
Director compensation

Non-employee director cash compensation

It is our policy that any employee directors do not receive cash or equity compensation for their service as members of our Board of Directors.

The Compensation Committee, with assistance from its independent compensation consultant, Semler Brossy, oversees director compensation and reviews the appropriateness of our non-employee directors' compensation on a regular basis. In January 2020, after review and discussion of comprehensive market analysis of our non-employee director cash compensation program against the compensation programs offered by our peer companies with the Compensation Committee's independent compensation consultant and consideration of the amount of work required by our directors and applicable committee members, our Compensation Committee approved, effective January 1, 2020, the non-employee director cash compensation program indicated in the tables below. Most recently, in December 2020, Semler Brossy prepared updated market analysis of our non-employee director cash compensation program against the compensation programs offered by our peer companies and reviewed this market analysis in detail with the Compensation Committee.

Under our non-employee director cash compensation program, non-employee members of our Board of Directors receive retainer fees, which are paid in cash in semi-annual installments (pro-rated if a director joins mid-year). Each non-employee director was entitled to receive the retainers detailed in the tables below (provided that committee Chairpersons were only entitled to receive a retainer as committee chair and were not entitled to the non-chair membership retainer for the committee(s) he or she chairs). In addition, non-employee directors are reimbursed for their reasonable out-of-pocket expenses incurred in attending meetings of our Board of Directors or any of its committees that are conducted in person.

The following table summarizes our 2020 non-employee director cash compensation program:

Board retainers

Compensation element	2020 annual cash compensation
Annual Board member retainer	\$70,000
Annual retainer for Chairman of the Board	\$100,000 (in addition to annual Board member retainer)
Annual retainer for Lead Independent Director	\$40,000 (in addition to annual Board member retainer)

Committee retainers

Committee	2020 annual cash compensation	
	chair	member
Audit Committee	\$42,500	\$17,500
Compensation Committee	\$32,500	\$15,000
Nominating and Corporate Governance Committee	\$25,000	\$10,000
Technology, Data and Information Security Committee	\$42,500	\$17,500

In connection with *ad hoc* committees that may be formed from time to time, committee fees, if any, are determined by the Board of Directors upon the recommendation of the Compensation Committee with advice from its independent compensation consultant.

Non-employee director equity-based compensation

Equity awards to our non-employee directors

The Compensation Committee, with assistance from its independent compensation consultant, reviews the appropriateness of equity awards granted to our non-employee directors under the company's Second Amended and Restated 2014 Equity Incentive Plan, which we refer to as the Second Amended and Restated 2014 Plan or the 2014 Plan, on a regular basis. In December 2020, Semler Brossy prepared a comprehensive market analysis of our non-employee director equity awards against the equity awards offered by our peer companies and reviewed this market analysis in detail with the Compensation Committee.

For 2020, each non-employee director was eligible to receive an annual grant on the first business day of the month following our annual shareholders' meeting consisting of restricted stock units valued at \$250,000 that vest annually on the earlier of the first anniversary of the award date or the day immediately prior to the company's next regular meeting of shareholders following the award date. Each newly appointed director (i.e., directors appointed prior to the annual shareholders' meeting) is entitled to a pro-rated annual grant upon election to the Board of Directors. Such grant will be an award valued at \$250,000 and pro-rated based on the director's date of appointment and the current annual vesting period. Such pro-rated grant will vest at the conclusion of the current annual vesting period.

Outside directors' deferred compensation program for non-employee directors

We offer our non-employee directors an outside directors' deferred compensation program to defer restricted stock units awarded to them under the Second Amended and Restated 2014 Plan and cash compensation. In advance of payment of cash compensation or a restricted stock unit award and in compliance with the program's requirements, a non-employee director may elect to defer the receipt of all of his or her cash compensation and/or restricted stock units until ninety days after such director's separation from service from us or upon a change in control. Deferred cash compensation is converted into a number of deferred stock units on the date that the cash compensation would otherwise be paid and upon the vesting of deferred awards of restricted stock units, any amounts that would otherwise have been paid in shares of common stock are converted to deferred stock units on a one-to-one basis. In each case, the deferred stock units are credited to the director's deferred account.

Matching gifts program

Our non-employee directors are eligible to participate in the company's charitable matching gifts program pursuant to which we match donations made to qualifying tax-exempt 501(c)(3) charitable and non-governmental organizations on a one-for-one basis. In 2020, we increased our match up to \$20,000 per year for executives and non-employee directors under this program.

Director stock ownership guidelines

To further align the interests of members of our Board of Directors with our shareholders, our Board of Directors adopted stock ownership guidelines for our non-employee directors. Pursuant to these guidelines, each non-employee director is required to own shares of our common stock (which includes vested but deferred restricted stock units) equal in value to at least five times the Board member's annual cash retainer. New directors are expected to meet the standards set forth in the guidelines within five years after the date of his or her election to our Board of Directors. Shares owned by directors are valued at the current market value.

Director compensation limits

The Second Amended and Restated 2014 Plan provides for a limitation of \$795,000 with respect to the value of the annual equity compensation grant that may be awarded to any non-employee director and a limitation of \$500,000 with respect to the value of any annual cash compensation that may be paid to any non-employee director.