Compensation
Advisory Partners

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Director Compensation Is Up, But Not For Leadership Roles

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Each year, CAP analyzes non-employee director compensation programs among the 100 largest US public companies. These companies are trendsetters and can provide early insights into evolving pay practices across the broader public company marketplace. This report reflects a summary of pay levels, pay practices, and trends based on the most recent (2026) proxy disclosures for these 100 companies.

Topic	CAP Analysis — Key Takeaways	CAP Expectations — Looking Ahead
Standard Board Pay Levels	• Median standard total board member pay rose by 2.1% year-over-year, from $335K to $342K • 34% of our sample made increases during the last year; among companies making changes, only 3% increased only cash-based fees	• Continued low-to-mid single-digit year-over-year increases, focused on equity-based pay • Typical cadence for making changes will remain once every two or three years
Pay Mix	• On average, total standard board pay was comprised of 65% equity and 35% cash. This is consistent with a longer-term, gradual trend among the 100 largest US public companies of increasing the weighting on equity-based compensation in the overall pay mix (i.e., on average, in our 2020 study 61% of standard total pay was equity, and in our 2015 study 58% of standard total equity)	• While providing a majority of director pay through equity is best practice, we do not expect the weighting on equity-based pay to increase materially in the next few years
Board Leadership Roles - Additional Pay	• It is typical to provide additional pay for these roles, that come with considerable additional time commitments and reputational risk **Non-Executive Chair** • Median additional compensation provided has been flat (+$0) for the last five years • Total pay is 1.50x that of a standard board member, at median **Lead Director** • Median additional compensation provided has been flat (+$0) for the last seven years • Total pay is 1.15x that of a standard board member, at median **Committee Chair** • Over the last three years, median additional compensation for the Audit and Compensation Committees has been flat +0%, and increased +$5K for the Nom/Gov Committee • In each case, total pay is at or below 1.1x that of a standard board member, at median **Total Standard Board Member Pay** • In contrast, median total standard board member pay increased $17K during the last three years, $32K during the last five years, and $37K during the last seven years	• Focus will increase on the magnitude of the compensation (additional retainer) provided for these roles, relative to standard board member pay, considering the related demands and reputational risk • Median additional annual retainer for Lead Director has been flat for seven years; this will likely increase during the next one to two years
Board Meetings	• Having a number of board meetings per year that is well above median (e.g., more than 2x) does not necessarily result in materially higher pay levels. In such cases, median total standard board member pay was only ~3% higher than the rest of the sample	• While board member pay is generally viewed as an 'advisory fee' and not an 'attendance fee', when such big distinction exists on an ongoing basis standard total time required of board members may be well above market norms, which should one of the considerations when setting pay levels
Director Program Simplification	• Most companies in our sample have simplified their director pay programs; i.e., use annual cash retainers with no meeting fees and provide only full-value (shares/units) equity awards that are granted based on a fixed value	• Simplified director pay programs will become more common among other size groups

CAP Findings – Additional Detail

Board Compensation

- **Total Fees:** Median standard board member compensation rose 2.1% year-over-year, from $335K to $342K. Pay at 25th and 75th percentiles also increased, 0.9% and 4.2%, respectively

- **Form of Increase:** 34% of companies disclosed increases to their standard annual board member pay program during the last year, nearly all of which were provided partially or fully through equity:

  - 3% disclosed increases to only the annual board cash retainer, ranging from +$15K to +$20K

  - 16% disclosed increases to only the annual board equity retainer, ranging from +$5K to +$50K (median of +$20K)

  - 15% disclosed increases to both the annual board cash and equity retainers, ranging from +$10K to +$75K (median of $25K)

- **Pay Mix:** Total standard board member pay was 65% equity and 35% cash, on average

- **Pay Program:** Simple pay programs that use only annual cash and equity retainers to compensate directors, with additional pay for board leadership roles, are typical. For example, only five companies in our sample provide board meeting fees, three of which have a pre-defined threshold number of meetings that must take place before meeting fees are paid

- **Equity:** Providing full-value equity awards (shares/units) continues to be nearly standard practice. Only two companies granted stock options during the last year, only one of which used stock options as their sole equity vehicle. It is also nearly standard practice to denominate equity awards using a fixed value, rather than a fixed number of shares. Using a fixed value is generally considered best practice as it manages the "target" value awarded each year

Committee Member[1] Compensation

- **Overall Prevalence:** Most companies in our sample provide compensation for committee member service through the annual board cash and equity retainers, with the general expectation that all non-employee directors actively participate in committee responsibilities. Only 35% of companies studied paid committee-specific member fees for Audit Committee service, and less than 25% of companies studied paid committee-specific member fees for service on any other committee

- **Total Fees:** Of the companies that paid committee member compensation, median compensation was flat year-over-year for the Audit ($15K) and Compensation ($15K) Committees, while there was a modest increase for the Nominating/Governance Committee ($12K to $12.5K)

- **Meeting Fees:** Only four companies in our sample provided committee meeting fees this past year

- **Number of Meetings:** Audit Committees met the most during the last year; for this committee, the median number of meetings was 9 (i.e., more than two per quarter). For Compensation Committees and Nominating/Governance Committees, the median number of meetings was 6 and 5, respectively (i.e., more than one per quarter)

1 Audit, Compensation and/or Nominating/Governance Committees.

Committee Chair[2] Compensation

- **Overall Prevalence:** Most companies provide additional compensation to committee Chairs, typically through an additional annual cash retainer, recognizing the considerable additional time requirements and reputational risk

- **Total Fees:** Median additional compensation for these roles was flat year-over-year for the Audit ($30K), Compensation ($25K) and Nominating/Governance ($25K) committees. In each case, the additional pay was provided through an additional annual retainer

Independent Board Leader Compensation

- **Non-Executive Chair:** Most companies with this role provide additional compensation for it, typically through an additional annual cash retainer. Median additional pay provided for this role was $200K, consistent with the prior year. When expressed as a multiple of total standard board member compensation, at median, total pay for Non-Executive Chairs was 1.50x that of a standard board member

- **Lead Director**: Similarly, most companies with this role provide additional compensation for it, typically through an additional annual cash retainer. Median additional pay provided for this role was $50K, consistent with the prior year. At 25th percentile, additional pay provided was also $50K, indicating that the median is likely to increase near-term. When expressed as a multiple of total standard board member compensation, total pay for Lead Directors was 1.15x that of a standard board member. The differential relative to Non-Executive Chairs is in line with typical variation in role and responsibilities

Equity Retention

- Having a minimum stock ownership guideline in place is typical practice; i.e., 91% of companies in our sample have a minimum stock ownership guideline in place for outside board members. Among these companies, 90% use a "multiple of retainer" approach, with the most common multiple being 5.0x the annual cash retainer, and the most common achievement period being five years

- 39% of companies have a holding requirement in place where a pre-defined percentage (typically net after-tax) of all vested equity awards must be held until a director achieves the minimum stock ownership guideline

- It continues to be minority practice to require that equity awards be settled at or after termination of board service

2 Excludes controlled companies. Also excludes instances where Lead Director role is assumed by Chair of Nominating and Governance Committee, who receives compensation for the role.

Pay Limits

- Director pay limits are in place largely due to the advancement of litigation during the past 10 plus years, over the conflict of interest stemming from directors approving their own compensation

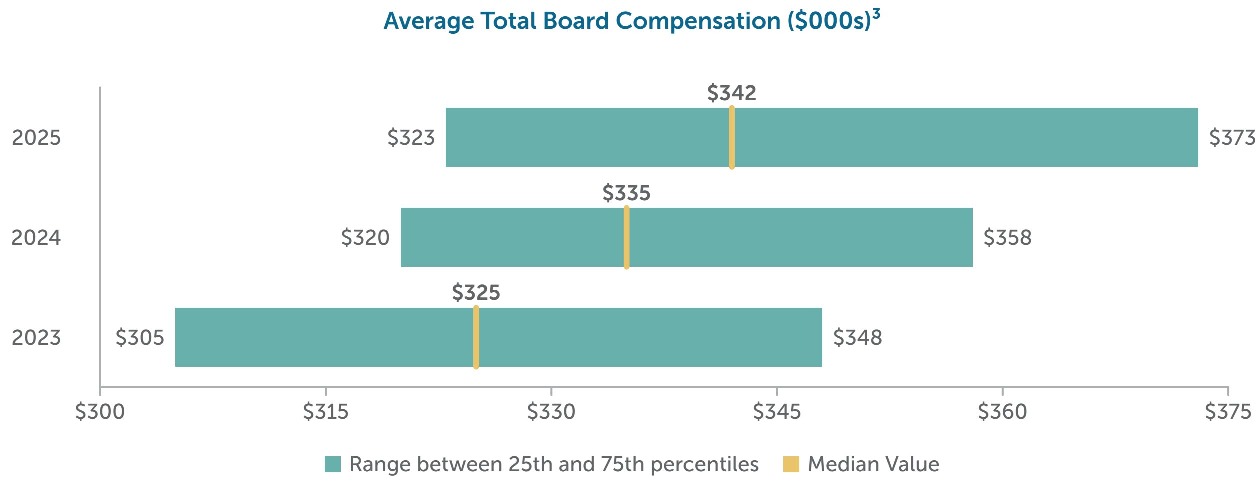
- 79% of companies in our study now have a shareholder approved limit in place for director compensation, up slightly from the prior year. Limits apply to total director pay (66% prevalence) or just equity awards (34% prevalence)

- Limits range from $750K at 25^{th} percentile to $1M at the 75^{th} percentile, with a median of $800K. While the median and 75^{th} percentile were flat year-over-year, the 25^{th} percentile increased from $600K to $750K. Such limits are generally much higher than annual equity grants and/or total annual compensation

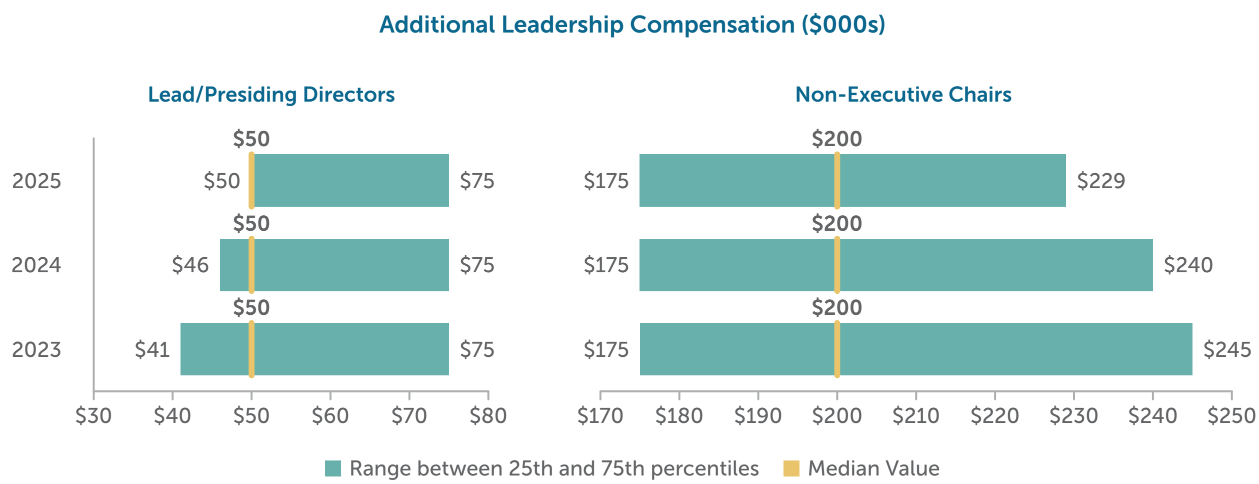
Limit Multiple Range	Prevalence
<= 3x annual equity	32%
3.01x – 5x annual equity	44%
5.01x – 7x annual equity	9%
>7x annual equity	15%

Historical 3-Year Look at Pay Levels

Average Total Standard Board Member Compensation ($000s)[3]



Additional Leadership Compensation ($000s)



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3 Total Board Compensation reflects all cash and equity compensation for Board and committee service, excluding compensation for leadership roles such as Committee Chair, Lead/Presiding Director, or non-executive Board Chair.

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