



2025 BOARD GAMES COMPENSATION-RELATED UPDATES

February 2025

Each year, the Globe and Mail publishes their review of the governance practices of the companies in the S&P/TSX Composite Index as part of their Board Games report. Marking the start of the 2025 proxy season, the Globe and Mail released the marking criteria for the 2025 Board Games review, which allows companies to proactively address governance practices and disclosure preferences.

The key changes made to the 2025 Board Games criteria include:

- Disclosure related to adjustments made to IFRS/GAAP accounting figures** when setting financial targets or determining payouts in an executive compensation plan is required. Disclosure should include a reconciliation table comparing the adjusted figures to the mandated figures in audited financial statement. References to a reconciliation table that appears in a different document or securities filing or on the company website will not receive any marks. To learn more about adjusted financial measures (AFMs), the Canadian Coalition for Good Governance (CCGG) published a [report](#), recommending comprehensive proxy circular disclosure including rationale for the adjustments made to IFRS/GAAP figures, year-over-year consistency of Non-GAAP measures, and the involvement of independent third parties in the review process.
- Revised the definition of performance hurdles for stock awards:** vesting of shares or options based on nominal price appreciation, with no relative comparison to peers or an index, will not be considered a performance hurdle. At least half the value of the grants awarded must have performance hurdles to receive full marks. This aligns with the perspectives of proxy advisors, Institutional Shareholder Services (ISS) and Glass Lewis, that half of long-term incentives should be performance-based, with stock options, despite only having value if share price increases, not included.
- Eliminated criteria for disclosure of equity holdings for CEOs and directors**, recognizing that many companies provided fulsome disclosure but did not receive full marks by failing to meet one of many elements in the criteria.

Topic	2025 Approach	2024 Approach
Use of adjusted financial metrics in compensation	ONE mark if adjustments to IFRS/GAAP figures made when setting targets or determining payouts for executives are explained. Disclosure should contain a reconciliation table that shows how the company arrived at the adjusted figure, compared to the IFRS/GAAP figure in audited financial statement. References to a reconciliation table that appears in a	



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	<p>different document or securities filing or on the company website are not acceptable.</p> <p>ZERO marks if the company uses adjusted IFRS/GAAP figures in the executive compensation plan without providing a reconciliation.</p> <p>ONE mark if the company does not use adjusted metrics in the executive compensation plan.</p>	
<p>Performance-based stock awards – Performance hurdles</p>	<p>Updated to include clarifications: Vesting of shares or options based on nominal price appreciation, with no relative comparison, will not be considered a performance hurdle. Examples of this include shares or options that vest only if a price threshold is met; options that are issued with an exercise price above the market price on the day of the grant; or a plan that uses total shareholder return without comparing it to a peer group or index.</p> <p>Added: ONE mark if the stock awards are a mix of time-based vesting and vesting based on nominal price appreciation with no relative comparisons.</p> <p>Updated: ZERO mark if no equity awards have any performance-based criteria or any vesting based on nominal price appreciation with no relative comparisons.</p>	<p>TWO marks if there are performance hurdles attached to stock options or share units representing at least half the value of grants. The company must disclose a valuation for each component of its equity awards to facilitate this evaluation.</p> <p>ONE mark if more than half the value of stock award is time-based but some of the awards have performance hurdles. Or ONE mark if the proportion is not disclosed, but some awards have performance hurdles.</p> <p>ZERO marks if there are no performance-based criteria attached to any stock option or share unit awards.</p> <p>TWO marks if the company never pays the CEO with options or share units.</p>
<p>Disclosure of directors’ equity holdings</p>	<p>Removed</p>	<p>TWO marks if the company discloses the total market value of each director’s holdings, excluding options; the market value or number of shares held; the number or market value for each type of equity instrument held; and the number or market value of vested and unvested RSU or PSU.</p>



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		<p>ONE mark if it is unclear from the disclosure the number of each type of equity instrument held and whether it has vested.</p> <p>ZERO marks if no or if the total includes options. Also ZERO marks if the disclosed share ownership level of each director is not the current market value, but is instead a historic value.</p>
<p>Disclosure of CEO's equity holdings</p>	<p>Removed</p>	<p>TWO marks if the company discloses the current market value of shares and share units held by the CEO in one location in the proxy.</p> <p>ONE mark if the company includes the total value but does not break out the separate components. Or ONE mark if different types of share units are included together in one item when they include PSUs.</p> <p>ONE mark if options are included in the total but the company does not explain how they were valued.</p> <p>ZERO marks if the equity value is not disclosed or if the total does not include the value of all shares and share units. Also ZERO marks if the disclosed share ownership level for the CEO is not the current market value, but is instead a historic value.</p>
<p>Director share ownership requirements</p>	<p>Increased to FOUR marks if the director share ownership requirement is equal to at least three times the annual retainer paid to directors and if there is a time frame disclosed for directors to reach their ownership requirement and return to the required level if they fall below.</p>	<p>THREE marks awarded if the director share ownership requirement is equal to at least three times the retainer paid to directors and if there is a time frame disclosed for directors to reach their ownership requirement and return to the required level if they fall below.</p> <p>TWO marks if there is a requirement but it is lower than three times the value of the retainer and share units.</p> <p>ONE mark if the company allows directors to meet their ownership value by using a measure other than the current market value of their equity.</p>



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		ONE mark if the company allows stock options or types of share units that have not yet been earned to be counted towards share ownership requirements. ZERO marks if there is no share ownership requirement.
Directors’ equity ownership vs. guidelines	Increased to TWO marks if the company explains how each director’s share ownership meets (or fail to meet) a required share ownership guideline.	ONE mark if the company explains how each director’s share ownership meets (or fail to meet) a required share ownership guideline. ONE mark if all the elements are clearly presented. ZERO marks if any of the elements are not disclosed for each director. Also ZERO marks if there is no share ownership requirement for directors. And ZERO marks if the disclosed share ownership level of each director is not the current market value, but is instead a historic value.

Overall, the compensation section is now weighted 23 marks out of 100 (up from 22 out of 100)

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