



Did You Know?

Disclosure of “Forward-Looking” Board Pay Offers a Competitive Advantage

Main Data Group Includes “Forward-Looking” Director Compensation Disclosures

The calendar of activities for corporate boards does not generally follow a company’s fiscal year, but rather the 12-month period following the election of directors at the annual shareholders’ meeting. By the time proxy statements are prepared, decisions about changes to director pay for the upcoming year already have been made and communicated to nominees standing for election. These changes are disclosed in the same portion of the proxy statement that conveys the actual pay for the prior year.

While certain aspects of future pay cannot be determined in advance—the stock price on the date of the equity grant, for example, or the number of board or committee meetings to be held—savvy corporate boards will want to access whatever “forward-looking” information their peers disclose in planning for the forthcoming year. Companies that file their proxy statements relatively late are particularly well-positioned to anticipate and respond quickly to evolving compensation trends, but all companies benefit from knowing what others are currently paying, rather than what they paid last year.

Typical “forward-looking” pay disclosures include:

- Changes to existing cash or stock retainers, for board or committee service;
- Elimination or changes to existing meeting fees; and/or
- Introduction of new payments for existing or new roles, such as might happen when a lead director position is created, or the chair of a committee is scheduled to receive a retainer for the first time.

MDG has enhanced its Board Pay report to include both the traditional historical and forward-looking pay perspectives, showing:

- Which elements of pay are changing such as retainers, meeting fees, and cash-based or equity elements;
- The magnitude of the change in terms of dollar values or number of shares (as applicable) and percentage difference; and
- The roles that are affected by the change.

With MDG's enhanced Board Pay report, it will be easier than ever to identify trends affecting director pay now, rather than a year from now in the rearview mirror.

Forward-looking director pay information can be accessed as part of the Board Pay Details report, run from the Peer Groups page.

About Main Data Group

Main Data Group is a provider of executive compensation benchmarking and corporate governance analytics. Its mission is to empower executive compensation professionals with comprehensive total rewards and corporate governance information in an affordable, easy-to-use online service. For more information contact us at info@maindatagroup.com or by filling out our contact form at www.maindatagroup.com.