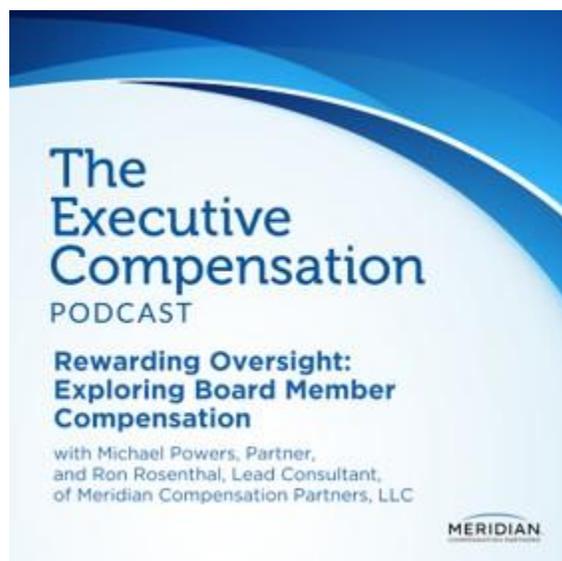


**Podcast Summary —
Rewarding Oversight: Exploring Board Member Compensation
By: Michael Powers & Ron Rosenthal**



In this episode of the Executive Compensation Podcast, hosts Ryan Harvey, Michael Powers and Ron Rosenthal discuss various aspects of executive compensation, focusing on director compensation. The podcast provides insights into how director compensation is structured, its primary components, and emerging trends.

Here's a summary of the key points:

Board Retainers: Board retainers are a fundamental component of director compensation, averaging around \$100,000, typically paid in cash. These retainers cover the time, effort, and risks associated with being a publicly traded board member. Over the last decade, board retainers have seen modest increases, mainly tracking with inflation rates.

Equity Awards: Equity grants make up a significant portion of director compensation, with investors favoring at least half of total annual compensation to be granted in equity. The most common form of equity grant for directors is restricted stock units (RSUs), followed by fully vested shares and deferred share units. Stock options are less common in director compensation.

Committee-Related Pay: Board committees play a crucial role in the work of boards, with responsibilities including audit, compensation, and governance. While meeting fees for committee members have become less prevalent, committee chairs are compensated for their additional work, such as setting agendas, pre- and post-meetings with management, and reporting back to the full board.

Governance and Director Pay: Due to their fiduciary duties as elected representatives of shareholders, directors face unique challenges when determining their own pay packages. Companies employ various governance measures, including annual compensation reviews, independent consultants, and transparent proxy disclosures, to ensure a rigorous and fair process.

Recent Governance Case at Tesla: The podcast discusses a recent derivative lawsuit against Tesla, which resulted in a \$735 million settlement. Tesla directors were required to return compensation and adhere to several governance changes, including annual shareholder votes on director pay.

Leadership Roles: The discussion touches on leadership roles within the board, such as the lead director, non-executive chairman, and executive chair. These roles come with varying responsibilities and compensation structures, with the executive chair's role being particularly complex and subject to change.

The podcast emphasizes that director compensation, although typically less complex than executive compensation, plays a vital role in attracting and retaining diverse and skilled directors who can effectively oversee company operations and strategy.

Please note that this summary provides a high-level overview of the podcast's content. For more detailed information and insights, you may want to listen to the full podcast episode or access the associated resources on Meridian Compensation Partners' website.

[Listen to the full podcast here.](#)