

ClearBridge 300

Non-Employee Director
Compensation Report

February 2024



ClearBridge
Compensation Group

www.clearbridgecomp.com

Introduction

Overview

This report presents data and findings on compensation practices for non-employee directors for each of the *ClearBridge 300* companies in 2023.

The compensation practices for non-employee directors were reviewed based on proxy statement disclosure for each of the *ClearBridge 300* companies; 2022 and 2023 refer to proxy statements filed in 2022 and 2023, respectively.

Contents of Report

ClearBridge 300 company practices summarized in this report include:

- Compensation for Board Service
- Compensation for Committee Service
- Compensation for Board Leadership
- Equity Design Features
- Stock Ownership Guidelines
- Holding Requirements & Deferral Features
- Director Perquisites

The *ClearBridge 300* Companies

The *ClearBridge 300* consists of 300 companies: 100 companies in the S&P SmallCap 600® Index (“Small-Cap”), 100 companies in the S&P MidCap 400® Index (“Mid-Cap”), and 100 companies in the S&P 500® Index (“Large-Cap”) in order to provide a representation of the U.S. market.

Further detail on the *ClearBridge 300* companies and methodology for this report can be found in the Appendix.

Compensation for Board Service

Board Compensation Elements & Levels

In 2023, the vast majority of companies provided directors with a cash retainer (98%) and equity grant (98%) for board service. Consistent with trends observed over the past several years, the prevalence of meeting fees declined from 13% of companies in 2022 to 11% of companies in 2023.

Market Cap	Compensation Element	2023				Median % Change vs. 2022
		Prevalence	25th %ile	Median	75th %ile	
Small-Cap	Cash Retainer	99%	\$50,000	\$70,000	\$83,750	--
	Per Meeting Fee	10%	\$1,000	\$1,350	\$1,500	--
	Equity Grant Value ⁽¹⁾	97%	\$100,000	\$130,000	\$170,000	--
	Total Compensation	--	\$168,750	\$213,000	\$240,000	6.5%
Mid-Cap	Cash Retainer	99%	\$70,000	\$85,000	\$100,000	--
	Per Meeting Fee	13%	\$1,650	\$2,500	\$3,000	--
	Equity Grant Value ⁽¹⁾	98%	\$130,000	\$155,000	\$185,469	--
	Total Compensation	--	\$215,000	\$244,500	\$270,000	4.3%
Large-Cap	Cash Retainer	97%	\$90,000	\$105,000	\$115,000	--
	Per Meeting Fee	9%	\$1,500	\$2,000	\$2,000	--
	Equity Grant Value ⁽¹⁾	100%	\$160,000	\$195,000	\$220,000	--
	Total Compensation	--	\$275,000	\$300,000	\$325,000	3.4%

Note: Percentile values for individual elements of compensation (cash retainers, meeting fees, and equity) are calculated including only those companies that provide that element; percentile values for aggregate total compensation are calculated including all companies

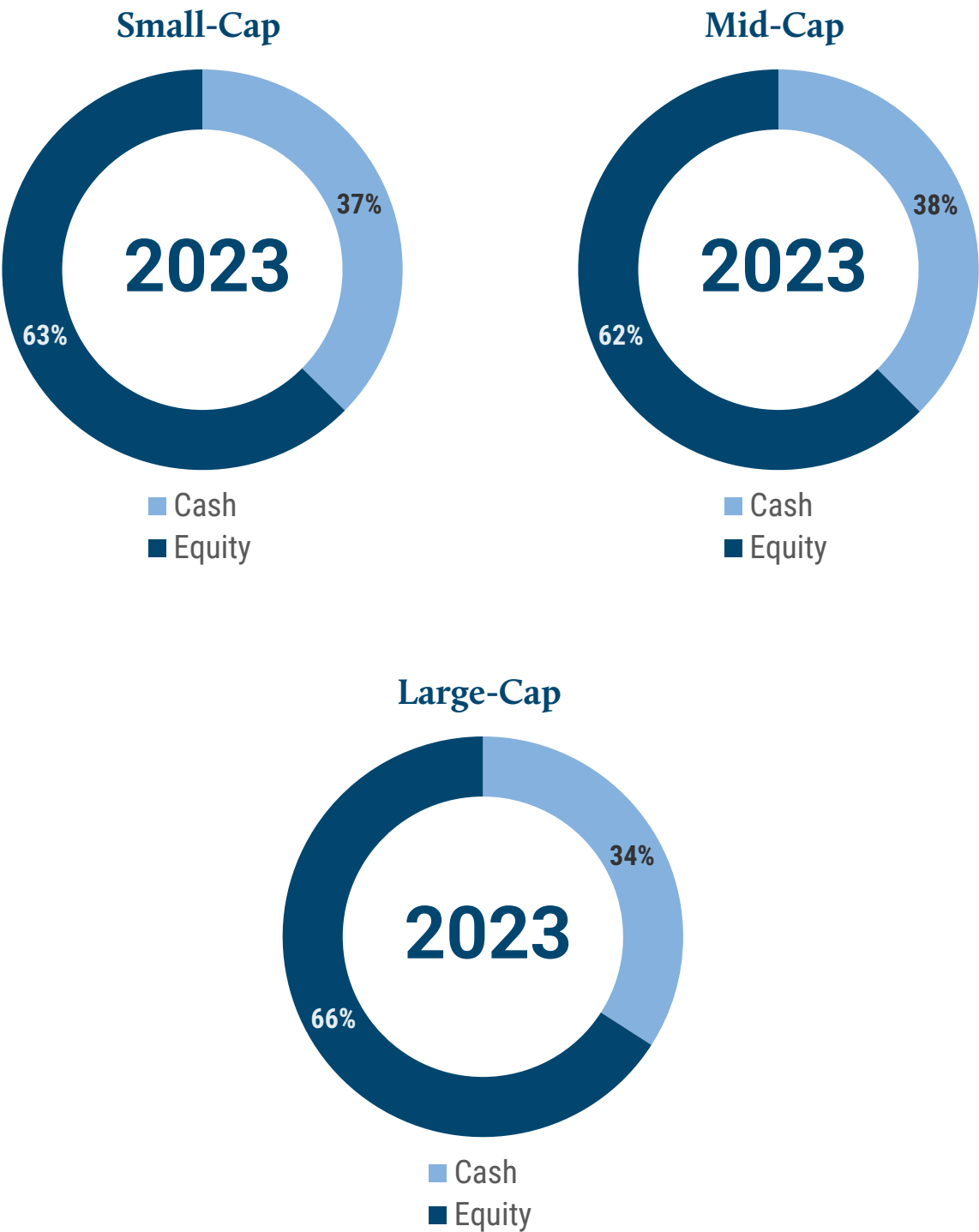
(1) Equity grant value is calculated including annual equity grants, as well as initial equity grants that have been annualized over an eight-year period (based on average director tenure in the market)

From 2022 to 2023, the median total compensation increased 6.5% at small-cap companies, 4.3% at mid-cap companies, and 3.4% at large-cap companies.

Compensation for Board Service

Average Cash vs. Equity Mix

In 2023, the majority of compensation for board service was delivered through equity awards (62% to 66%), with the remainder delivered through cash retainers and meeting fees, almost identical to 2022.

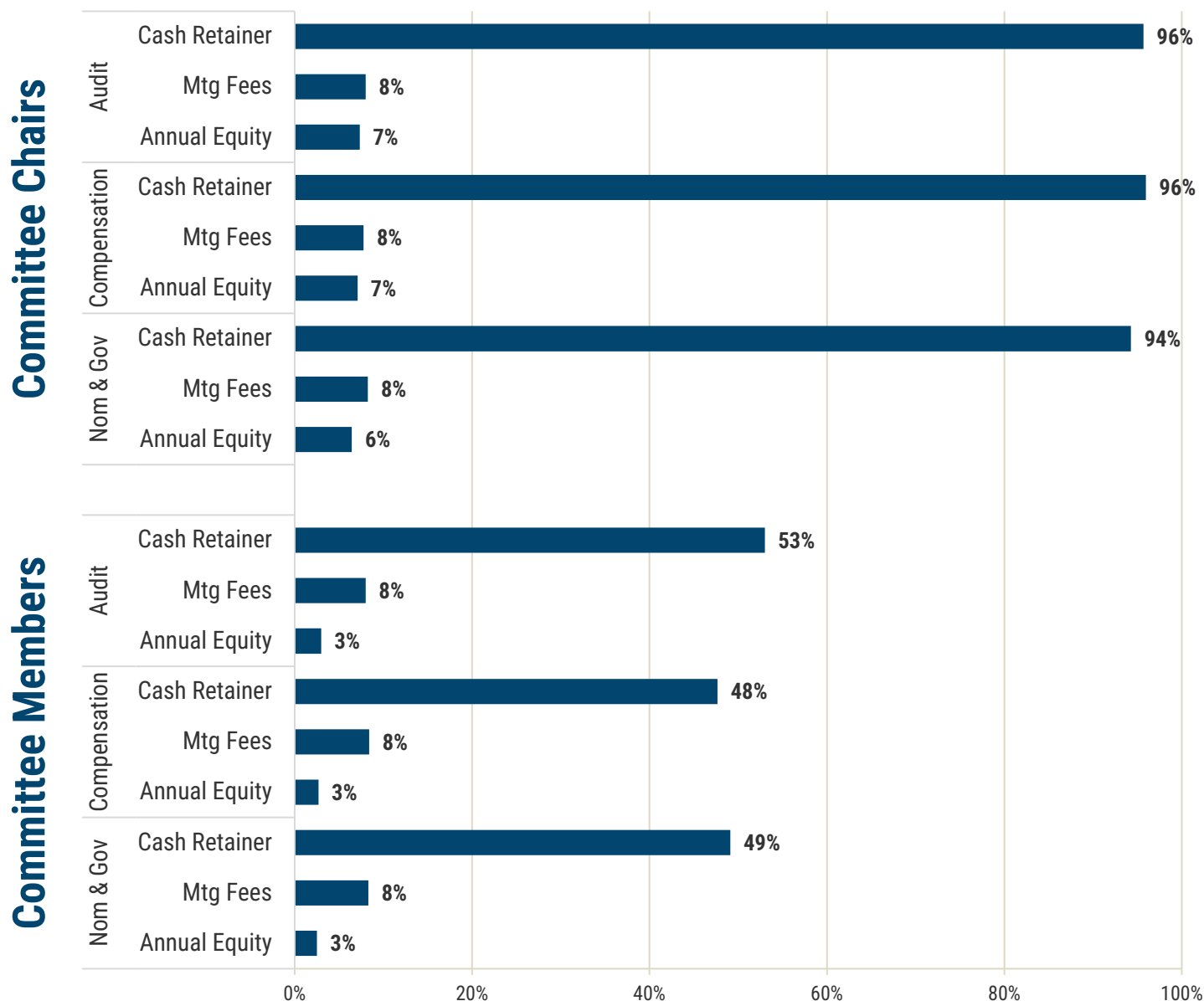


Compensation for Committee Service

Standard Committee Compensation

This section provides information on additional compensation that is delivered to chairs and members of the three “standard” board committees (i.e., the Audit Committee, Compensation Committee, and Nominating and Governance Committee) in 2023. The graph below shows the prevalence of additional elements of compensation for committee chairs and members in the *ClearBridge 300*.

Nearly all companies pay their committee chairs additional compensation and ~55% to 60% of companies pay their committee members additional compensation.



Across small-, mid-, and large-cap companies, nearly all committee chairs are paid additional compensation. Committee members are more likely to receive additional compensation at small-cap companies (64%) vs. mid- (59%) and large-cap (43%) companies.

Compensation for Committee Service

Small-Cap: Standard Committee Compensation

Overall, additional committee compensation has remained flat at the median from 2022 to 2023 for small-cap companies, with the exception of the Nominating and Governance Committee Chair increasing by 25% at the median.

Role	Committee	Compensation Element	2023			Median % Change vs. 2022
			25 %ile	Median	75 %ile	
Committee Chairs	Audit Committee	Cash Retainer	\$18,000	\$20,000	\$25,000	--
		Per Meeting Fee	\$963	\$1,225	\$1,875	--
		Annual Equity	\$10,375	\$18,000	\$37,874	--
		Total Add'l Comp ⁽¹⁾	\$20,000	\$20,000	\$25,000	0.0%
	Compensation Committee	Cash Retainer	\$14,500	\$15,000	\$20,000	--
		Per Meeting Fee	\$963	\$1,125	\$1,875	--
		Annual Equity	\$8,625	\$12,750	\$21,954	--
		Total Add'l Comp ⁽¹⁾	\$15,000	\$15,000	\$20,000	0.0%
	Nominating and Governance Committee	Cash Retainer	\$10,000	\$12,500	\$15,000	--
		Per Meeting Fee	\$925	\$1,250	\$1,750	--
		Annual Equity	\$5,500	\$8,750	\$13,875	--
		Total Add'l Comp ⁽¹⁾	\$10,000	\$12,500	\$15,000	25.0%
Committee Members	Audit Committee	Cash Retainer	\$9,000	\$10,000	\$12,500	--
		Per Meeting Fee	\$750	\$1,000	\$1,625	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$9,500	\$10,000	\$12,500	0.0%
	Compensation Committee	Cash Retainer	\$5,000	\$7,500	\$10,000	--
		Per Meeting Fee	\$750	\$1,000	\$1,625	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$6,063	\$7,500	\$10,000	0.0%
	Nominating and Governance Committee	Cash Retainer	\$5,000	\$5,000	\$8,750	--
		Per Meeting Fee	\$750	\$1,000	\$1,750	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$5,000	\$5,000	\$9,000	0.0%

Note: Percentile values for individual elements of compensation (cash retainers, meeting fees, and equity) are calculated for companies that provide that element; percentile values for total compensation are calculated for companies that provide additional compensation for these roles

(1) Total additional compensation is calculated based on a standard number of committee meetings for all companies, reflecting the median number of committee meetings among *ClearBridge 300* companies in 2023, as follows: 8 Audit Committee meetings, 5 Compensation Committee meetings, and 4 Nominating and Governance Committee meetings

(2) Data not reported due to insufficient sample size

Compensation for Committee Service

Mid-Cap: Standard Committee Compensation

Overall, additional committee compensation has remained relatively flat at the median from 2022 to 2023 for mid-cap companies, with the exception of the Nominating and Governance Committee Chair increasing by ~9% at the median.

Role	Committee	Compensation Element	2023			Median % Change vs. 2022
			25 %ile	Median	75 %ile	
Committee Chairs	Audit Committee	Cash Retainer	\$20,000	\$25,000	\$30,000	--
		Per Meeting Fee	\$1,375	\$1,825	\$2,125	--
		Annual Equity	\$15,833	\$17,500	\$22,500	--
		Total Add'l Comp ⁽¹⁾	\$22,500	\$25,500	\$32,250	2.0%
	Compensation Committee	Cash Retainer	\$15,000	\$20,000	\$22,500	--
		Per Meeting Fee	\$1,375	\$1,575	\$2,000	--
		Annual Equity	\$12,917	\$15,000	\$15,000	--
		Total Add'l Comp ⁽¹⁾	\$20,000	\$20,000	\$25,000	0.0%
	Nominating and Governance Committee	Cash Retainer	\$12,500	\$15,000	\$20,000	--
		Per Meeting Fee	\$1,375	\$1,575	\$2,000	--
		Annual Equity	\$10,750	\$13,333	\$15,000	--
		Total Add'l Comp ⁽¹⁾	\$15,000	\$16,325	\$20,000	8.8%
Committee Members	Audit Committee	Cash Retainer	\$10,000	\$10,000	\$15,000	--
		Per Meeting Fee	\$1,375	\$1,825	\$2,125	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$10,000	\$12,500	\$15,000	0.0%
	Compensation Committee	Cash Retainer	\$7,500	\$10,000	\$10,000	--
		Per Meeting Fee	\$1,375	\$1,575	\$2,000	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$7,500	\$10,000	\$10,000	0.0%
	Nominating and Governance Committee	Cash Retainer	\$5,000	\$6,000	\$10,000	--
		Per Meeting Fee	\$1,375	\$1,575	\$2,000	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$5,000	\$6,000	\$10,000	0.0%

Note: Percentile values for individual elements of compensation (cash retainers, meeting fees, and equity) are calculated for companies that provide that element; percentile values for total compensation are calculated for companies that provide additional compensation for these roles

(1) Total additional compensation is calculated based on a standard number of committee meetings for all companies, reflecting the median number of committee meetings among *ClearBridge 300* companies in 2023, as follows: 8 Audit Committee meetings, 5 Compensation Committee meetings, and 4 Nominating and Governance Committee meetings

(2) Data not reported due to insufficient sample size

Compensation for Committee Service

Large-Cap: Standard Committee Compensation

There have been no significant changes in additional committee compensation from 2022 to 2023 for large-cap companies.

Role	Committee	Compensation Element	2023			Median % Change vs. 2022
			25 %ile	Median	75 %ile	
Committee Chairs	Audit Committee	Cash Retainer	\$23,750	\$25,000	\$30,000	--
		Per Meeting Fee	\$1,375	\$1,750	\$2,125	--
		Annual Equity	\$15,000	\$21,000	\$24,500	--
		Total Add'l Comp ⁽¹⁾	\$25,000	\$25,000	\$35,000	0.0%
	Compensation Committee	Cash Retainer	\$20,000	\$20,000	\$25,000	--
		Per Meeting Fee	\$1,375	\$1,750	\$2,125	--
		Annual Equity	\$15,000	\$15,000	\$15,000	--
		Total Add'l Comp ⁽¹⁾	\$20,000	\$20,000	\$25,000	0.0%
	Nominating and Governance Committee	Cash Retainer	\$15,000	\$20,000	\$20,000	--
		Per Meeting Fee	\$1,375	\$1,750	\$2,125	--
		Annual Equity	\$10,245	\$15,000	\$15,000	--
		Total Add'l Comp ⁽¹⁾	\$15,000	\$20,000	\$20,000	0.0%
Committee Members	Audit Committee	Cash Retainer	\$13,000	\$15,000	\$20,000	--
		Per Meeting Fee	\$1,375	\$1,750	\$2,125	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$12,875	\$15,000	\$20,000	0.0%
	Compensation Committee	Cash Retainer	\$10,000	\$12,500	\$15,000	--
		Per Meeting Fee	\$1,375	\$1,750	\$2,125	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$10,000	\$12,500	\$15,000	0.0%
	Nominating and Governance Committee	Cash Retainer	\$8,750	\$10,000	\$13,750	--
		Per Meeting Fee	\$1,375	\$1,750	\$2,125	--
		Annual Equity ⁽²⁾	--	--	--	--
		Total Add'l Comp ⁽¹⁾	\$7,500	\$10,000	\$11,875	0.0%

Note: Percentile values for individual elements of compensation (cash retainers, meeting fees, and equity) are calculated for companies that provide that element; percentile values for total compensation are calculated for companies that provide additional compensation for these roles

(1) Total additional compensation is calculated based on a standard number of committee meetings for all companies, reflecting the median number of committee meetings among *ClearBridge 300* companies in 2023, as follows: 8 Audit Committee meetings, 5 Compensation Committee meetings, and 4 Nominating and Governance Committee meetings

(2) Data not reported due to insufficient sample size

Compensation for Board Leadership

Non-Executive Chair

Of the companies in the *ClearBridge 300* that disclosed non-executive chair compensation, provided below is detail on the additional compensation for this role.

Market Cap	Compensation Element	Additional Compensation Provided in 2023				Median % Change vs. 2022
		Prev.	25 %ile	Median	75 %ile	
<i>Small-Cap</i>	Cash Retainer	94%	\$50,000	\$70,000	\$105,000	--
	Annual Equity	28%	\$55,000	\$65,000	\$90,000	--
	Total Add'l Comp	97%	\$60,000	\$100,000	\$125,000	0.0%
<i>Mid-Cap</i>	Cash Retainer	90%	\$61,250	\$100,000	\$115,000	--
	Annual Equity	34%	\$56,830	\$100,000	\$114,000	--
	Total Add'l Comp	97%	\$87,500	\$106,600	\$150,000	6.6%
<i>Large-Cap</i>	Cash Retainer	89%	\$75,000	\$150,000	\$180,000	--
	Annual Equity	38%	\$77,250	\$100,000	\$111,875	--
	Total Add'l Comp	96%	\$135,000	\$175,000	\$200,000	1.4%

Lead Independent Director

Of the companies in the *ClearBridge 300* that disclosed lead independent director compensation, provided below is detail on the additional compensation for this role.

Market Cap	Compensation Element	Additional Compensation Provided in 2023				Median % Change vs. 2022
		Prev.	25 %ile	Median	75 %ile	
<i>Small-Cap</i>	Cash Retainer	77%	\$20,000	\$25,000	\$35,000	--
	Annual Equity ⁽¹⁾	2%	--	--	--	--
	Total Add'l Comp	79%	\$20,000	\$25,000	\$35,000	0.0%
<i>Mid-Cap</i>	Cash Retainer	88%	\$20,000	\$25,000	\$35,000	--
	Annual Equity ⁽¹⁾	7%	--	--	--	--
	Total Add'l Comp	90%	\$24,500	\$30,000	\$35,000	20.0%
<i>Large-Cap</i>	Cash Retainer	95%	\$30,000	\$40,000	\$50,000	--
	Annual Equity	11%	\$20,123	\$48,000	\$66,250	--
	Total Add'l Comp	95%	\$30,000	\$40,000	\$50,000	0.0%

(1) Data not reported due to insufficient sample size

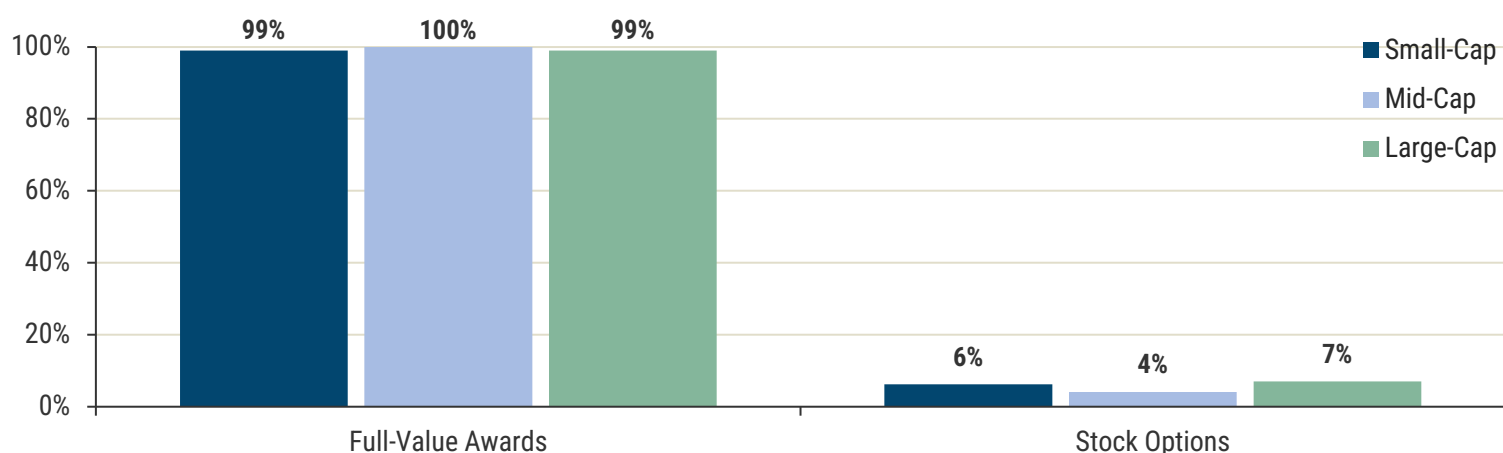
Equity Design Features

Grant Approach

Among companies in the *ClearBridge 300*, nearly all companies provided an annual equity grant to non-employee directors (98%). Initial equity awards, which are one-time awards granted upon a director's election to the board, are less prevalent (15%) among companies in the *ClearBridge 300*.

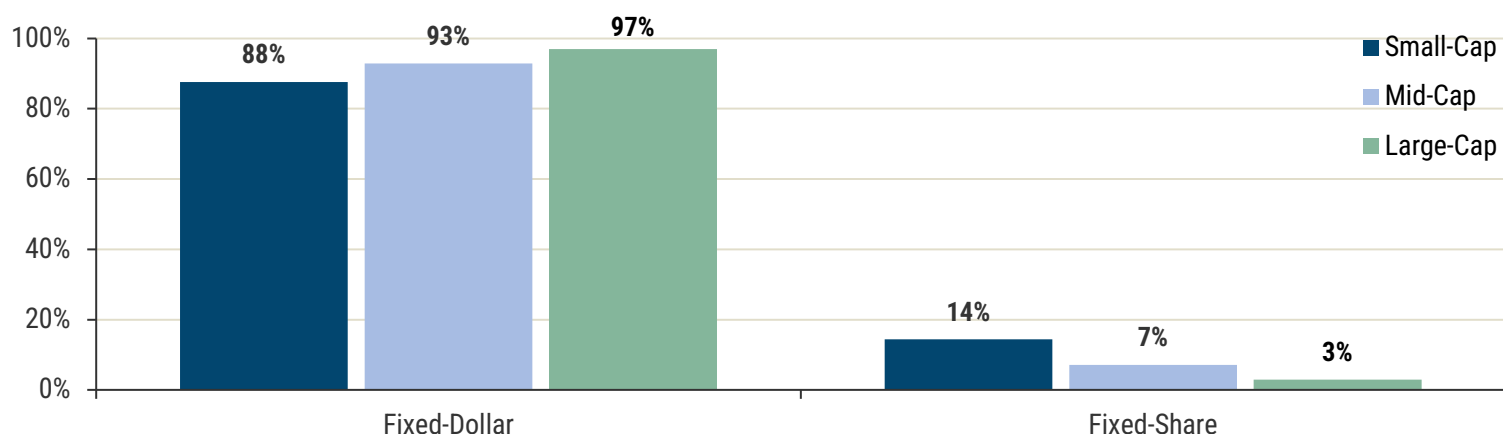
Prevalence of Annual Equity Awards

In 2023, nearly all annual equity grants were made in full-value shares for non-employee directors across all companies in the *ClearBridge 300*. Only one mid-cap company granted performance-vested LTI in 2023.



Determination of Equity Grants: Fixed-Dollar vs. Fixed Share

In 2023, the majority of companies in the *ClearBridge 300* determined the amount of equity to deliver to directors as a fixed-dollar amount. Note: a minority of companies use both a fixed-dollar approach and a fixed-share approach to deliver different vehicles of equity (and therefore percentages in the table below may not add to 100%).

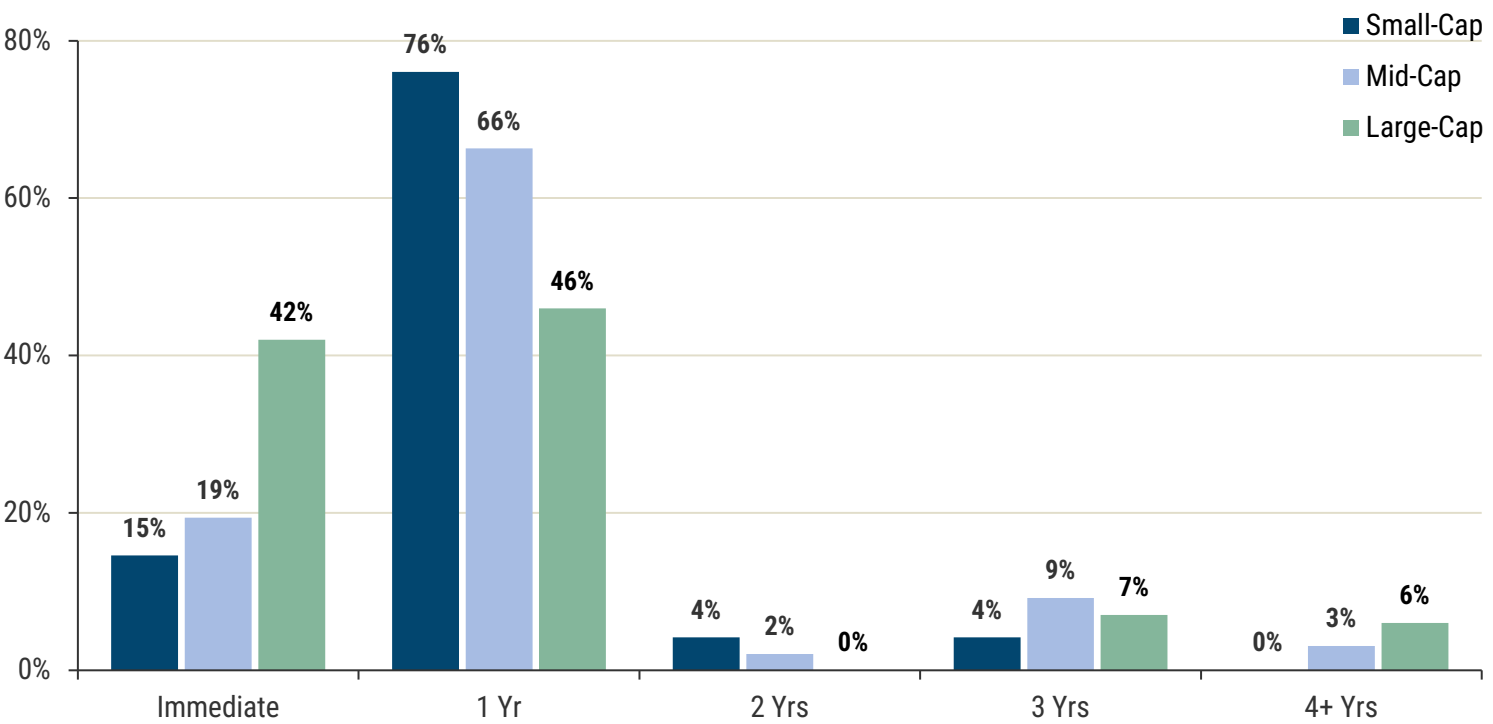


Did You Know? While using a fixed-share approach to deliver equity grants is not a common practice, small-cap companies are more likely to use this approach (especially when granting time-vested stock options) to manage shareholder dilution amid stock price volatility.

Equity Design Features

Vesting of Equity Grants

In the *ClearBridge 300*, most companies granted annual equity awards with a 1-year vesting period in 2023. Immediate vesting is more prevalent among large-cap companies, specifically with deferred share units that are typically settled once the director retires or departs the board. Of equity grants that immediately vest, 39% are awards where settlement is deferred until a director’s retirement or departure from the board.

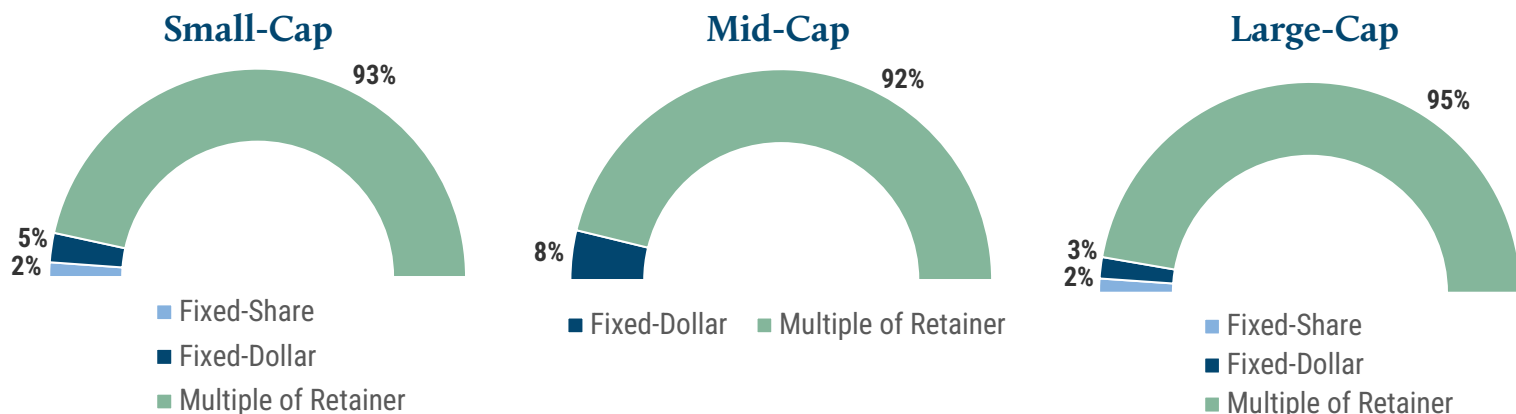


Given that it is very common for companies to grant equity awards to directors in connection with the company’s annual shareholder meeting, the 1-year vesting period provides compensation for the year of service through the following annual shareholder meeting.

Stock Ownership Guidelines

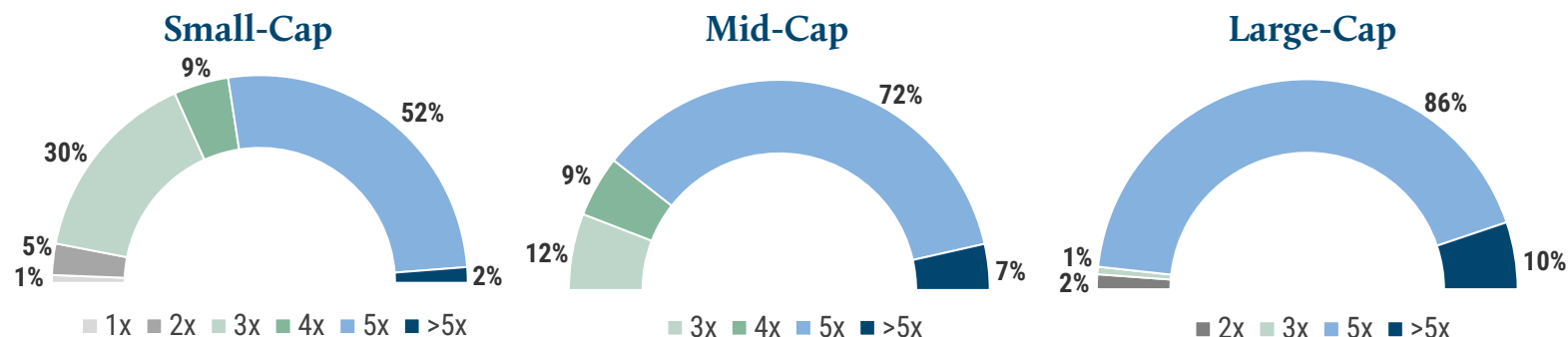
Prevalence & Type of Guideline

In the *ClearBridge 300*, nearly all companies have stock ownership guidelines for directors (91%), with the majority expressing their ownership guidelines as a multiple of the board cash retainer.



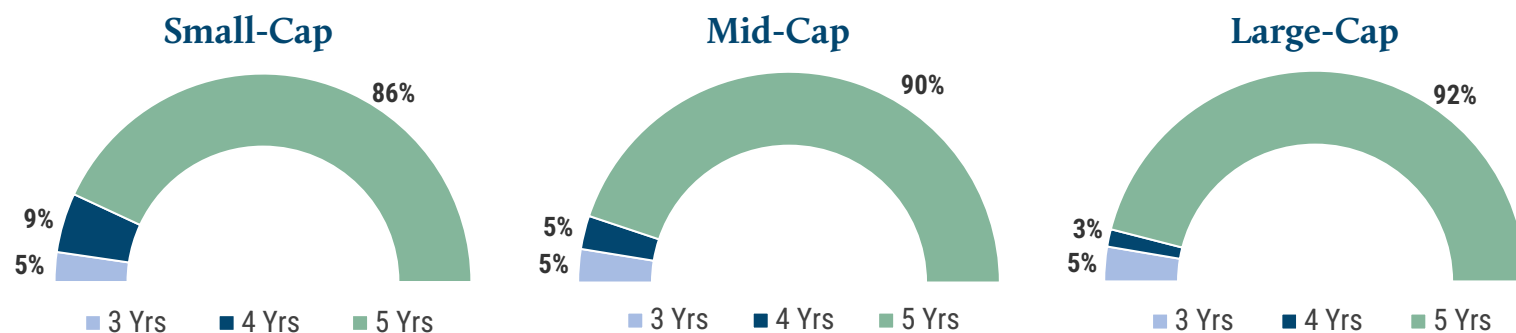
Guideline Level

Most companies with director stock ownership guidelines in the *ClearBridge 300* require a multiple of 5x the board cash retainer (70%).



Years to Achieve Guideline

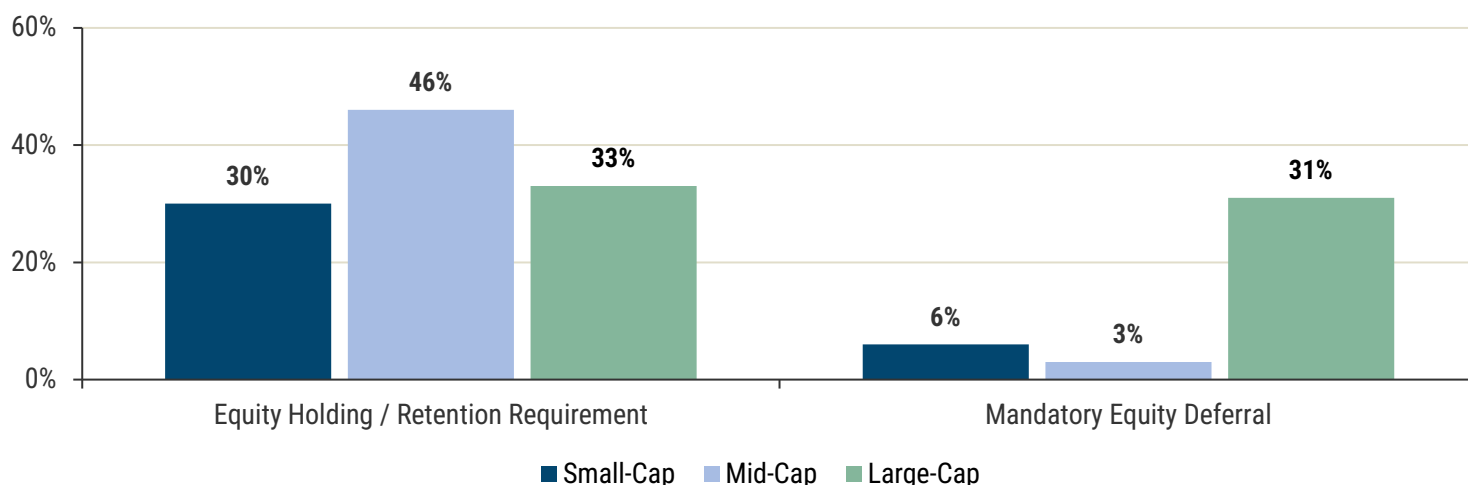
It is most common to give directors 5 years to achieve their ownership guidelines.



Holding Requirements & Deferral Features

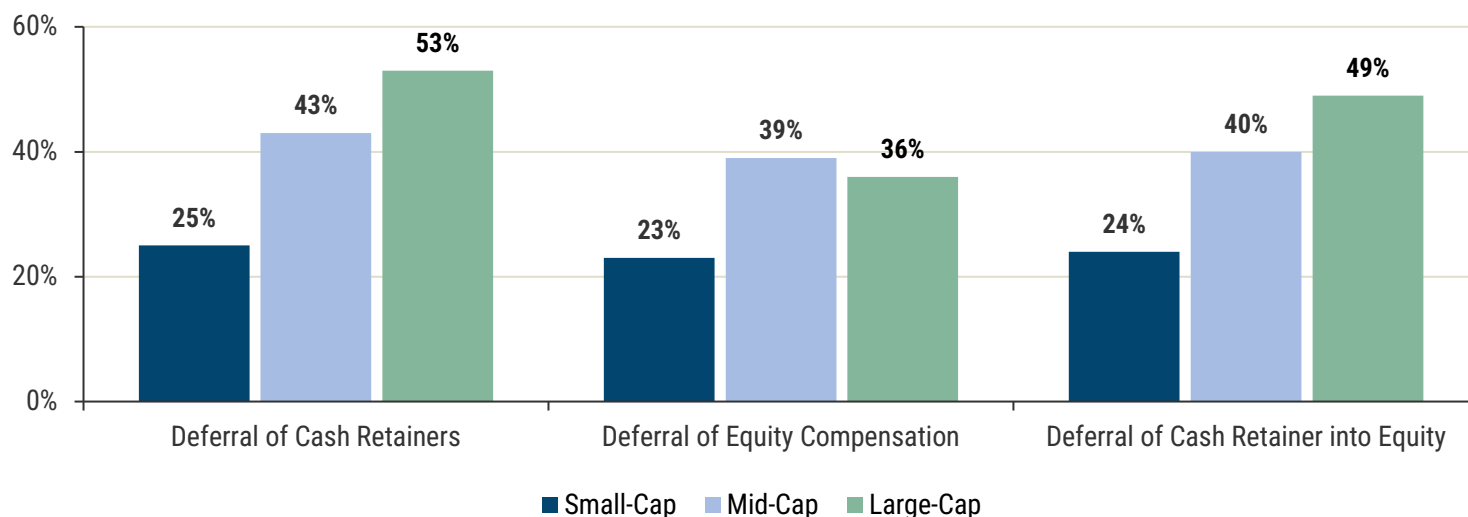
Prevalence of Holding Requirements & Mandatory Equity Deferrals

Over the past several years, a growing number of companies have implemented policies requiring directors to retain equity for a specified period of time. These policies may involve a holding requirement, which mandate directors to hold a certain percentage of shares for a predetermined time before selling, and/or a mandatory equity deferral feature, which delays the settlement of vested shares until retirement or departure from the board.



Elective Deferrals

Over half the companies (61%) in the *ClearBridge 300* have an elective deferral feature. Some companies offer directors the ability to defer their cash retainer into an interest-bearing account (paid at separation), while other companies offer directors the ability to defer their cash retainers into equity. In addition, some companies offer directors the ability to defer settlement of their equity grants until their separation from the board.



Elective deferral features can be used to allow for more effective tax planning for directors. In addition to tax planning, elective compensation deferral (particularly electing to receive the cash retainer in company stock) can serve as a method for directors to communicate to shareholders an increased sense of alignment or confidence in future company success.

Director Perquisites

Prevalence & Types of Director Perquisites

Perquisites for non-employee directors are a minority practice, with 38% of companies in the *ClearBridge 300* providing at least one perquisite to directors in 2023. However, perquisites tend to increase with company size. In 2023, 17% of small-cap companies, 36% of mid-cap companies, and 62% of large-cap companies delivered at least one perquisite to non-employee directors.



It is not required to report perquisites if the aggregate value per director is less than \$10,000, which may result in the prevalence of perquisites being understated in the table below. When disclosed, perquisites comprise a minor portion of total compensation (1.6% at the median for all *ClearBridge 300* companies).

Prevalence of Perquisites

(% of Total Companies)

	Small-Cap	Mid-Cap	Large-Cap
Annual Charitable Match	6%	14%	41%
Education Programs	6%	11%	16%
Company Products/Discounts	2%	4%	14%
Spousal/Family Travel	0%	1%	14%
Travel Insurance Coverage	2%	5%	10%
Life Insurance	3%	4%	8%
Other ⁽¹⁾	8%	18%	14%

(1) Other perquisites delivered to directors include health insurance coverage, liability insurance coverage, administrative support, use of company aircraft, automobile allowance, matching equity grants, and reimbursement of security-related expenses

Additional Information

ClearBridge 300 Scope & Methodology

This report analyzes the value and design of non-employee director compensation programs, as disclosed in the 2022 and 2023 proxy statements for each of the *ClearBridge 300* companies. The results have been aggregated in this report to provide a broad-market view and history of director compensation practices and trends.

Design features in this report are either expressed as a percentage of *ClearBridge 300* companies in total, by market cap, or as a percentage of companies with a particular type of practice. In certain charts and tables, totals may not add up to 100% due to companies that incorporate more than one form of practice. To ensure a meaningful sample size, percentile values are only calculated if there are a minimum of seven data points.

In calculating total compensation for companies with meeting fees, each company's per-meeting fee was multiplied by the median number of board or committee meetings of the entire sample in the relevant year in order to reflect a standardized/typical compensation level. Initial equity grants have been annualized over eight years, reflective of typical director tenure.

Definitions

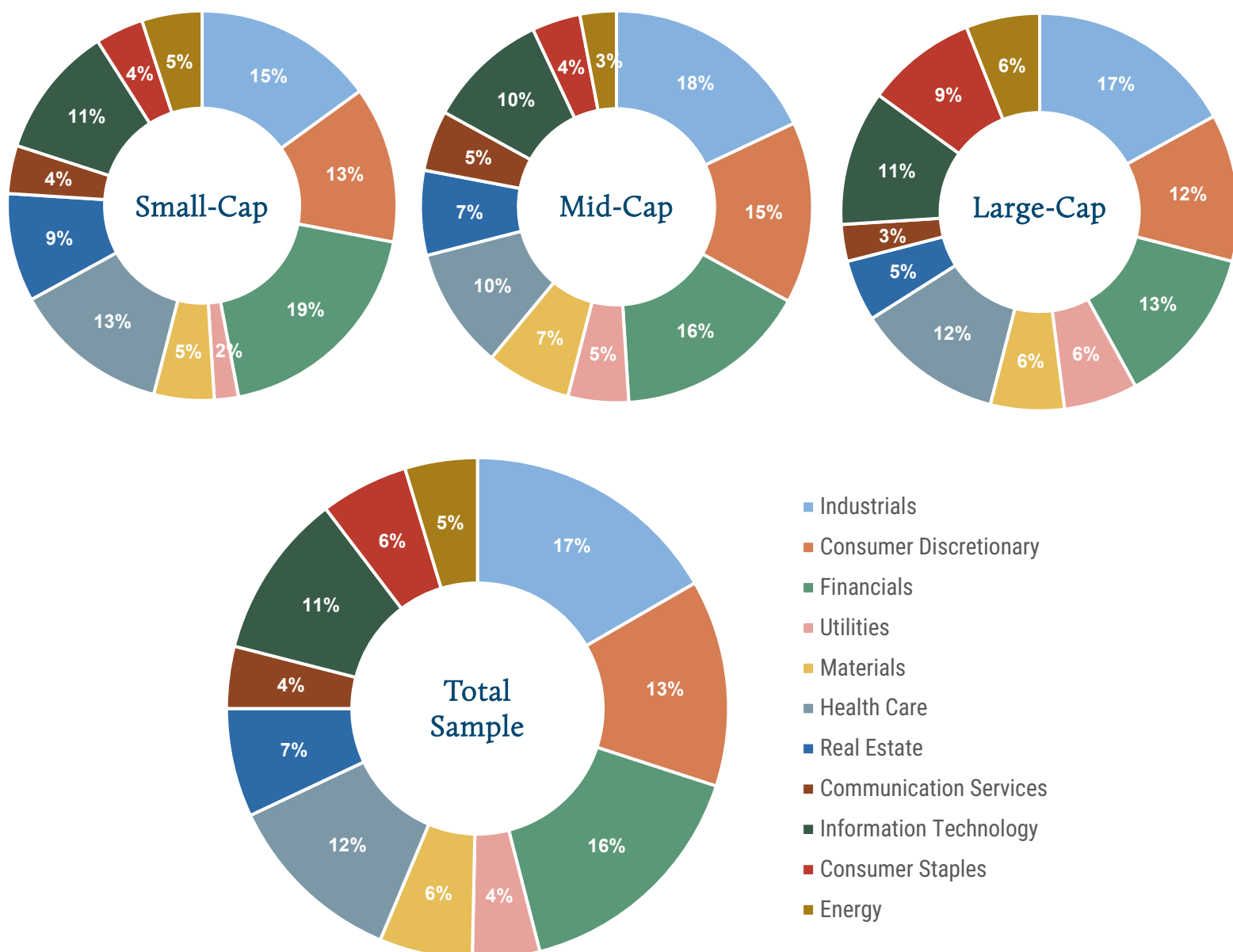
- **Cash Retainers** are cash fees paid to directors for service on the board or a committee or for service as a lead independent director or non-executive chair
- **Deferred Share Units** are share units representing actual shares of a company's common stock with vesting and settlement dependent on pre-specified time periods (vesting period and deferral period)
- **Elective Deferral** allows directors to elect to defer their cash and/or equity compensation
- **Full-Value Shares** consist of time-vested restricted stock/units, common stock, and deferred stock units
- **Holding Requirements** are requirements for directors to retain a certain amount/percentage of vested shares
- **Initial Equity Awards** are one-time equity awards granted to directors upon initial appointment to the board
- **Mandatory Equity Deferral** is a required delay in settlement of shares granted
- **Meeting Fees** are cash fees paid to directors on a per-meeting basis
- **Performance-Vested Long-Term Incentives ("Performance-Vested LTI")** are awards of cash or equity that vest over a period of longer than one year and are dependent on the achievement of performance objectives
- **Perquisites** are an additional non-cash benefit that may be provided to directors
- **Stock Ownership Guidelines** are requirements for directors to own a specific number or value of shares
- **Time-Vested Restricted Stock/Units** are shares or share units representing actual shares of a company's common stock with vesting dependent on a pre-specified time period (vesting period)
- **Time-Vested Stock Options** are rights to purchase company stock at a pre-specified price (exercise price) over a set time period (option term) with vesting dependent on a pre-specified time period (vesting period)
- **Total Compensation** includes total cash compensation (including total meeting fees, calculated assuming a standardized number of meetings across the *ClearBridge 300* companies for each relevant year) plus the grant value of annualized equity awards

ClearBridge 300 Composition

Characteristics of the ClearBridge 300

Size	Market Cap as of 12/31/23			Trailing 12-Month Revenue		
	25th %ile	Median	75th %ile	25th %ile	Median	75th %ile
Small-Cap	\$1,022	\$1,557	\$2,478	\$551	\$1,018	\$2,178
Mid-Cap	\$3,454	\$5,322	\$8,364	\$1,480	\$2,465	\$5,853
Large-Cap	\$16,051	\$37,683	\$120,161	\$6,439	\$14,947	\$28,169

Composition of the ClearBridge 300





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