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As the business environment is increasingly shaped by political and societal currents, corporate roles have undergone profound transformations. Stakeholders, including shareholders, consumers and the public, now demand companies to demonstrate social responsibility, ethical standards and environmental sustainability. The rise of influential social movements has placed substantial pressure on companies to set a more pronounced emphasis on issues of diversity, equity and inclusion (DEI). Moreover, the long-term impacts of the COVID-19 pandemic have further reshaped the way businesses operate, presenting new obstacles for executives to tackle. Companies today must remain agile, proactive and committed to making tangible improvements to thrive in an increasingly demanding and interconnected world.

These shifts extend beyond traditional paradigms, where professionals tasked with legal counsel have evolved to assume multifaceted responsibilities that transcend mere legal matters. Traditionally seen as the company’s legal advisor, the General Counsel (GC) now plays a pivotal role in shaping a company’s strategic decisions, deftly managing legal risks and safeguarding its ethical and legal integrity. Their influence extends to navigating intricate legal challenges, proactively mitigating potential litigation and regulatory breaches and overseeing crucial elements of mergers and acquisitions.

General Counsel Compensation for Women Outpaced Men

The prevalence of disclosed General Counsel—those listed as named executive officers (NEOs)—remained relatively stable from 2021 to 2022, with a slight decrease from 180 General Counsel in 2021 to 179 General Counsel in 2022. However, while there was a minor decline in the number of disclosed General Counsel in 2022, data also underscores an overall increase of 8.5% from 2018, the first year of the study.

Additionally, for the second time since 2018, female General Counsel have earned more than their male counterparts. In 2022, women earned $3.2 million, surpassing male General Counsel, who earned $3 million. The first instance of this gender-based earnings reversal occurred in 2020 when female General Counsel earned $3.2 million compared to $2.7 million for their male counterparts.

While there was a slight decrease in the prevalence of women in General Counsel roles compared to men in 2022, it’s crucial to note that there has been an overall 47.7% increase in female General Counsel representation since 2018. This data signifies substantial progress in reaching gender parity within the General Counsel role.
The increased prevalence of female General Counsel holds significant implications, as it reflects the ongoing efforts to foster diversity and inclusion within organizations. Female General Counsel contribute to legal and governance matters by bringing diverse perspectives, advocating for gender-inclusive policies, attracting diverse talent, ensuring legal compliance and actively participating in social responsibility initiatives. Their presence also serves to mitigate legal and reputational risks associated with gender-related issues and enhance stakeholder relations, including those with investors who prioritize diversity and inclusion.

Breaking Down the Components of General Counsel Pay

Given the expansion of the role and added responsibilities, it comes as no surprise that the General Counsel position is compensated well. Median total compensation for Equilar 500 General Counsel experienced a near 20% increase since 2018, up from $2.6 million to $3.1 million. Over the last year, base salary saw a significant rise, increasing from a median $575,000 to $601,300 in 2022, representing a notable 4.6% increase. Additionally, annual cash targets grew from $487,500 to $507,400, marking a 4.1% increase. While stock awards increased more modestly at 0.8%, moving up from $445,700 to $449,300, the largest increase in 2022 came from performance incentives. This component of pay surged from $771,800 in 2021 to $838,700 in 2022, reflecting a 8.7% increase.

In 2022, significant changes in compensation were observed across various sectors, with notable increases in seven out of ten sectors. The most substantial spikes were seen in the energy sector, which experienced a 37% increase, followed by the financial services sector (14.1%). On the other hand, median compensation witnessed slight decreases in three sectors, with the most significant drop occurring in the consumer cyclical sector, declining by 19.8%.

A rise in General Counsel compensation across various sectors indicates increasing demand for top legal talent, particularly in sectors grappling with complex legal and regulatory environments. Higher General Counsel compensation can also reflect the growing importance of legal expertise in corporate decision-making and risk management. In some cases, it may be a response to the need for General Counsel to navigate evolving legal landscapes, emerging technologies or industry-specific challenges.

Ultimately, the rise in General Counsel compensation serves as a testament to the strategic role these professionals play in safeguarding a company’s legal interests and highlights the value placed on their contributions within their respective sectors.
Methodology

*General Counsel Pay Trends*, an Equilar publication, analyzes the compensation of General Counsel (GC) disclosed in the SEC filings by 179 Equilar 500 companies for the last five fiscal years. The Equilar 500 comprises the 500 largest U.S.-headquartered companies, by reported revenue, that trade on one of the three major U.S. stock exchanges (Nasdaq, NYSE or NYSE American). For figure 1, the segments reflecting reported revenue above $7.1 billion represent the Equilar 500. Companies outside of the Equilar 500 were used to generate the segments associated with reported revenues of less than $900 million and revenues between $900 million and $7.1 billion to provide additional comparison. Fiscal year 2022 was defined by companies with a fiscal year ending from March 1, 2022 to February 28, 2023, and earlier years were defined similarly.

Total compensation is defined as the total sum of salary, bonus, non-equity incentive plan compensation, stock awards, option awards and all other compensation as reported in the summary compensation table (SCT). As a way to eliminate actuarial value changes, nonqualified deferred compensation and changes in pension value were excluded from the summation of total compensation. The term “options” includes both options as well as stock appreciation rights (SARs). Similarly, “stock” refers to all full-value shares, including both restricted stock units and restricted stock awards. Performance awards are defined in the report as all incentive compensation vehicles that are linked to a performance metric in some way. Industry sectors for companies in the Equilar 500 are based on the Yahoo! Finance classifications.

The data points and figures in the report highlight trends in the compensation of General Counsel and how companies decide to compensate the position. BarkerGilmore has provided an independent analysis to discuss the expansion of the General Counsel role and the defining traits that make for the ideal candidate.

Key Findings

- **19.4%**
  
  Increase in median total compensation for Equilar 500 General Counsel since 2018.

- **50%**
  
  Surge in the value of stock awards since 2018.

- **8.7%**
  
  Increase in the median value of General Counsel performance incentives to $838,700 in 2022.

- **$3.2M**
  
  Was the median compensation for Equilar 500 women in the General Counsel role, nearly 8% more than their male counterparts.
Commentary from John Gilmore, Co-Founder and Managing Partner at BarkerGilmore

To provide additional perspective on the trends uncovered in General Counsel Pay Trends, Equilar sat down with John Gilmore, Co-Founder and Managing Partner at BarkerGilmore. Mr. Gilmore discussed the expansion of the General Counsel position and the traits that make for a successful candidate. A deeper dive into our conversation with Mr. Gilmore can be found at the end of this publication.

2023 has been an outstanding year for in-house lawyers and executive search consultants, but it certainly has not been easy either. As predicted in last year’s compensation report, the demand for General Counsel has been robust since January and is now picking up steam as incumbents announce year-end retirements. However, the year started out soft for mid to senior-level lawyers as companies braced for a much-hyped recession. By the second quarter, hiring for counsel-level positions returned to normal as corporate leaders successfully maneuvered through interest rate hikes and recession fears quelled.

Becoming an Equilar 500 General Counsel is an incredible feat. Only the most gifted, talented and humble lawyers will succeed in the role for the long term. The quest for this position is attempted by thousands every year and a very small fraction experience the thrill of victory. Success requires high intellect, years of strategic preparation and planning, mentorship from others who have prevailed, mental and physical stamina, sound judgment, business savvy and near-perfect emotional intelligence. For many lawyers, throwing their hat in the ring for a General Counsel search and reaching the finish line is daunting—a time-consuming and exhausting experience.

It isn’t that corporate leaders have turned the hiring process into an extended endurance test simply to determine if their finalist is worthy of serving as a member of the senior leadership team. Boards and CEOs are resolute about the new General Counsel being a perfect cultural match, able to seamlessly serve in a dual role as a legal and business executive, uniquely capable of tackling the bet-the-company matters one will inevitably encounter throughout their tenure and skilled in leading and developing others. An appetite for diversity and lawyers who are board-tested, not board-ready, also narrows the candidate pool. The pressure to get it right has led to more intense and frequent rounds of interviews than candidates appreciate. One Equilar 500 CEO claimed that hiring the General Counsel is an “irrevocable decision” and there is no margin for error. In the end, a decision is reached to promote from within or take a risk on hiring from outside. In either case, after being named General Counsel the pressure is immediately on—time to get it right!

Read More From BarkerGilmore

The Complexities of the General Counsel Position on page 17 of this report.
1. Between 2021 and 2022, compensation grew across half of the six revenue buckets—General Counsel at the smallest companies in the study (revenues of less than $900 million) saw the largest increase at 8.8% (Fig. 1)

2. Aside from General Counsel at the smallest companies, General Counsel for all other revenue buckets saw either an increase of less than 3% or a decrease in compensation for 2022 (Fig. 1)

3. Companies with revenues between $7.1 billion and $10 billion saw the largest decrease in General Counsel compensation, declining 7.7% from $2.6 million to $2.4 million at the median (Fig. 1)
1. Equilar 500 median General Counsel total compensation has increased by nearly 20% during the study period, increasing from $2.6 million in 2018 to $3.1 million in 2022 (Fig. 2)

2. The increase of 1.7% from $3 million in 2021 to $3.1 million in 2022 was the smallest year-over-year increase in the study period (Fig. 2)

3. In total, seven sectors saw increases in median General Counsel compensation, while three saw declines (consumer cyclical, healthcare and technology) (Fig. 2)

4. The energy sector saw the highest growth in median General Counsel compensation—rising from $3 million to $4.2 million—while consumer cyclical companies experienced a near 20% decline from $2.9 million to $2.3 million in 2022 (Fig. 2)
1. The median value of each General Counsel pay component rose in value from 2021 to 2022, with performance incentives seeing the largest increase of 8.7% to $838,700 (Fig. 3)

2. After experiencing a large 18.8% jump in 2021, the median value of stock awards saw the smallest growth of the study period of 0.8% in 2022 (Fig. 3)

3. Salary saw the largest increase of the study period in 2022, rising from a median of $575,000 to $601,300 (Fig. 3)
1. Across all but two sectors (consumer cyclical and technology), performance incentives made up the largest portion of General Counsel compensation, from as low as 31.6% (consumer defensive) to as high as 50.2% (financial services) (Fig. 4)

2. Healthcare was the only sector that had a prevalence of option awards above 10% at 11.4%—the next highest was industrials at 8.2% (Fig. 4)

3. Stock awards were most prevalent at technology companies (38.7%), followed by consumer cyclical companies (32.3%) and energy companies (26.1%) (Fig. 4)

4. Salary made up at least 20% of total compensation for five of the 10 sectors (Fig. 4)
1. The prevalence of General Counsel disclosed among Equilar 500 companies declined slightly by 0.6% from 180 to 179 in 2022 (Fig. 5a).

2. Over the course of the study period, the number of disclosed General Counsel has risen by 8.5% from 165 to 179 (Fig. 5a).

*Due to the fact that not all Equilar 500 companies disclose their General Counsel among their named executive officers, the count for each year does not equal 500.
1. Energy companies reported five additional General Counsel in 2022—the 31.3% increase was the largest among all sectors (Fig. 5b)

2. Six sectors reported fewer General Counsel in 2022 than the year prior, while three reported increases (consumer cyclical, energy and utilities) and two remained consistent year over year (financial services and industrials) (Fig. 5b)

3. The largest decrease in the number of reported General Counsel was four in the technology sector, representing a 22.2% decline (Fig. 5b)
1. The prevalence of women General Counsel grew by nearly 10 percentage points over the course of the study period, from 26.7% in 2018 to 36.3% in 2022—on the flip side, male representation in the role has declined by nearly 10 percentage points in the same time period (Fig. 5c).

2. The largest increase in the representation of women took place in 2019 (a 22.5% jump), while the share of men in the position has steadily declined throughout the study period (Fig. 5c).

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
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<tbody>
<tr>
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<td>32.7%</td>
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<tr>
<td>2020</td>
<td>65.3%</td>
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<td>2021</td>
<td>63.3%</td>
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<td>2022</td>
<td>63.7%</td>
<td>36.3%</td>
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1. Women General Counsel were awarded a median $3.2 million in 2022, nearly 8% more than their male counterparts (Fig. 6).

2. While compensation levels for both men and women fluctuated throughout the study period, women saw a 46.8% increase in pay since 2018, while men experienced just a 14% bump in the same time period (Fig. 6).
Growth in General Counsel compensation has outpaced growth in CEO pay at the median over the past five years, with CEOs earning 4.1x General Counsel pay in 2022—down from 4.3x in 2018 (Fig. 7a).
1. CFOs earned 1.3x General Counsel compensation at the median both in 2018 and 2022, signaling similar growth in pay for both roles over the course of the study period (Fig. 7b)
Year after year, discussions are focused on the evolution of the role of the General Counsel. The individuals most qualified for the role have a history throughout their careers of continually advancing the depth and breadth of knowledge, skills and overall responsibility, in and outside of legal. For top-performing General Counsel, the drive for continuous learning and desire to take on new challenges never diminishes, even after achieving the position. This innate characteristic is critically important as the world and the challenges General Counsel are called upon to face are constantly in flux. When asking General Counsel what a typical day is like, most smile and comment that no two days are ever the same.

Kristin Campbell, former General Counsel for Hilton Hotels, and the newest Advisor to join the BarkerGilmore team, offered the following observation of the General Counsel's role:

"Boards of directors in today’s public companies are facing unprecedented pressures. Investor demand for improved quarterly financial performance remains great, activism is strong, legal and regulatory changes are driving higher levels of disclosure and compliance, and geopolitical crises and social activism have created additional business and reputational complexities for companies to manage. And that’s on a good day. A tough day for the General Counsel, and hence the board, is when a sudden change of the executive team is required due to, for instance, a scandal. Or maybe a cyber breach occurs, or a regulatory investigation is announced. Or perhaps the CEO/co-board member wants to engage in cage-fighting. With these challenges comes the opportunity to demonstrate how the law department, the General Counsel and board are performing."

Today’s General Counsel proudly serve as collaborative members of the executive leadership team (ELT), however; the position is unique and requires a delicate balance of judgment and execution. Most often, the General Counsel reports simultaneously to the CEO and the board. Boards expect to be informed if CEOs are out of line and CEOs expect General Counsel to always have their back. While sitting around the table together, other members of the ELT may regularly attempt to stretch the limit of regulatory boundaries. General Counsel are expected to always be the voice of reason and many times are called upon to act as the parent in the room.

Another BarkerGilmore Advisor who recently retired after spending twenty years as a General Counsel referred to the General Counsel role as a “Checkmate” position. Reporting structure and stature afford the General Counsel the option to play a “checkmate card” to disallow a specific action from occurring. Since CEOs don’t like being told no, the General Counsel and CEO’s risk tolerance must be aligned, and a skittish General Counsel is rarely tolerated. As General Counsel gain greater experience and have deeper understanding of the business, their ability strengthens to serve as strategic partners and devise creative solutions for the business. That same BarkerGilmore Advisor went on to say in twenty years serving as General Counsel, the checkmate card was rarely played and never disregarded by the CEO—the sign of a successful relationship.

While no two Equilar 500 General Counsel searches are alike, the baseline requirements for most include: top law school, good foundation of private practice, reputation for leading and developing a high-performance law department, stable career progression and ability to navigate a board. These criteria only gain someone consideration for the opportunity. A General Counsel gets hired from a long list of criteria not found on a resume—gravitas, emotional intelligence, cultural fit, chemistry and business expertise. Most CEOs of large companies seek several years of proven experience as a sitting General Counsel, but there can be exceptions for the right first-time candidate. In 2022 and 2023,
several Equilar 500 General Counsel were hired out of retirement, most in their 60s, as CEOs were unwilling to risk hiring less seasoned candidates. A diverse slate of candidates is required for every search; however, only the most qualified and best cultural fit is hired. Today, there is increased opportunity for men, women and lawyers from other underrepresented groups.

There are many paths leading to an Equilar 500 General Counsel but all require patience and dedication. For many, the journey starts by advancing through the ranks of a large corporate law department and earning the seat as an internal successor. Others leverage law firm and/or in-house experience to secure a General Counsel position with a private company, private equity portfolio company or smaller public company. Having proven your ability to serve as a strategic partner to a CEO and board, you are now a much more attractive candidate for larger companies.

It is challenging to compare one General Counsel compensation to another, since each has different levels of responsibility. When benchmarking against peer compensation, it requires a deeper dive to understand the bigger picture of the role being played and the form of compensation being reported:

- Some General Counsel are being compensated for their contributions outside of legal, which could include human resources, ESG, government relations, government affairs, corporate development, safety, security, compliance, among others. General Counsel are one of the first members of the ELT to take on additional responsibilities due to strategic abilities, business acumen and the close ties between legal and every other area of the company.

- Total reported compensation for newly hired General Counsel will include cash or equity sign-on bonuses which are intended to offset cash bonuses or unvested equity the new hire is leaving behind.

- Starting compensation is negotiable, depending on the overall experience someone brings to the table. A first-time General Counsel can expect to receive less than a seasoned veteran. Based on the value the General Counsel brings to the company and the increased responsibilities over time, compensation can accelerate quickly.

- The General Counsel’s industry also affects compensation. In the last five years, the communication services, technology and basic materials services have had the largest compensation increases. In contrast, compensation in the consumer cyclical, healthcare and financial services sectors have seen the smallest changes.

There are no certainties about becoming a General Counsel. New business demands, regulations, unforeseen litigation or personnel matters can quickly derail a law department budget, and changes in leadership and company ownership add unexpected obstacles to overcome. That said, General Counsel love the impactful role they play, and the number of people vying for their position will not diminish.
About the Contributor

BarkerGilmore is a boutique firm recognized by CEOs, boards and executives as best-in-class legal and compliance executive search professionals and leadership consultants. With a team of advisors and recruiters spanning the United States, the firm’s client roster includes leading consumer, energy, financial, healthcare & life science, industrial, non-profit, private equity and technology companies.

BarkerGilmore’s niche concentration results in unparalleled access to a specialized network of talent. Established relationships allow identification of, and engagement with, top legal and compliance professionals for any assignment. The firm boasts industry-leading metrics over the past three years, including a: 96% retention rate, 53% women placement rate, 27% minority placement rate and 4.8/5.0 client satisfaction rating.

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John Gilmore is Co-Founder and Managing Partner of BarkerGilmore. With more than three decades of experience in executive search, John has skillfully navigated BarkerGilmore on its path to becoming the highest quality boutique in-house legal, compliance officer, and leadership advisory firm in the country. Dedicated to the advancement of others and functioning seamlessly across industries, John is a key advisor to many of the world’s most successful companies. Internally at the firm, John oversees the large and sophisticated recruiting function by heading up a team of high-performing executive search consultants. He is well known for his uncanny capacity to mentor and bring out the best in others.

John’s discretion and ability to move both quickly and effectively through the lifecycle of an executive search make him one of the most trusted and sought-after senior recruiting consultants in the industry. While leading Chief Legal Officer, General Counsel, and Chief Compliance Officer search assignments, often on a confidential basis, John partners closely with CEOs, CHROs, and Board Members of major organizations, including those of Fortune 1000, emerging growth, PE-owned, VC-backed, non-profit, and government entities.

John’s unparalleled reputation in executive search and assessment led him to develop the next-generation CustomFit℠ process, which is employed in every BarkerGilmore engagement. This innovative tool provides a powerful recruiting solution yielding rates of candidate placement, diversity, and retention that are consistently far above industry average. John’s assessment process reveals the soft skills critical to candidate selection. Being Hogan Certified and having a wealth of experience, John’s reliance on key candidate indicators such as emotional intelligence and the ability to serve as a strategic advisor continues to be integral to his success.

John holds bachelor’s and master’s degrees from the State University of New York at Buffalo. Considered an authority on succession planning, compensation, and employment trends for legal and compliance, his monthly articles are read by thousands of the top law firm and in-house lawyers in the country. He is often quoted in the press, and his insights have appeared in numerous publications, including The Wall Street Journal, USA Today, and Corporate Board Member Magazine.
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