

The background features a complex, abstract pattern of thin, golden lines. These lines are arranged in a way that creates a sense of depth and movement, resembling a funnel or a series of overlapping, curved planes. The lines are set against a dark, muted blue background, which makes the golden color stand out. The overall effect is one of dynamic energy and sophisticated design.

SpencerStuart

Canada Spencer
Stuart Board Index:
2021 Highlights

For over 25 years, Spencer Stuart has published the *Canada Spencer Stuart Board Index* (“CSSBI”), an annual review of the governance practices of the *CSSBI 100*, a representative sample of 100 of Canada’s largest publicly traded companies, with annual revenues exceeding \$CAD 1 billion. The *CSSBI* continues to provide benchmarks, insights, and trends for board composition (spotlighting gender and other historically underrepresented groups), board succession, director compensation, and a review of board structures and selected policies of these Canadian “blue chips.”

Board turnover continued at a normal pace

- » Board turnover in the *CSSBI 100* remained at about 10%, with close to 100 new NXDs appointed to *CSSBI 100* boards during Spencer Stuart’s twelve-month tracking cycle.
- » Sixty-six *CSSBI 100* boards appointed at least one new NXD in 2021, mostly as replacements for retiring board members. Two or more NXDs were appointed by one-third (22) of these boards as part of planned board succession, renewal, and/or diversification initiatives.

Significant board renewal in past five years

- » Over half (52%) of NXDs serving on the *CSSBI 100* in 2021 had five or less years of tenure, an obvious sign of active board succession and substantial board refreshment.
- » Close to two-thirds (64%) of *CSSBI 100* board chairs had five or less years of tenure serving in the role, a notable sign of ongoing board leadership rotation and refreshment.

Board composition and historically underrepresented groups

- » In 2021, almost four in ten (38%) of all *CSSBI 100* directorships were held by leaders from historically underrepresented groups, consisting of women, Indigenous Peoples, members of visible minorities, and/or persons with disabilities and/or LGBTQ2S+, based on self-identification and company disclosure. The total was 27% higher than in 2017.



33%

of all *CSSBI 100* board directorships in 2021 were held by women — another high mark

Scale tipping toward more gender balanced boards among Canada’s “blue chips”

- » In 2021, women held at least 30% of total directorships at almost 70% of the boards in the *CSSBI 100* index — five times more than in 2017.
- » Four *CSSBI 100* boards were gender balanced (50% men and 50% women) in 2021 and 17 other boards were in the 40% to 49% range for women board composition, compared to only eight boards in 2017.

Continued rise in women serving in board leadership positions

- » In 2021, women continued a steady progression by holding more board leadership positions on the boards of Canada largest companies.
- » Compared to 2017, there were more than twice the number of women serving in the highest board leadership positions (board chair, vice-chair, lead director). There were also similarly large increases observed in the number of women chairing other core standing committees (e.g., Audit, Gov/NomCo) given active rotation practices.



more women serving in board leadership roles compared to 2017

Some progress for Indigenous Peoples and members of visible minorities

- » Progress was measured for other historically underrepresented groups. For example, while many *CSSBI 100* boards in 2021 (40% overall) still lacked any representation by directors self-identifying as either Indigenous or a member of a visible minority, and/or persons with disabilities and/or LGBTQ2S+, the total was an improvement compared to 2017, when close to two-thirds (64%) of these boards lacked any such representation.
- » Compared to 2017, there were also more *CSSBI* boards with multiple directors who self-identified as Indigenous or a member of a visible minority, based on self-identification and company disclosure.
- » Overall, leaders self-identifying as Indigenous, a member of a visible minority and/or LGBTQ2S+ totaled over one-third (35%) of all incoming NXDs to *CSSBI 100* boards — over three times higher than totals in the past four years.

35%

of all incoming NXDs to *CSSBI 100* boards in 2021 self-identified as Indigenous or a member of a visible minority and/or LGBTQ2S+

Cross-border director recruitment jumped to a five-year high in 2021

- » Close to half (47%) of all new NXDs to *CSSBI 100* boards were non-residents of Canada. This total was 31% higher than 2020, even with the obstacles imposed by the ongoing pandemic.
- » Most (89%) of these directors were recruited from the U.S., given its importance and for the depth and diversity of its prospect pool.
- » In 2021, close to 30% of all *CSSBI 100* directorships were held by non-residents of Canada. The total has been hovering around the one-third mark in recent years, after ticking up steadily from 22% in 2012.

Average number of board chair transitions in 2021; pandemic led to some term extensions

- » Thirteen *CSSBI 100* companies transitioned to a new board chair in 2021, compared to 12 in the prior year. Terms were extended for a small number of board chairs, essentially for continuity through the challenging pandemic.
- » Internal successors (as in prior years) were chosen in most (10 of 13) of the transitions in 2021, a clear sign that boards of Canada's largest companies emphasize company knowledge and board continuity.



of NXDs appointed in 2021 were non-residents of Canada, up from 37% in 2020

13

CSSBI 100 companies transitioned to a new board chair in 2021

Mandatory retirement provisions for NXDs not widespread

- » In 2021, close to two-thirds (62%) of *CSSBI 100* boards applied a fixed mandatory retirement age and/or term limit for their NXDs, a small increase of four boards compared to 2017.
- » A sizable proportion (38%) did not have a mandatory retirement provision in effect.

Board compensation bounced back after pay cuts in 2020

- » Median total NXD compensation (for the constant set of 89 *CSSBI 100* companies) increased 3% over 2020, and 3.7% for board chairs, amid a period of low, single digit compensation growth.
- » The increase comes after the dip in 2020, when almost 30% of *CSSBI 100* boards cut NXD compensation (one board by as much as 50%) as part of a pandemic response.
- » Reductions in 2020 were largely temporary as most companies that cut NXD pay reverted to their regularly scheduled board remuneration for 2021.

Meeting fees continued to be phased out in favour of simpler, flat fee model

- » Meeting fees were paid by less than one-quarter (20%) of *CSSBI 100* companies in 2021, a steep drop from 2017 when 51% of the index still followed the pay practice.

38%

of *CSSBI 100* boards did not have a mandatory retirement age and/or a fixed term limit for their NXDs in 2021



increase in median total NXD compensation over 2020

80%

of *CSSBI 100* companies used a flat fee NXD pay model, inclusive of meetings

About Spencer Stuart

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit www.spencerstuart.com.

Social Media @ Spencer Stuart

Stay up to date on the trends and topics that are relevant to your business and career.

