



Pearl Meyer

Inside Director Compensation: Key Developments for 2026

A Compensation Committee Series Webinar

February 11th, 2026



Presenters



Roy Dunbar

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Housekeeping



- Submit a question and receive your answer directly from the presenters, either during today's webinar or as a follow-up. You will also be opted-in to receive future executive compensation thought leadership from Pearl Meyer.
- Presentation slides are available today at:
 - www.pearlmeyer.com/inside-director-compensation-key-developments-for-2026
- The replay will be available early next week at:
 - www.nacdonline.org/webinars
 - www.pearlmeyer.com/inside-director-compensation-key-developments-for-2026

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Agenda

Today we'll explore new findings from the recently released 2025-2026 *NACD Director Compensation Report*, which examines how board pay practices continue to evolve amid expanding oversight demands.

We'll focus on emerging trends in equity design, committee compensation, and governance structures shaping director compensation in 2026.



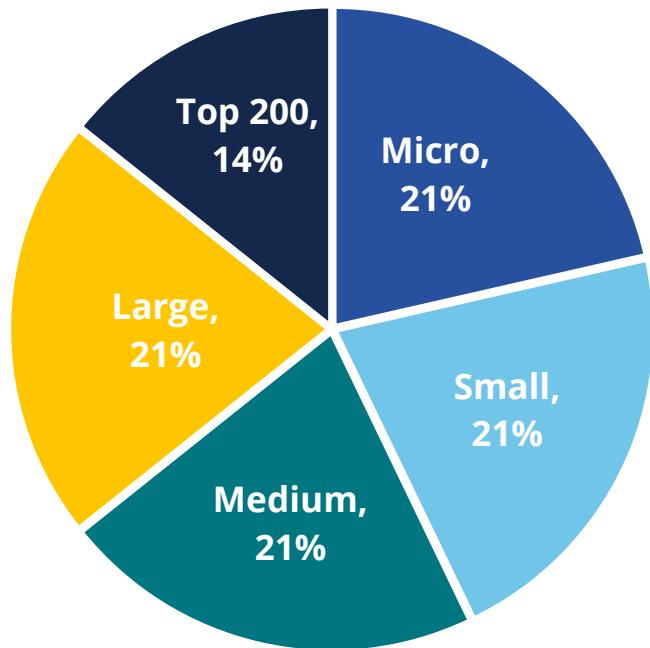
Q: Which of the following emerging priorities do you think will have the greatest impact on board governance in the coming years?

1. Digital transformation, cybersecurity oversight, artificial intelligence (AI)
2. Workforce strategy, leadership development
3. Regulatory compliance
4. Succession planning

Director Compensation Data



Five Size Categories
Based on Annual Revenue



- All companies are publicly traded
- Information is collected across 24 industries based on GICS at the group level
- Source: [Main Data Group](#)

- Micro: \$50M - \$500M
- Small: \$500M - \$1B
- Medium: \$1B - \$2.5B
- Large: \$2.5B - \$10B
- Top 200: Largest 200 companies in the S&P 500

Total Direct Compensation increased by +3% relative to 2024 levels; Micro companies maintain outsized growth



	Total Direct Compensation		Annual Growth in Median Total Direct Compensation										
	2025	2024	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
Micro	\$177,857	\$164,773	8%	10%	7%	6%	7%	-0%	5%	-3%	2%	4%	
Small	\$220,418	\$211,014	4%	6%	-0%	10%	2%	2%	3%	2%	6%	5%	
Medium	\$233,229	\$228,469	2%	2%	5%	-0%	5%	2%	4%	-0%	6%	-1%	
Large	\$278,317	\$269,639	3%	3%	3%	0%	3%	2%	3%	1%	4%	1%	
Top 200	\$333,341	\$323,375	3%	0%	3%	1%	1%	4%	3%	2%	3%	3%	
All Firms	\$249,438	\$242,094	3%	3%	4%	2%	3%	3%	2%	2%	4%	3%	

(a) Director compensation methodology was modified in 2007. Percentages are based on old methodology for comparable year-over-year growth rates

Board composition and structure remain largely stable, with continued incremental gains in the representation of female directors



	Organization Size					Prior Year <i>All Firms</i>
	Micro	Small	Medium	Large	Top 200	
Median No. of Directors (a)	7	8	9	10	11	9
Median Director Age (yrs)	63	63	63	64	64	63
Median Director Tenure (yrs)	5.8	6.0	6.1	6.3	6.2	6.2
% with 1 year term	53%	52%	65%	75%	95%	66%
Mandatory Retirement Age (yrs)						
Prevalence of disclosure	23%	32%	44%	54%	72%	43%
Median Retirement Age	75	75	75	75	75	75
<u>Gender Diversity</u>						
% of companies with ≥ 1 female director	91%	99%	97%	99%	100%	97%
% of companies with ≥ 2 female directors	62%	85%	87%	95%	100%	85%
% of companies with ≥ 3 female directors	27%	46%	57%	76%	91%	57%
Combined CEO/COB Role	33%	32%	29%	37%	50%	35%
Median No. of Board Meetings	7	6	6	6	7	6

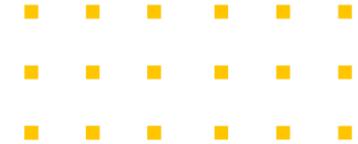
(a) Includes non-employee and employee directors



Q: In light of the evolving political and regulatory landscape, how do you anticipate your board's focus on ESG and DEI initiatives will change as it relates to director diversity?

1. Increase focus and investment in ESG/DEI
2. Maintain current focus and approach
3. Decrease focus due to shifting external pressures
4. Reassess priorities to align with emerging stakeholder expectations
5. Unsure

Boards continue to reallocate compensation away from meeting fees

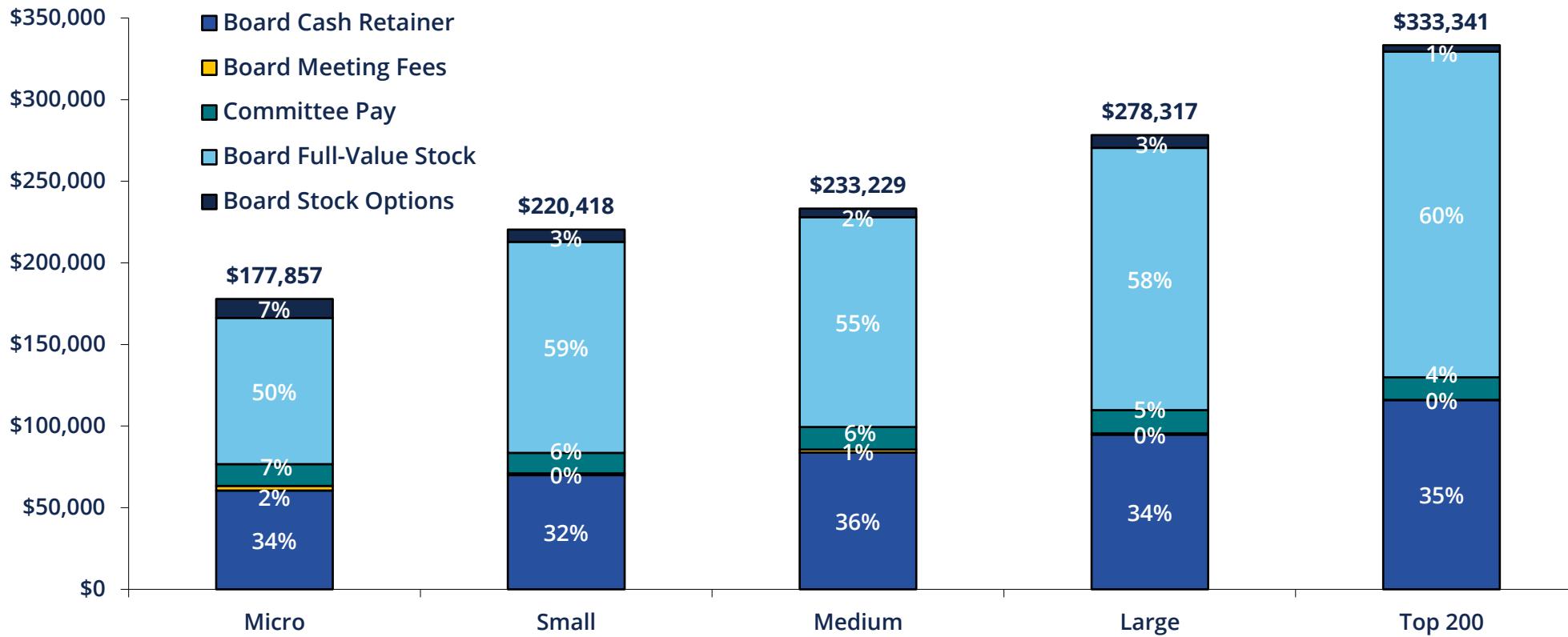


		All Firms						
		2025	2024	2023	2022	2021	2020	5-year Change
Cash	Median Annual Cash Retainer	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$72,000	
		0%	0%	0%	0%	4%	3%	4%
	Median Average Committee Compensation	\$10,800	\$10,500	\$10,000	\$9,600	\$9,410	\$9,640	
Prevalence of Board Meeting Fees		3%	5%	4%	2%	-2%	-4%	12%
		6%	7%	10%	14%	17%	19%	
		-1%	-3%	-4%	-3%	-2%	-2%	-13%
Equity	Median Equity Award	\$152,250	\$150,000	\$145,000	\$135,000	\$130,000	\$125,000	
		1%	3%	7%	4%	4%	0%	22%
Median Total Direct Compensation		\$249,438	\$242,094	\$234,132	\$225,750	\$221,557	\$214,115	
		3%	3%	4%	2%	3%	3%	16%
Median Total Board Cost		\$1,876,583	\$1,833,393	\$1,786,512	\$1,710,366	\$1,702,500	\$1,644,472	
		2%	3%	4%	0%	4%	3%	14%

Full-value stock continues to account for the largest portion of director pay



Median TDC and Pay Mix by Company Size





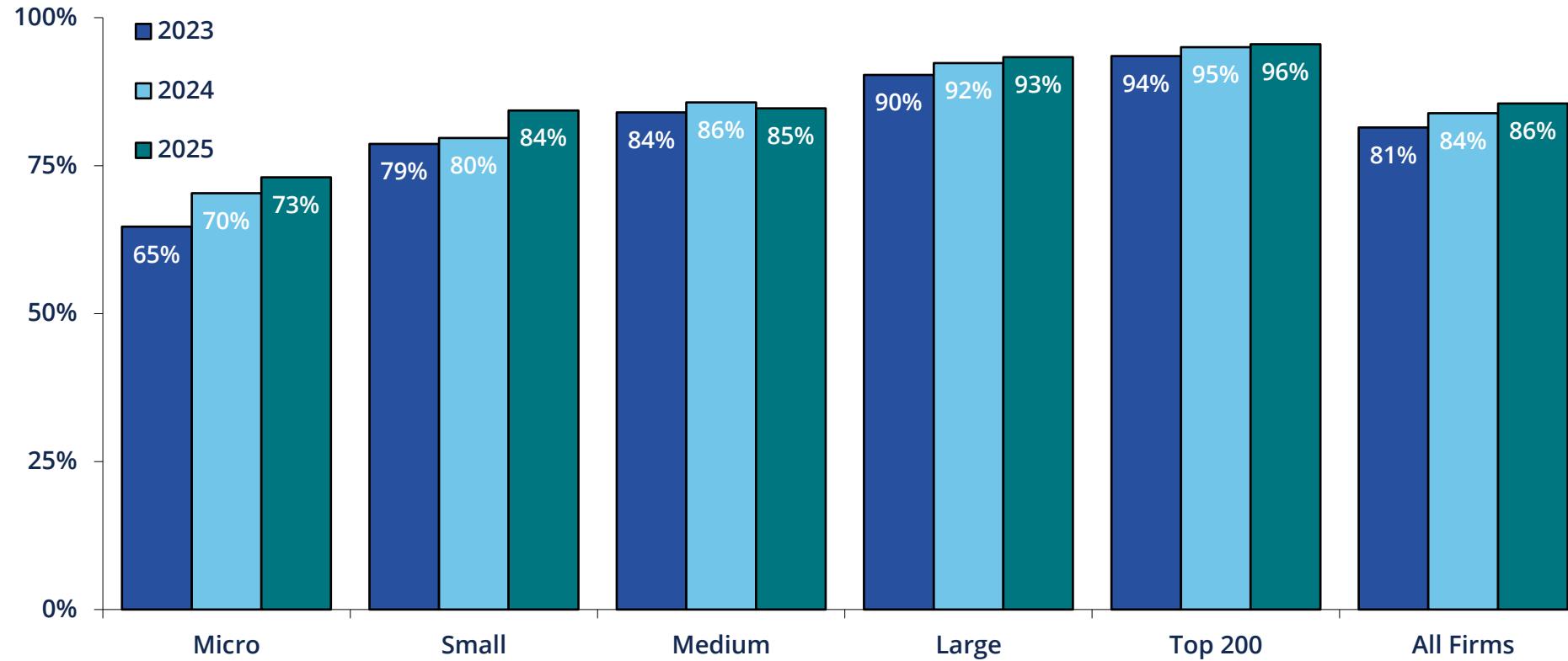
Q: How has your board's pay mix evolved over time?

1. We have moved away from variable pay elements (meetings fees and committee fees) toward fixed elements (cash and equity retainers)
2. We have moved away from fixed pay elements (cash and equity retainers) toward variable pay elements (meeting fees and committee fees)
3. The pay mix has largely remained the same over time

More than 85% of all companies deliver more than 50% of TDC in the form of equity



Prevalence of Companies Delivering $\geq 50\%$ of TDC in Equity



Most companies set equity awards as a fixed value; prevalence increases with the size of the firm



Equity Grant Practices: Fixed Values vs Fixed Shares							
	Micro	Small	Medium	Large	Top 200	All Firms	Prior Year All Firms
Total Firms Providing Equity	93%	97%	95%	97%	99%	96%	96%
Grant Determination	%	%	%	%	%	%	%
Fixed Value	85%	93%	95%	98%	98%	94%	92%
Fixed Shares	12%	6%	4%	2%	1%	5%	6%
Combination	3%	1%	1%	1%	1%	1%	2%

The presence of stock ownership guidelines and holding requirements tend to correlate with company size



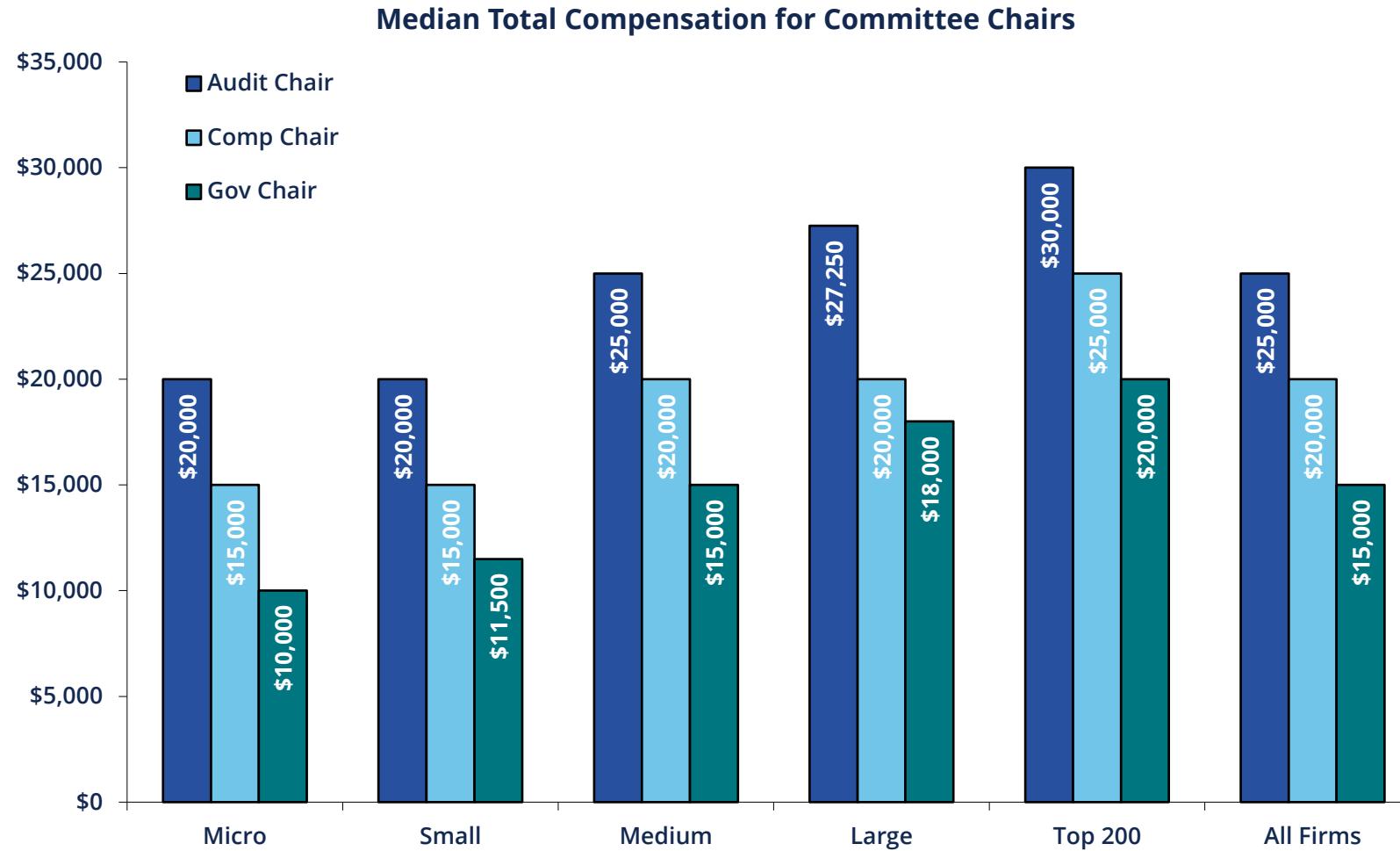
Prevalence of Stock Ownership Guidelines (SOG)							
	Micro	Small	Medium	Large	Top 200	All Firms	Prior Year All Firms
% of Companies with Any Form of SOG	64%	78%	87%	94%	95%	83%	82%
% of Companies with a Multiple of Retainer SOG	58%	71%	80%	86%	84%	75%	72%
Median Multiple of Retainer Requirement	4.0	5.0	5.0	5.0	5.0	5.0	5.0
% of Companies with Share SOG	4%	4%	4%	3%	6%	4%	5%
% of Companies with Dollar SOG	4%	5%	4%	7%	10%	6%	7%
Median Dollar Value Requirement	\$200,000	\$305,000	\$375,000	\$450,000	\$750,000	\$400,000	\$450,000
Median Time Frame (yrs)	5	5	5	5	5	5	5

Holding Period Requirements							
	Micro	Small	Medium	Large	Top 200	All Firms	Prior Year All Firms
% with Holding Requirements	32%	37%	40%	48%	53%	41%	39%
Type of Holding Guideline							
Until or Beyond Retirement	17%	21%	18%	18%	38%	22%	23%
Until Ownership Guideline Achieved	63%	55%	70%	62%	43%	59%	59%
Other / Unknown	21%	24%	13%	20%	19%	19%	18%

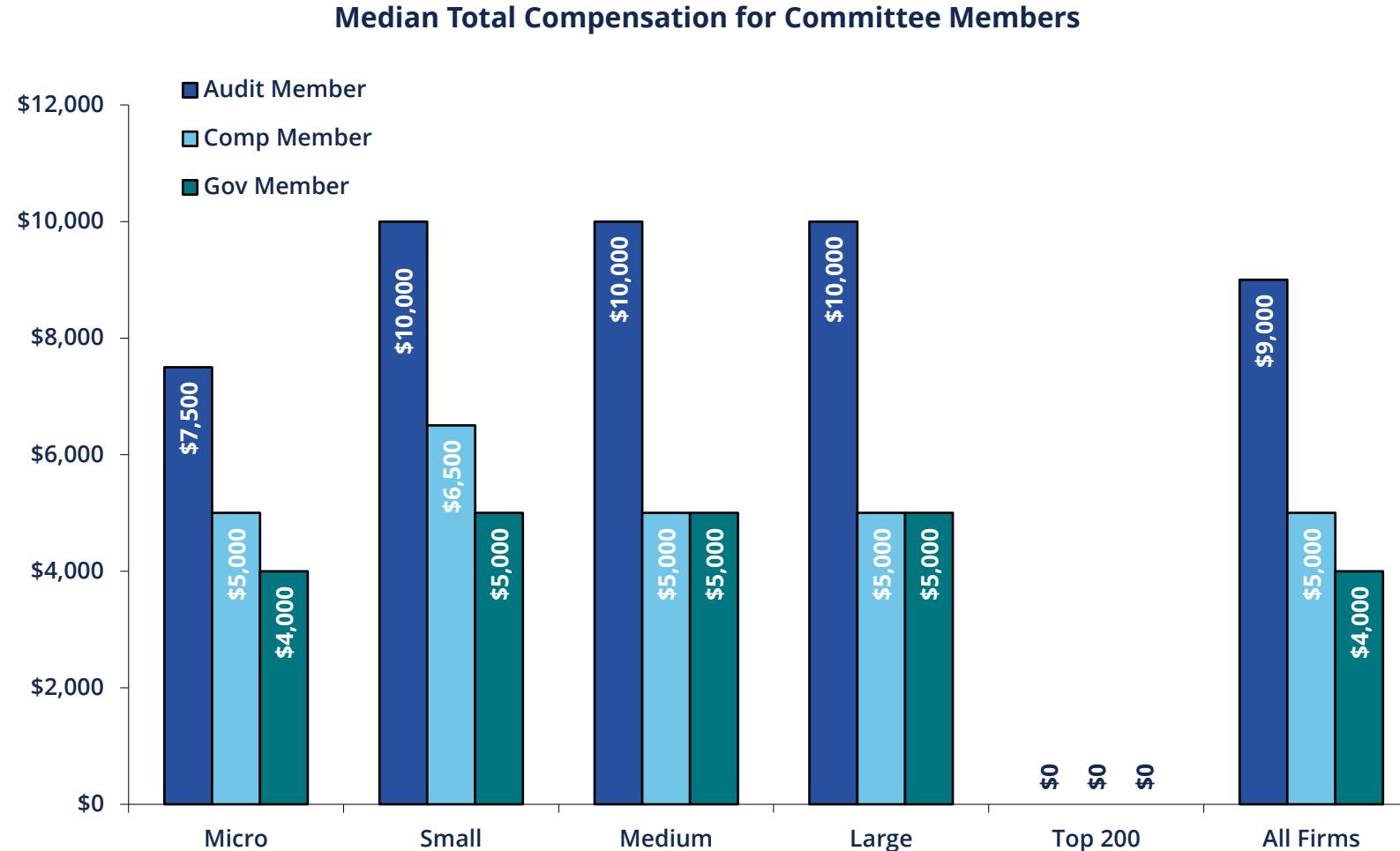
≥ +5% pts. higher than last year

≥ -5% pts. lower than last year

Committee chair premiums are commonly used to acknowledge the increased time commitment and additional responsibility of the role



Pay for service as an audit committee member continues to be the highest on a value and prevalence basis relative to other committees





Q: Given the expanding responsibilities and oversight of the board, how is your board currently approaching its committee structure?

1. We have recently established new committees to address emerging areas
2. We are evaluating the potential need for additional committees
3. Our existing committees effectively oversee all areas, and we are expanding their scope as needed
4. Our existing committee structure effectively oversees all areas without the need for changes

Given the additional liability, a larger premium is typically provided to non-executive board chairs relative to other types of leadership



Compensation for Non-Exec Leadership						
	Median TDC for Board Leadership		Median Board Leadership TDC as a Multiple of Board Member TDC (a)		Median Total Premium for Board Leadership	
	Non-Executive Chair	Lead/ Presiding	Non-Executive Chair	Lead/ Presiding	Non-Executive Chair	Lead/ Presiding
Micro	\$220,000	\$193,750	1.32x	1.13x	\$50,000	\$20,000
Small	\$292,500	\$215,955	1.35x	1.14x	\$75,000	\$25,000
Medium	\$320,000	\$245,000	1.45x	1.13x	\$100,000	\$25,000
Large	\$405,000	\$310,000	1.52x	1.13x	\$137,500	\$30,000
Top 200	\$505,000	\$372,500	1.63x	1.15x	\$200,000	\$50,000
All Firms	\$325,000	\$279,983	1.45x	1.13x	\$100,000	\$30,000

(a) Excludes fees for committee service.



- How are board compensation structures evolving?
 - Companies are adopting more stable compensation practices that align with governance standards and shareholder expectations
 - Director pay is shifting towards a 60% equity and 40% cash mix, reducing reliance on cash compensation
 - Variable pay elements such as meeting fees and stock options are becoming less common
- How are board leadership and responsibilities changing?
 - There is a strong emphasis on board refreshment to enhance effectiveness
 - The need for specialized committees is decreasing as board and primary committee responsibilities expand
 - Reduced emphasis on committee member compensation, as directors continue to be more involved in all areas



Q&A

**Please submit your
questions in the Q&A
box below.**

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