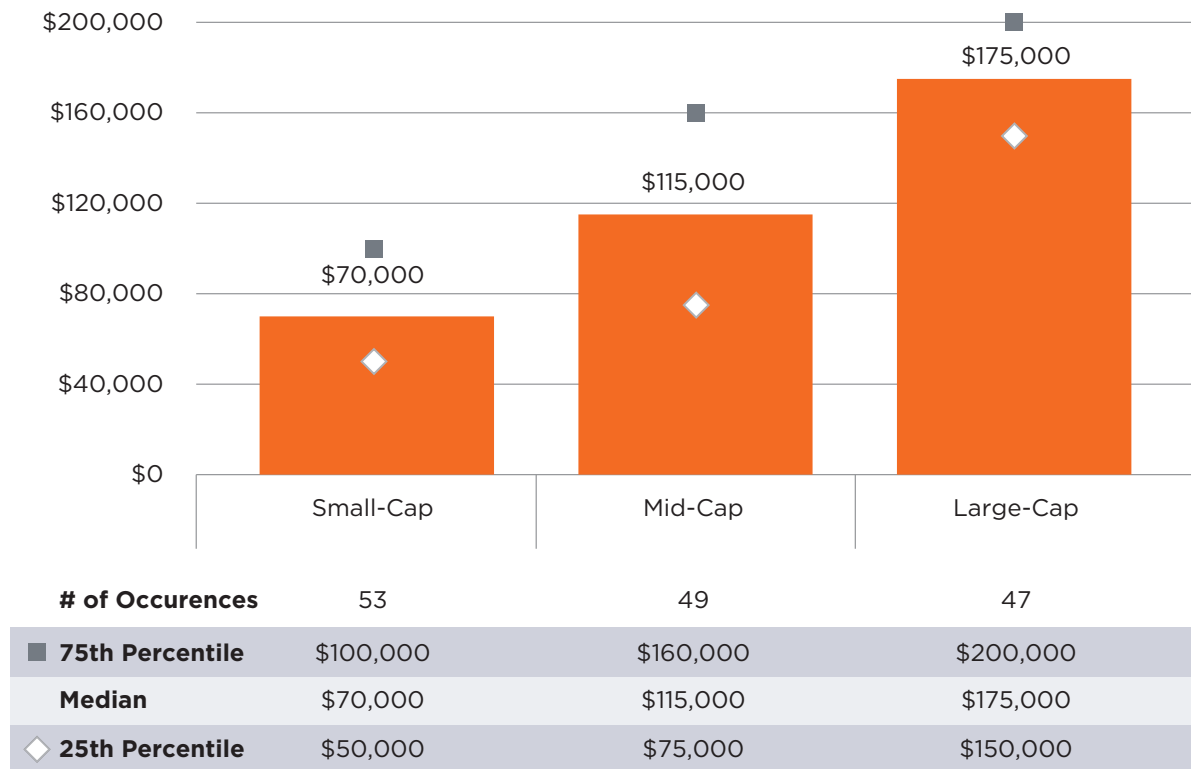
Non-Executive Board Chair Retainer

There were 159 Non-Executive Board chairs identified in this year’s study. Of the Non-Executive Board chairs from this year, 94% receive additional compensation on top of regular Board member pay (up from 90% in last year’s study). Incremental compensation for Non-Executive Board chairs is typically provided in the form of cash (54%), followed by a combination of cash and equity (39%), and only equity (7%).

At the median, Non-Executive Board chair retainers for small-cap and mid-cap companies were flat year-over-year, at \$70,000 and \$115,000, respectively. Large-cap Board chair retainers increased from \$170,000 to \$175,000, at the median. 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 many 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 range between the 25th and 75th percentiles among each size group.

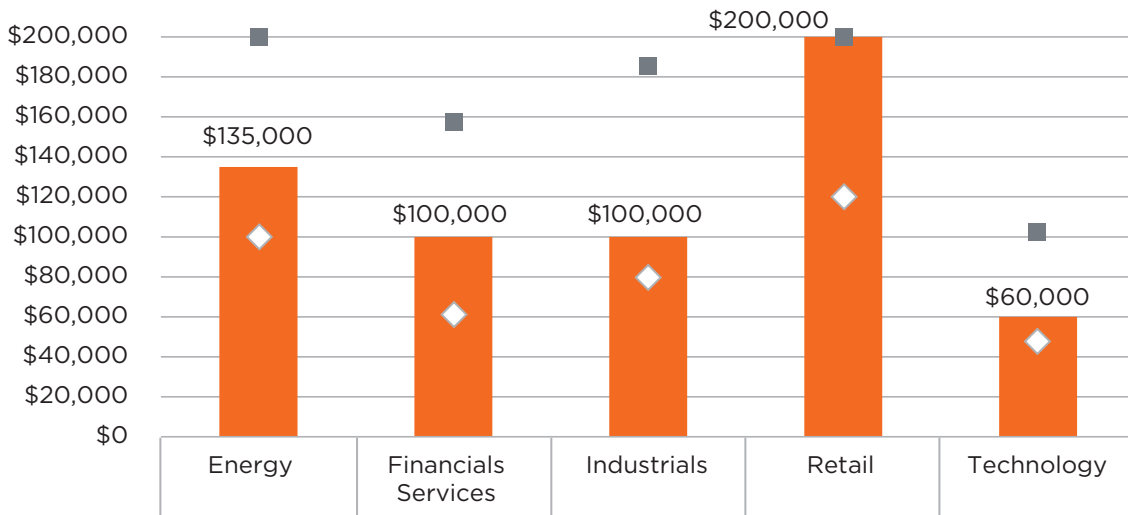
Non-Executive Board Chair Retainers By Size



NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

Companies in the Retail sector provide the highest additional compensation for Non-Executive Board chair service (same as in 2022). Median Non-Executive Board chair retainer for the Retail sector increased from \$167,500 to \$200,000 year-over-year. Companies in the Technology sector provide the lowest additional compensation for Non-Executive Board chair service (flat year-over-year, at \$60,000).

Non-Executive Board Chair Retainers By Sector



# of Occurrences	35	22	29	27	36
■ 75th Percentile	\$200,000	\$157,500	\$185,000	\$200,000	\$102,500
◆ Median	\$135,000	\$100,000	\$100,000	\$200,000	\$60,000
◇ 25th Percentile	\$100,000	\$61,250	\$80,000	\$120,000	\$48,125

NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

Lead Director Retainer

Of the 147 lead directors in this year's study, 84% 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 a median value ranging from \$25,000 at small- and mid-cap companies to \$50,000 at large-cap companies.

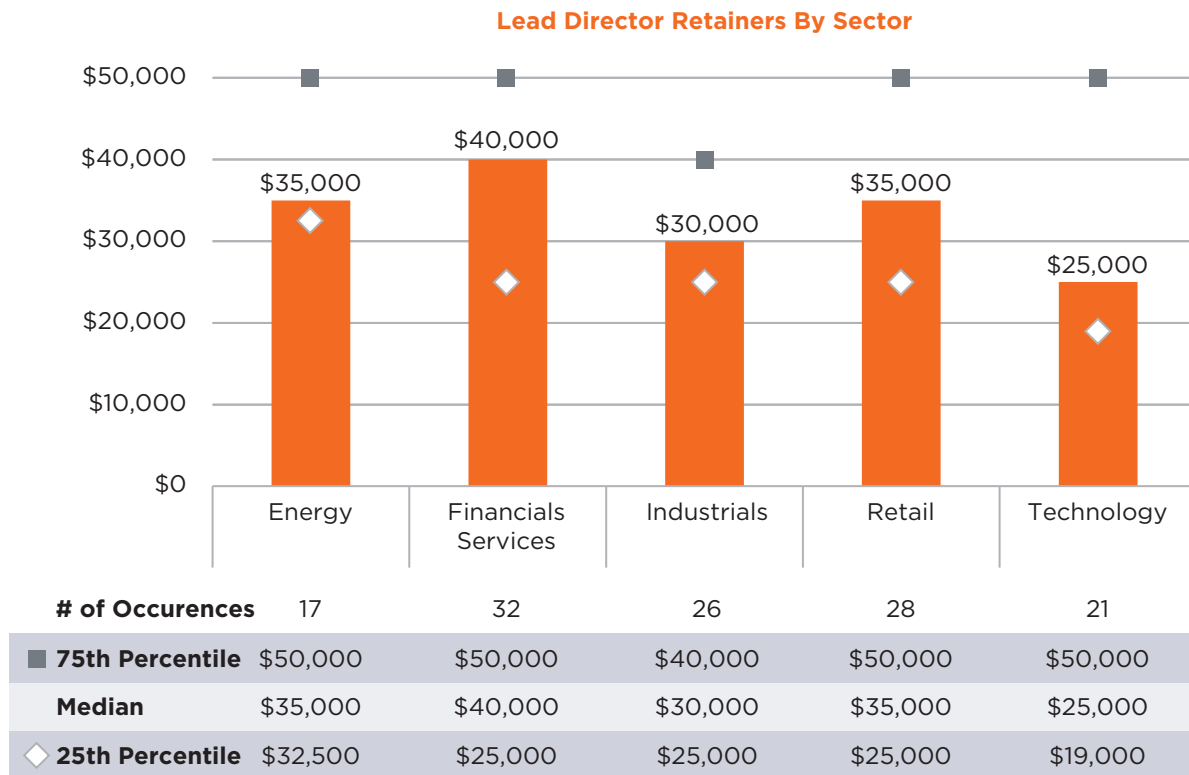
Median lead director retainers were flat among small-cap companies, increased from \$25,000 to \$30,000 among mid-cap companies, and increased from \$40,000 to \$50,000 among large-cap companies. Values in the table below exclude companies that do not provide additional compensation to their lead director.

Lead Director Retainers By Size



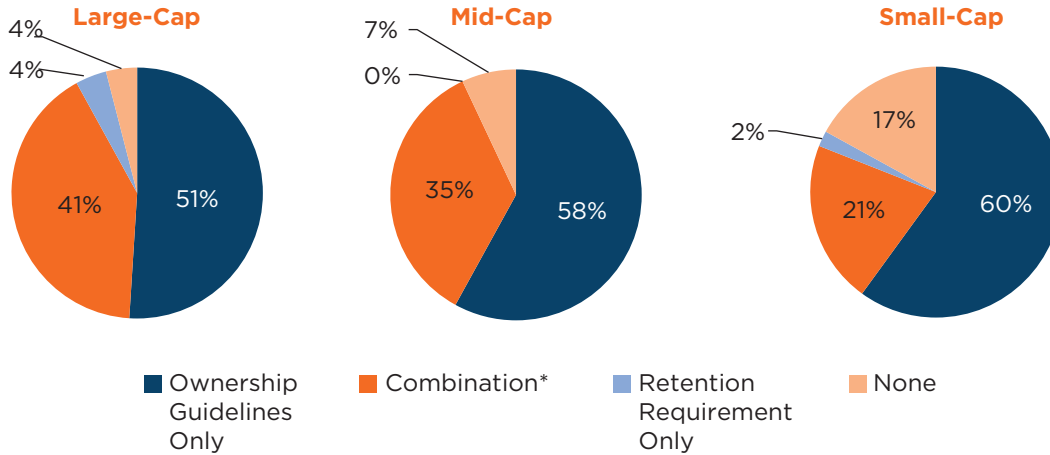
NON-EXECUTIVE BOARD CHAIR AND LEAD DIRECTOR COMPENSATION

Similar to prior years, there is limited differentiation in pay amounts between industries, with median lead director retainers ranging from \$25,000 (Technology sector) to \$40,000 (Financial Services sector).



STOCK OWNERSHIP GUIDELINES AND RETENTION REQUIREMENTS

Director stock ownership guidelines and retention requirements are in place at 88% and 34% of companies in our sample, respectively. Stock retention requirements generally can be found 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 after-tax shares” acquired, which is also known as a “retention ratio.”



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

STOCK OWNERSHIP GUIDELINES AND RETENTION REQUIREMENTS

Retention Requirements

Retention requirements remain most prevalent at large-cap companies, where 45% of companies maintain them. Among all companies with retention requirements, 68% apply a retention requirement until an ownership guideline is achieved, while 31% require directors to hold shares until retirement, either in the form of explicit requirements, or by granting deferred share units that settle at retirement.

Stock Retention Requirements				
	Small-Cap	Mid-Cap	Large-Cap	Overall
Prevalence	23%	35%	45%	34%
Length Of Retention**				
Until Retirement	22%	23%	42%	31%
Until Ownership Guideline Met	78%	77%	56%	68%
Fixed Years	0%	0%	2%	1%
Vehicle for Requirement**				
Retention Ratio	100%	91%	82%	89%
Deferred Stock Units (DSUs)	0%	3%	9%	5%
Retention Ratio and DSUs	0%	6%	9%	6%
Retention Ratio***				
100%	61%	56%	71%	63%
75%	4%	6%	0%	3%
50%	35%	32%	24%	30%
Other	0%	6%	5%	4%

**Calculations based on companies disclosing retention requirements

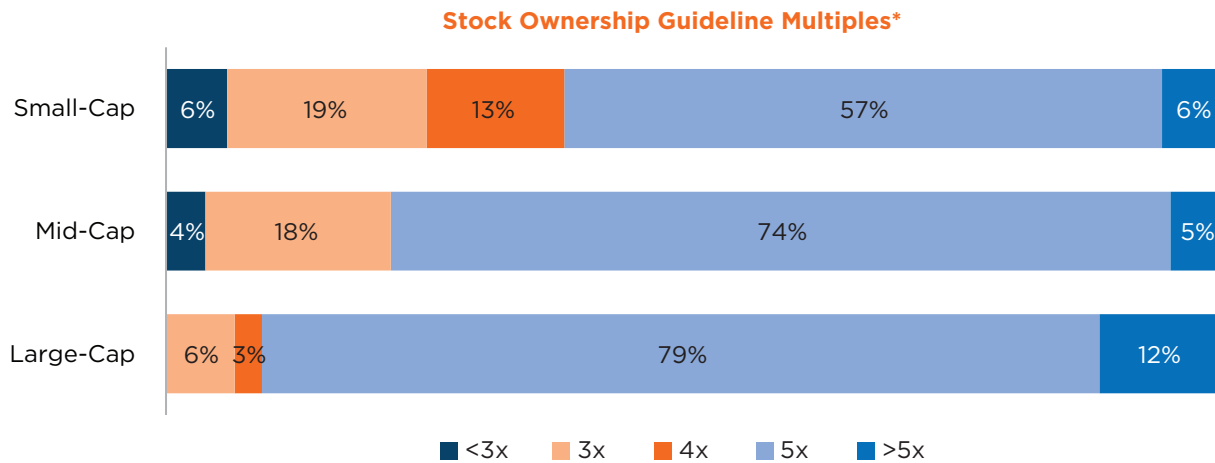
***Calculations based on companies disclosing retention ratios

STOCK OWNERSHIP GUIDELINES AND RETENTION REQUIREMENTS

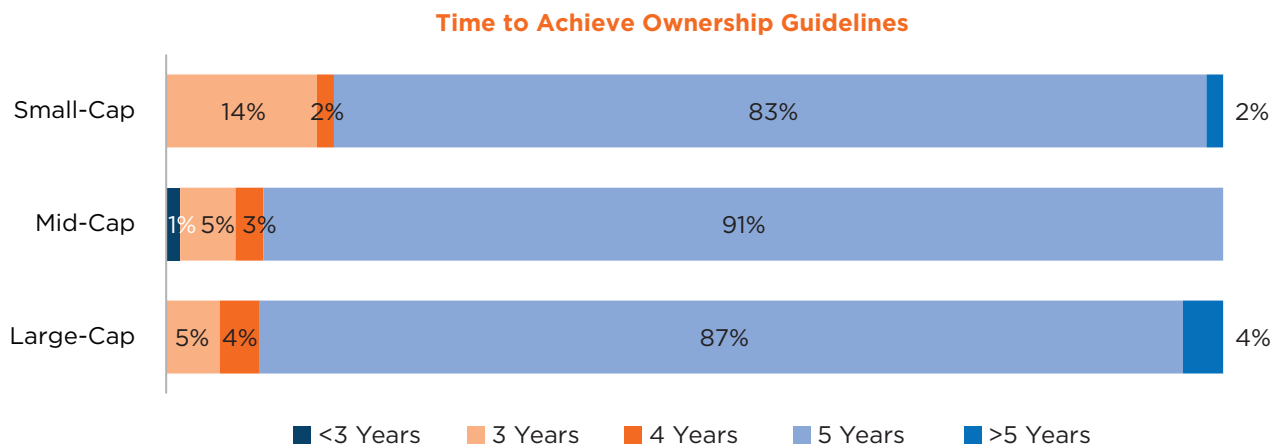
Stock Ownership Guidelines

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 (most commonly cash retainer). The prevalent multiple among large-cap, mid-cap, and small-cap companies is 5x cash retainer. The prevalence of 5x cash retainer increased year-over-year from 54% to 57% among small-cap companies, 66% to 74% among mid-cap companies, and 77% to 79% among large-cap companies.



Small-, mid-, and large-cap companies typically include a 5-year period to achieve the prescribed stock ownership guidelines.



*Statistics reflect companies that define ownership guidelines as a multiple of cash retainer; across the entire sample, an additional 4.5% of companies define multiples based on either equity retainer or both cash and equity retainer. An additional 9.5% of companies have ownership guidelines which are based on a fixed number of shares or a fixed value.

SHAREHOLDER-APPROVED LIMITS ON ANNUAL DIRECTOR COMPENSATION

The majority of companies (75%) 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 a potential lawsuit, 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 prevalence for total compensation limits is 6% higher year-over-year. Note that some companies raise or nullify the limit in special cases such as a director's first year of service, or allow for additional premiums for Non-Executive chairs or lead directors.

Annual Limits on Non-Employee Director Compensation

	Small-Cap	Mid-Cap	Large-Cap	Overall
Prevalence	66%	77%	81%	75%
Application of Limit*				
Total Compensation	50%	69%	58%	59%
Equity Only	50%	31%	42%	41%
Denomination of Equity Limit**				
Dollar-Denominated	67%	88%	82%	78%
Share-Denominated	30%	13%	15%	20%
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

Median limits on total director pay remain virtually unchanged from prior year; limits range from \$500,000 (small-cap companies) to \$750,000 (large-cap companies), and typically equate to a multiple of approximately 2.7x to 3.0x total director pay. Dollar-denominated equity-only limits tend to have similar or lower values than total compensation limits (\$150,000 and \$200,000 less at the median for mid-cap 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, 2023, closing stock prices and Black-Scholes valuation for stock options using and 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
Dollar Value of Limit									
Small-Cap	\$500,000	\$500,000	\$750,000	\$350,000	\$500,000	\$500,000	\$457,950	\$2,279,875	\$3,875,625
Mid-Cap	\$500,000	\$700,000	\$750,000	\$500,000	\$500,000	\$750,000	\$2,268,900	\$2,356,400	\$3,280,600
Large-Cap	\$725,000	\$750,000	\$900,000	\$500,000	\$600,000	\$750,000	\$4,284,550	\$5,248,100	\$6,593,700
Limit Multiple***									
Small-Cap	2.2x	2.9x	3.8x	2.9x	3.7x	4.3x	8.4x	27.9x	37.5x
Mid-Cap	2.3x	2.7x	3.3x	2.7x	3.4x	4.3x	11.8x	13.5x	19.0x
Large-Cap	2.3x	2.8x	3.9x	2.5x	3.0x	4.2x	15.8x	21.6x	28.2x

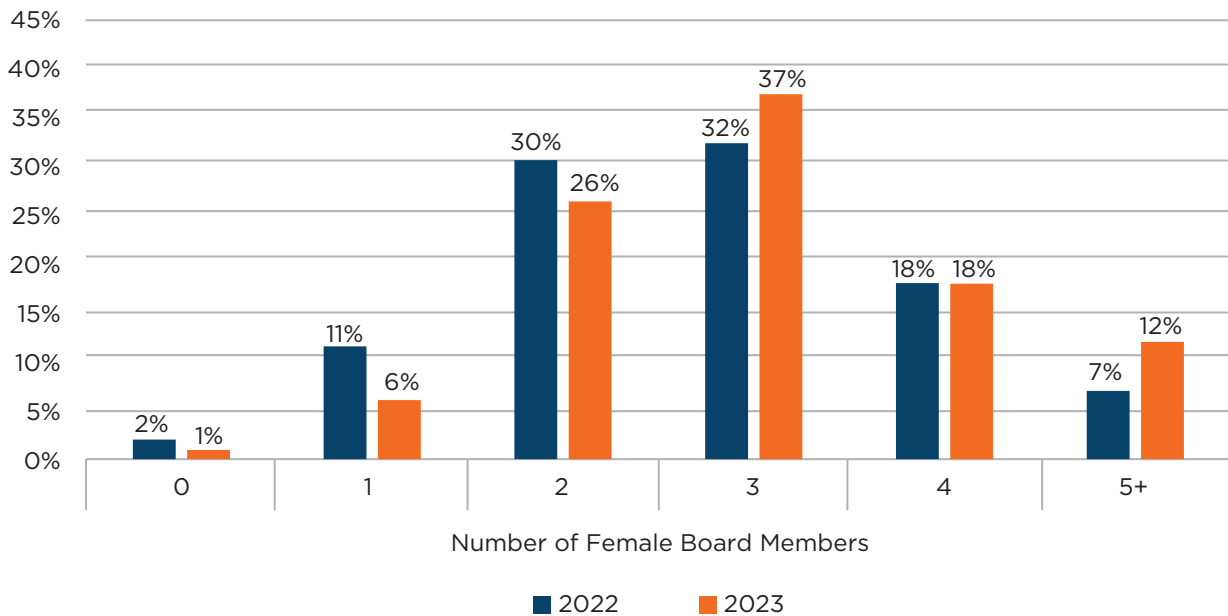
***For total compensation limits, reflects multiple of total pay; for equity-only limits, reflects multiple of annual equity award value

WOMEN ON BOARDS AND WOMEN IN BOARD LEADERSHIP ROLES

Women on Boards

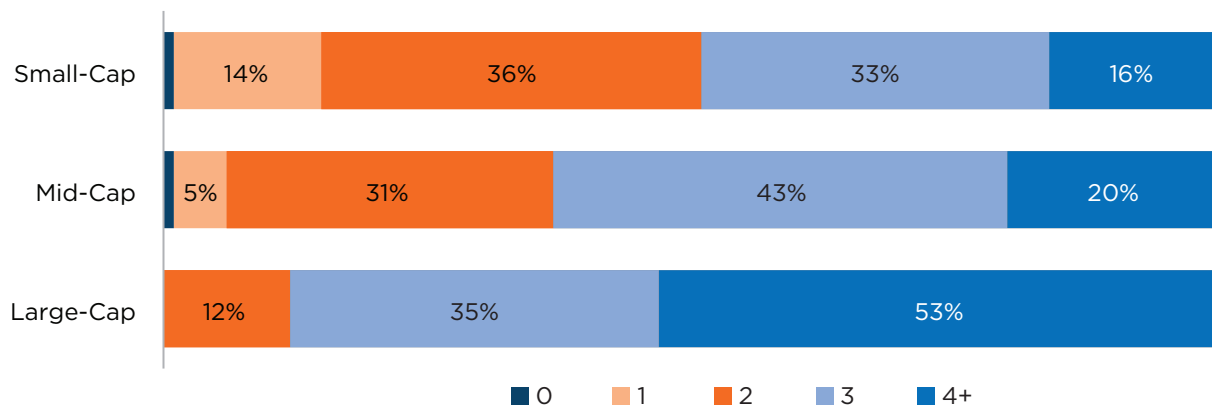
The number of female Board members increased slightly overall since last year. The chart below displays the prevalence of female Board members in 2023 and 2022, respectively. Since 2022, an increasing number of females represent a larger proportion of Boards. Two-thirds of Boards have three or more female members, up 10% from 2022. Glass-Lewis strictly enforced a 30% gender diverse Board member policy for Russell 3000 companies in 2023.

Prevalence of Female Board Members



Approximately 99% of small- and mid-cap have at least one female member while all large-cap companies have at least two female members. Multiple female member representation (i.e., three or more) is much stronger among large-cap companies (88%), compared to mid-cap (63%), and small-cap companies (49%). Year-over-year change in multiple female member representation is up 7% at large-cap, 13% at mid-cap, and 10% at small-cap companies.

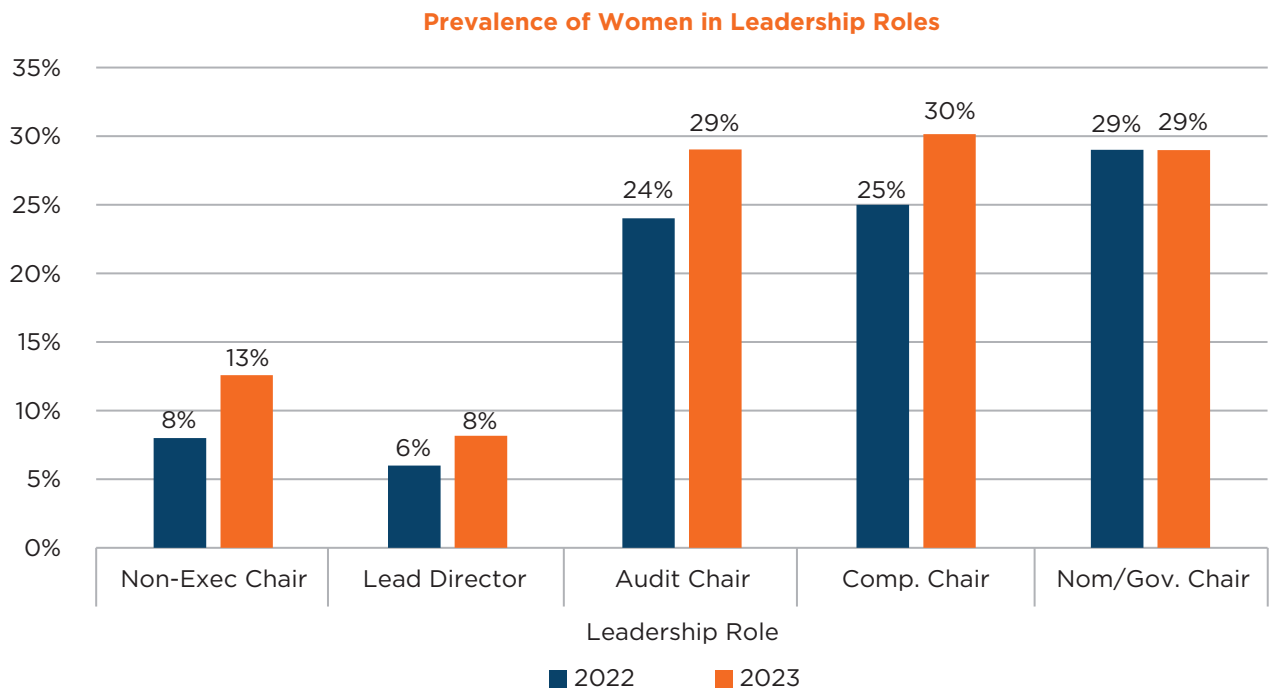
Number of Female Board Members



WOMEN ON BOARDS AND WOMEN IN BOARD LEADERSHIP ROLES

Women in Leadership Roles

13% of Non-Executive Board chair seats (up from 8% in 2022) and 8% of Lead Director seats (up from 6% in 2022) are filled by women. Female representation in committee chair seats increased by 5% among Audit and Compensation committee chair seats since last year (Nominating/Governance committees stayed flat year-over-year).



Large-cap companies have the highest prevalence of women in leadership roles, with approximately 18% of Non-Executive Board chair seats (up 8% year-over-year), approximately 11% of lead director seats (up 7% year-over-year), and approximately 35% of committee chair seats (up 5% year-over-year).

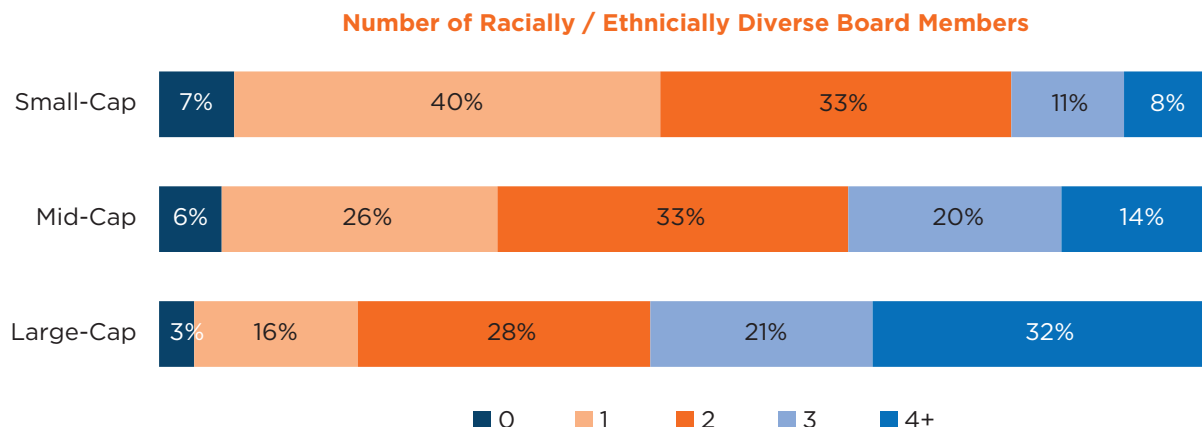
Women generally hold about 30% of all Committee Chair roles (up 5% year-over-year).

Women In Leadership Roles				
	Small-Cap	Mid-Cap	Large-Cap	Overall
Board Leadership				
Non-Executive Board Chair	11%	9%	18%	13%
Lead Director	10%	4%	11%	8%
Committee Leadership				
Audit Chair	28%	28%	30%	29%
Compensation Chair	32%	24%	35%	30%
Nominating & Governance Chair	23%	29%	36%	29%

RACIALLY DIVERSE AND LGBTQ+ BOARD MEMBERS

Racially Diverse and LGBTQ+ Board Members

In 2022, FW Cook added an analysis of racial diversity and LGBTQ+ among Non-Executive Board members in its annual Director Compensation study. In August 2021, the Nasdaq Stock Exchange approved new rules that require companies listed on the U.S. exchange to appoint at least two diverse directors (one who identifies as female and one who identifies as a racial or ethnic minority, or as LGBTQ+). If a company does not meet the required rule, the company must publicly disclose why not. The chart below presents the prevalence of racially or ethnically diverse Board members among small-, mid-, and large-cap companies.



The year-over-year changes in diversity within Boards show a large drop in companies without racially/ethnically diverse Board members, as well as a rise in companies with multiple racially/ethnically diverse members.

The percentage of companies with no racial or ethnic diversity on their Boards dropped by 12% at small-cap companies and 5% at mid-cap companies year-over-year. There was a 10% year-over-year increase in mid-cap companies with two or more racially or ethnically diverse Board members.

	Zero Racially or Ethnically Diverse Board Members			Two or More Racially or Ethnically Diverse Board Members		
	Small-Cap	Mid-Cap	Large-Cap	Small-Cap	Mid-Cap	Large-Cap
2022	19%	11%	2%	51%	58%	83%
2023	7%	6%	3%	52%	68%	81%

In the total sample, 6% of large-cap companies, 8% of mid-cap companies, and 4% of small-cap companies have a Board member who identifies as LGBTQ+, which is relatively flat year-over-year.

LIST OF COMPANIES SURVEYED

1-800-FLOWERS.COM, Inc.
3M Company
AAR Corp.
Abercrombie & Fitch Co.
Accenture plc
Acushnet Holdings Corp.
Adobe Inc.
Advance Auto Parts, Inc.
Advanced Energy Industries, Inc.
Aflac Incorporated
Alamo Group Inc.
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.
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
Banc of California, Inc.
Bank of America Corporation
Beacon Roofing Supply, Inc.
Best Buy Co., 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.
Callon Petroleum Company
Camden National Corporation
Capital One Financial Corporation
CarMax, Inc.
Cass Information Systems, Inc.
Cathay General Bancorp
Central Pacific Financial Corp.
Chevron 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.
CoStar Group, Inc.
Crawford & Company
Crocs, Inc.
CrowdStrike Holdings, Inc.
CSG Systems International, Inc.
CSW Industrials, Inc.
CTS Corporation
Cullen/Frost Bankers, Inc.
Cummins Inc.
CURO Group Holdings Corp.
CVB Financial Corp.
Datadog, 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.
Donegal Group Inc.
Donnelley Financial Solutions, Inc.
Dorman Products, Inc.
Dover Corporation

LIST OF COMPANIES SURVEYED

DraftKings Inc.
Dril-Quip, Inc.
DT Midstream, Inc.
eGain Corporation
Ellington Financial Inc.
Ennis, Inc.
Enova International, Inc.
EnPro Industries, Inc.
EOG Resources, Inc.
Evercore Inc.
Everi Holdings Inc.
Expeditors International of Washington, 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.
Hannon Armstrong 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
HF Sinclair Corporation
HNI Corporation
HP Inc.
ICF International, Inc.
IES Holdings, Inc.
Intel Corporation
International Seaways, Inc.
Intuit Inc.
Itron, Inc.
Jacobs Solutions Inc.
Kelly Services, Inc.
Kennametal Inc.
Kimball Electronics, Inc.
Kinder Morgan, Inc.
KLA Corporation
Kohl's Corporation
Lakeland Financial Corporation
Lands' End, Inc.
Lattice Semiconductor Corporation
Lincoln Electric Holdings, 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
MYR Group Inc.
Nabors Industries Ltd.
NCR Corporation
NetApp, Inc.
New Fortress Energy 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
Overstock.com, Inc.
Patterson-UTI Energy, Inc.
PBF Energy Inc.

LIST OF COMPANIES SURVEYED

PC Connection, Inc.
PDC Energy, Inc.
Peabody Energy Corporation
Penske Automotive Group, Inc.
Permian Resources Corporation
PGT Innovations, Inc.
Phillips 66
Pioneer Natural Resources Company
Playa Hotels & Resorts N.V.
Plug Power Inc.
Preformed Line Products Company
Premier Financial Corp.
Q2 Holdings, Inc.
Range Resources Corporation
Ranger Oil 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
Shake Shack Inc.
Shoe Carnival, Inc.
Simmons First National Corporation
SM Energy Company
Smartsheet Inc.
Southwestern Energy Company
Spirit Airlines, Inc.
Stanley Black & Decker, Inc.
Steven Madden, Ltd.
Strategic Education, Inc.
T. Rowe Price Group, Inc.
Talos Energy Inc.
Tanger Factory Outlet Centers, Inc.
Target Corporation
Tempur Sealy International, Inc.
Tetra Tech, Inc.
The Allstate Corporation
The Bank of New York Mellon Corporation
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 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
Williams-Sonoma, Inc.
WillScot Mobile Mini Holdings Corp.
Woodward, Inc.
Workiva Inc.
World Kinect Corporation
Xylem Inc.
Yum! Brands, Inc.
Zions Bancorporation, National Association

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