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Canada Spencer  
Stuart Board Index:  
2022 Highlights

Since 1996, Spencer Stuart has published the *Canada Spencer Stuart Board Index* (“CSSBI”), an annual review of the governance practices of 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” referred to as the *CSSBI 100*.



Incoming non-executive directors appointed in 2022

## Board turnover ticked up in 2022

- » Board turnover in 2022 (11%) was above average, with the higher influx of new non-executive directors (“NXDs”) and accelerated director succession on several *CSSBI 100* boards.
- » More boards, compared to prior years, appointed two or more NXDs, generally as part of planned succession, renewal and/or diversification initiatives.
- » Four or more NXDs were appointed by six boards, as market pressure and board-driven initiatives combined to accelerate wider changes for some.

## Significant board renewal in past five years

- » More than half (56%) of all NXDs serving on the *CSSBI 100* in 2022 had less than six years of tenure; longer tenured board members (i.e., 11+ years) represented a smaller proportion across the range.

## Progress for historically underrepresented groups as boards continue to diversify

- » In 2022, more than four in ten (42%) 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 2SLGBTQI+, based on self-identification and company disclosure. The total was 11% higher than in 2021 and 40% higher than in 2018.



of all non-executive directors had less than six years of tenure in 2022



of all *CSSBI 100* directorships were held by leaders from historically underrepresented groups in 2022

# 53%

Women were in the majority of new NXDs appointed — a record high for *CSSBI 100* boards

## Gender balancing boards

- » In 2022, women held at least a 40% share of the directorships on 37 boards in the *CSSBI 100* index — nearly four times more than in 2018.
- » Notably, in 2022, while seven boards enjoyed at least full gender parity, 30 others (in the 40% to 49% range) were on the cusp. Women even held a majority of board seats on two *CSSBI 100* boards, an unprecedented finding in the 26 years of the *CSSBI*.
- » For the first time, women self-identifying comprised a majority (53%) of *CSSBI 100* NXD appointments in 2022.

## Continued rise in women serving in board leadership positions



more women serving in board leadership positions compared to 2018

- » Women continued a steady progression by holding more board leadership positions on the boards of Canada's largest companies in 2022.
- » Comparing 2022 to 2018, the number of women chairing key board committees continued to increase across the range. Audit committees showed the largest observed increase in women chairs compared to other core board committees.

## Progress for Indigenous Peoples and members of visible minorities

# 36%

of all incoming NXDs to *CSSBI 100* boards in 2022 self-identified as Indigenous or a member of a visible minority

- » Far fewer *CSSBI 100* boards (25 in 2022 compared to 40 in 2021) were without any representation by directors self-identifying as either Indigenous or a member of a visible minority and/or persons with disabilities and/or 2SLGBTQI+. Additionally, more *CSSBI 100* boards in 2022, compared to earlier years, had multiple directors self-identifying against these criteria.
- » Over one-third (36%) of incoming NXDs identified as Indigenous or a member of a visible minority — close to four times higher than pre-pandemic levels.

## Most cross-border recruits in 2022 were from underrepresented groups

- » Non-residents of Canada comprised 37% percent of NXDs appointed to *CSSBI 100* boards in 2022. While lower than in 2021, the total was in line with the five-year average.
- » Interestingly, in 2022, women and/or visible minorities self-identifying comprised a large majority (75%) of the group of cross-border recruits, the highest proportion observed since Spencer Stuart started tracking these enhanced Canadian board demographics in 2018.

## Board chair transitions steady in 2022

- » Fourteen *CSSBI 100* companies transitioned to a new board chair in 2022, compared to 13 in 2021. Terms were extended for a small number of board chairs, mainly for continuity through the challenging pandemic.
- » Internal successors were chosen in every (14 of 14) transition in 2022, a clear sign that boards of Canada's largest companies emphasize company knowledge and board continuity.



of cross-border recruits were from historically underrepresented groups

14

*CSSBI 100* transitioned to a new board chair in 2022

## Mandatory retirement provisions for NXDs not embraced by all, term limits more prevalent

- » In 2022, 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.
- » Term limits were used exclusively by 15 *CSSBI 100* boards in 2022, more than double the total that did so in 2018.

## Slow growth period for board compensation

- » Median total NXD compensation in 2022 increased by 4% over 2021 (for the constant set of 88 *CSSBI 100* companies), marking the second consecutive year of low, single-digit growth.
- » Increases in annual director retainers, effective for 2022, were disclosed by a minority of *CSSBI 100* boards, amid a period of low compensation growth overall, that also included widespread pay cuts in 2020 during the height of the pandemic.

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

- » Twelve *CSSBI 100* companies scheduled board and committee meeting fees in 2022 (either per meeting or annual lump sum) as part of their standard NXD pay. The total is eight less than in 2021 — and a steep drop from 2018, when 39% of the *CSSBI 100* index still scheduled additional pay for meetings.

38%

of *CSSBI 100* boards did not have a mandatory retirement age and/or a fixed term limit for their NXDs in 2022



increase in median total NXD compensation over 2021

88%

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

## About Spencer Stuart

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