

WOMEN ON BOARDS
EXCHANGE FORUM 2017

**Blakes Board Report:
Opportunities for Women
General Counsel**

**The Canadian Public Company Landscape
for Legal Professionals on Boards**

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Blakes Board Report: Opportunities for Women General Counsel

The Canadian Public Company Landscape for Legal Professionals on Boards

2016 S&P/TSX Composite Board Study

In late 2016, Blake Cassels & Graydon LLP (Blakes) initiated a novel study to examine the involvement of general counsel and lawyers on the board of directors of Canadian publicly listed companies that comprise the S&P/TSX Composite Index. The results help inform our candid and open exchange on the value proposition that general counsel bring to the board position and to also highlight the board opportunities for women.

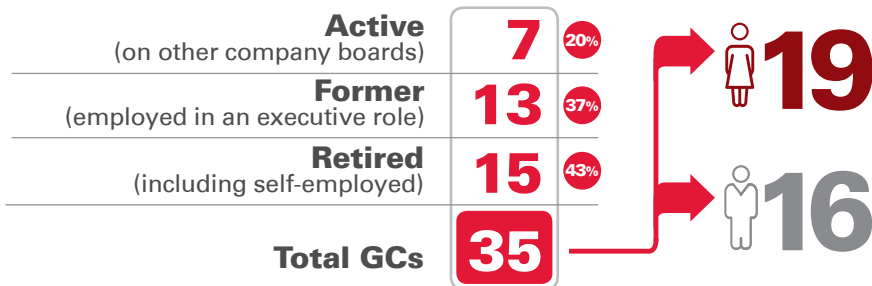
The results illustrated in this report are based on 2016 proxy data which includes key fields such as board member name and biography, current employer and title, and company industry classification. We developed a method to identify and classify legal professionals¹, accountants and technical experts. We also applied this approach to the 2015 proxy data. We are committed to conducting this benchmarking study on an annual basis so that we can continue to leverage the data and insights gained to support the growth of board opportunities for women GCs.

The S&P/TSX Composite Index is the benchmark index for the Canadian equity market, which at the time of the study, consisted of 241 companies, representing more than 75 per cent of the total market capitalization on the Toronto Stock Exchange (TSX). The TSX is comprised of 1,500 issuers and is the largest exchange in Canada in terms of market capitalization, the third largest in North America and eighth largest in the world.

DATA GATHERED FROM:

241 COMPANIES | **1,880 INDIVIDUALS** | **2,288 BOARD POSITIONS**

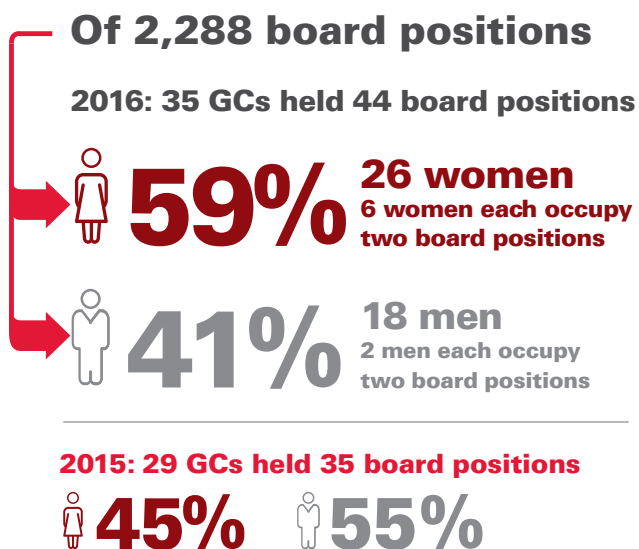
Of 1,880 individuals... who are the GCs?



Of 2,288 board positions

44
are held by GCs

Representation of total General Counsel



Board positions held by

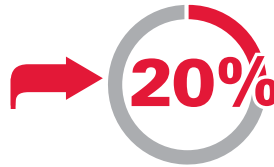
Industry:	TSX % ²	women			men		
		GCs	Lawyers	% ³	GCs	Lawyers	% ⁴
Banking/Insurance	32.4	6	14	5.9	4	39	12.8
Energy	21.5	5	7	2.8	6	44	11.7
Transportation	4.4	4	4	13.3	0	9	15.0
Food/Retail	9.0	3	10	14.0	0	15	16.1
Materials	11.1	3	8	2.3	3	47	10.5
Utilities	3.0	3	7	7.8	2	9	8.6
Industrials	3.0	1	3	3.5	1	10	9.6
Real Estate	3.0	1	2	1.8	0	23	13.9
Hotel/Leisure	1.8	0	2	5.1	1	3	10.2
Media	2.9	0	1	1.5	1	7	12.1
Telecommunications	5.0	0	2	3.9	0	4	7.8

This study is based on 2016 and 2015 proxy data provided by ISS Corporate Solutions, Inc.

Lawyers on Boards (excluding GCs)

Of 1,880 individuals

216 are lawyers



44 lawyers are on multiple boards

Of 216 lawyers

37% **80 lawyers** are actively associated with a law firm

29% **62 lawyers** are retired from a law firm

Of 80 lawyers associated with a law firm

26% **21 lawyers** are counsel or advisers

74% **59 lawyers** are partners

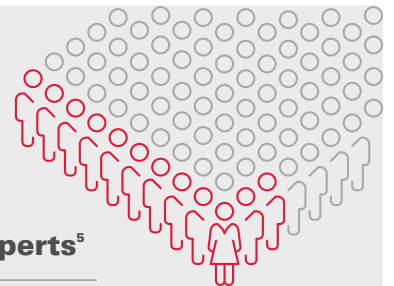
Combined Universe of Legal Professionals on Boards

Of 2,288 board positions

12% are held by legal professionals

20% are held by accountants **23%** are held by technical experts^s

No significant change since 2015 (12%)



The Opportunity

183 companies (76%) had at least **one legal professional on their board**

58 companies (24%) **have no legal professionals on their board**

Most industry sectors have at least **one GC on a board**

 **59%** of board positions held by GCs are women

Networking universe of over **250** legal professionals
35 GCs and **216** lawyers

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The Genesis

A conversation started it all. While at a lunch, the Chair of Blakes, Brock Gibson, was speaking with the general counsel of a major public company who saw the opportunity for more to be done to advance female general counsels (GCs) onto boards given their skill set. Brock wholeheartedly agreed, and this set the wheels in motion for us to better understand the current public company landscape for women legal professionals, GCs in particular, on boards. We were surprised to find that no study existed in Canada that looked at the professional qualifications/backgrounds of board members. Inspired by the belief that diversity in all forms enriches the conversation and decision-making at the board table, we decided to conduct the first benchmarking study in Canada on the professional background of board members, with a focus on legal professionals.

The GC Value Proposition

We see an opportunity for female GCs to leverage their business and strategic skill set to get onto boards. We believe that by properly positioning themselves, women GCs can demonstrate that they have an important skill set to bring to the board table. In addition to operational and strategic experience across a wide range of subject matters, this skill set includes expertise in governance, compliance and risk management. GCs understand both the threat and opportunity of disruption and are practical solution-oriented decision-makers. Most have had responsibility or experience with P&Ls through their own budgets and those of their company. Many have had experience with boards as they often occupy the role of corporate secretary for their company boards.

We believe that the positioning of the GC skill set is so important to obtaining a board position that we created a second seminar to address this. Part II of this program will be held in Fall 2017, and will focus on getting “board ready.”

Our Research: What We Found

The research for our benchmarking study was conducted on 2016 and 2015 proxy data of the 241 companies that comprised the S&P/TSX Composite Index.

We found that, currently, only a few board positions are held by GCs but that this number is growing quickly. Thirty-five GCs hold 44 of a possible 2,288 board positions. Fifty-nine per cent of those GCs are women, up from 45 per cent in 2015. Notably, GCs have achieved and, in fact, exceeded gender parity on board representation, which does not yet exist among lawyers in general (where women hold 23 per cent⁶ of board positions) or board members generally (where women hold 20 per cent of board positions). While it is a small base, there has been a notable increase of board positions held by female GCs year over year and will be the subject of further study in 2017.

We also found that GCs on boards were at various stages of their legal careers. Some were active GCs (20 per cent) (no GCs served on the boards of their own companies), some were former GCs who had moved on to a business role (37 per cent), and still others came to the board role after they retired from their GC role (43 per cent).

The banking and insurance sector has the largest number of female GCs (six) on their boards and the largest number of legal professionals at 63. The energy sector has the largest number of GCs (a total of 11 GCs, which includes five female GCs) on their boards and the second largest number of legal professionals at 62. Banks also have the largest percentage of women on their boards at 34 per cent.



Different industries rise to the top when looking at total female legal professionals as a percentage of the total board seats in that sector. In that case, the food and retail sector is at the top with 14 per cent of board positions held by female legal professionals (three GCs and 10 lawyers), followed by transportation at 13 per cent of board positions held by female legal professionals (four GCs and four lawyers) and utilities at eight per cent of board positions held by female legal professionals (three GCs and seven lawyers).

We found that there are 216 lawyers on boards (excluding GCs). Legal professionals are underrepresented compared to accountants and technical experts. Only 12 per cent of board positions are held by legal professionals, whereas 20 per cent are held by accountants and 23 per cent are held by technical experts.

Opportunity is Now

Based on our research, we believe that the time has never been better to leverage the GC's value proposition as an ideal candidate for board positions. Here's why we believe this to be true:

1. Forty-one companies have experienced the value of having a GC on their board, a number that has increased since 2015. It is also interesting to note that two of the 41 companies have more than one GC on their board.
2. Women GCs appear to be gaining more traction than men in securing board positions – 59 per cent (2016) versus 45 per cent (2015). The pressure on boards to increase the number of qualified women on boards is steadily intensifying.
3. Fifty-eight companies have no legal professionals on their boards.
4. The majority of industry sectors surveyed have demonstrated an openness to having a GC on the board. However, there is still significant opportunity for growth in those sectors and in others such as automobile and components, telecommunications, health care and life sciences, and technology and software where there are no GCs.
5. The universe of more than 250 legal professionals on boards is significant and provides valuable network opportunities.

Where Do We Go from Here?

We are committed to conducting this benchmarking study on legal professional backgrounds of board members on an annual basis. This data will help us to monitor trends, share best practices and enhance our understanding of the landscape of the board tables of public companies in Canada. The insights gained from this report will also help us to tailor programming, foster discussion and provide networking and other opportunities to support the advancement of women GCs onto boards.

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This study is based on 2016 and 2015 proxy data provided by ISS Corporate Solutions, Inc.

¹ Legal professionals include GCs and lawyers.

² Percentage of S&P/TSX Composite Index by market capitalization as of September 2016. Excludes technology (2.3%) and health care (0.9%) which have no GCs on boards.

^{3,4} Percentage of board seats held by female and male legal professionals, respectively in each sector.

⁵ Technical experts include, for example, engineers, geologists and scientists.

⁶ This number represents the percentage of female lawyers versus male lawyers. Female lawyers hold three per cent of board positions overall for the surveyed companies.