



2026 BOARD GAMES METHODOLOGY UPDATES AND 2025 BOARD GAMES REVIEW

February 2026

2026 CHANGES TO BOARD GAMES METHODOLOGY

In February, the Globe and Mail published [Board Games Methodology for 2026](#). Board Games generally publishes an annual report assessing the governance practices and disclosures of the S&P/TSX Composite Index in early December.

Changes made to the 2026 Board Games criteria are minor, involving only an additive adjustment to Question 10 - Cybersecurity and Artificial Intelligence. Under the updated criteria, while full points remain at two, companies may earn one point if they describe how the board considers cybersecurity and technological risk issues but do not specifically mention artificial intelligence.

TOP 5 QUESTIONS ISSUERS LOST POINTS IN 2025 BOARD GAMES

In this blog, we also review the 2025 Board Games results and identify the top five compensation-related questions that the Composite Issuers lost points in the previous year:

Topic	Methodology	Southlea Comments
Q26. CEO Share-holding Periods	ONE mark if the company requires CEOs to hold shares for at least one year post-departure.	65% of the composite issuers received zero marks for this question. While the implementation of a post-retirement/employment holding period remains uncommon within the Canadian market, this percentage has marginally decreased from 2024.
Q30. Use of Adjusted Financial Metrics in Compensation	One mark if the company discloses adjustments to IFRS/GAAP earnings used in annual incentive plans and provides a reconciliation table linking the adjusted figure and the IFRS/GAAP figure in audited financial statements. ONE mark if the company does not use adjusted metrics in the executive compensation plan.	53% of the composite issuers received zero marks for this question. This disclosure is required under Glass Lewis' Canadian benchmarking policy guidelines. The proxy advisor believes a detailed discussion of adjustments (i.e. IFRS/GAAP-to-non-IFRS/GAAP reconciliation) used for compensation purpose enables investors to evaluate the effectiveness of the incentive payout.



Topic	Methodology	Southlea Comments
	<p>ZERO marks if the company uses adjusted IFRS/GAAP figures in the executive compensation plan without providing a reconciliation in the proxy circular.</p>	<p>CCGG also pointed out in its 2025 Best Practices for Proxy Circular Disclosure two most material gaps between existing proxy circular disclosure and shareholder disclosure expectations:</p> <ul style="list-style-type: none"> • An explanation of parameters the board uses to assess adjustments to GAAP figures for compensation purposes, and • A plain language explanation of the board’s rationale for approving any material GAAP figures adjustments used in the compensation scheme in the most recently completed fiscal year.
<p>Q22. Historical Compensation Disclosure</p>	<p>ONE mark if the company provides a “look-back” table in the proxy circular showing CEO realized pay over last five years, including long term incentives. The table must show investors how the CEO’s actual pay compared to the reported pay.</p> <p>ZERO marks if no information is provided or if it does not include all pay elements.</p>	<p>51% of the composite issuers received zero marks for this question.</p> <p>To earn full points for this question, the chart should disclose all long-term compensation elements with an annual breakdown for each of the past five years, and clearly show actual payouts compared to intended compensation for each year.</p> <p>This table - often referred to as a “realized pay” table - compares vested share units and exercised options to the granted amount and is typically presented alongside five-year investors returns.</p> <p>See Appendix I for the 2025 best practice example highlighted by CCGG.</p>
<p>Q25. Compensation Clawbacks</p>	<p>ONE mark if the company’s clawback provision covers bonus payments to the CEO if wrongdoing is discovered. The policy must allow directors to claw back payments for anything the board determines to constitute wrongdoing.</p> <p>ZERO marks if the company’s clawback policy applies only to financial statements restatements due to wrongdoing.</p>	<p>45% of the composite issuers received zero marks for this question.</p> <p>CCGG, in its Executive and Director Compensation Guidebook, advocates for broad clawback policies that may be triggered by either a financial restatement or employee misconduct. Such policies should apply to all forms of incentive compensation, including cash bonus, RSUs, PSUs, and stock options.</p>



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	<p>ZERO marks if there is no clawback policy.</p>	<p>Glass Lewis supports clawback policies that permit recovery from current and former executive officers following a financial restatement or a similar revision of performance indicators upon which awards were based. Such policies should also allow for the recoupment of variable incentive payments, both time-based and performance-based, in the event of:</p> <ul style="list-style-type: none"> • material misconduct, • a material reputational failure, • material risk management failure, or • a material operational failure, <p>where the consequences have not already been reflected in incentive payments and recovery is warranted.</p> <p>For further discussion on clawback effectiveness, please refer to Southlea’s recent blog “Will your clawback work?”</p>
<p>Q24. Cost of Compensation Comparisons</p>	<p>ONE mark if the company discloses the total compensation cost to the top executive team relative to a financial metric such as income or revenue.</p> <p>ZERO if it does not.</p>	<p>44% of the composite issuers received zero marks for this question.</p> <p>Under Board Games’ methodology, comparing compensation cost to share price growth is insufficient, as the comparison must be made to the financial cost. The calculation should be presented as a percentage, not an approximation.</p> <p>See Appendix II for an example that received the full mark for this question.</p>



APPENDIX

- I. “Look back analysis” table disclosed on pages 70-71 of Capital Power Corporation’s 2025 proxy circular

Look back analysis

The table below gives a compensation look back for the President & CEO by comparing absolute shareholder value, the grant date value of compensation awarded for performance, and the actual compensation value received.

On a weighted average basis over the cumulative period of 2017 to 2024, the President & CEO has realized 122% more than the expected value of the compensation that the committee awarded (labeled Awarded compensation) while the shareholder’s investment has increased by 159%.

Year	CEO	Targeted compensation ⁽¹⁾	Awarded compensation ⁽²⁾	Actual compensation value as of December 31, 2024 ⁽³⁾	Value of \$100		
					Period	CEO ⁽⁴⁾	Shareholder ⁽⁵⁾
2017	B. Vaasjo	\$2,521,693	\$2,598,416	\$5,236,489	2017JAN01 to 2024DEC31	\$202	\$454
2018	B. Vaasjo	\$2,676,254	\$3,036,978	\$5,949,785	2018JAN01 to 2024DEC31	\$196	\$397
2019	B. Vaasjo	\$2,692,107	\$3,040,325	\$5,812,056	2019JAN01 to 2024DEC31	\$191	\$342
2020	B. Vaasjo	\$3,032,329	\$3,339,988	\$8,538,110	2020JAN01 to 2024DEC31	\$256	\$249
2021	B. Vaasjo	\$3,579,719	\$3,984,199	\$9,931,555	2021JAN01 to 2024DEC31	\$249	\$230
2022	B. Vaasjo	\$3,611,090	\$4,105,410	\$11,194,232	2022JAN01 to 2024DEC31	\$273	\$193
2023	A. Dey	\$4,176,919	\$3,912,545	\$6,287,567	2023JAN01 to 2024DEC31	\$161	\$156
2024	A. Dey	\$4,279,554	\$4,736,807	\$9,939,600	2024JAN01 to 2024DEC31	\$227	\$181
Weighted average⁽⁶⁾						\$222	\$259

- II. “Cost of management” table disclosed on page 68 of Fortis Inc.’s 2025 proxy circular

(at December 31)	2019	2020	2021	2022	2023	2024	% increase (decrease) over 2019
Total assets (\$millions)	\$53,404	\$55,481	\$57,659	\$64,252	\$65,920	\$73,486	38%
Net earnings attributable to common equity shareholders (\$millions)	\$1,655 ⁽¹⁾	\$1,209	\$1,231	\$1,330	\$1,506	\$1,606	(3)%
Adjusted net earnings attributable to common equity shareholders (\$millions) ⁽²⁾	\$1,115	\$1,195	\$1,219	\$1,329	\$1,502	\$1,626	46%
Adjusted EPS ⁽²⁾	\$2.55	\$2.57	\$2.59	\$2.78	\$3.09	\$3.28	29%
Annual revenue (\$millions)	\$8,783	\$8,935	\$9,448	\$11,043	\$11,517	\$11,508	31%
Total compensation awarded to the CEO ⁽³⁾	\$10,179,142	\$10,152,658	\$9,138,356	\$11,558,895	\$14,398,098	\$15,718,420	54% ⁽³⁾
Average total compensation awarded to the other named executives, excluding the CEO ⁽⁴⁾	\$3,792,200	\$4,178,348	\$3,416,015	\$2,918,155	\$3,271,351	\$3,291,772	(13)%
Total compensation awarded to the named executives ⁽⁵⁾	\$25,347,942	\$26,866,050	\$22,802,417	\$23,231,513	\$27,483,504	\$28,885,506	14%
As a % of adjusted net earnings ⁽²⁾	2.27%	2.25%	1.87%	1.75%	1.83%	1.78%	(22)%

ABOUT US

Southlea Group is a national independent compensation consulting firm that provides global perspectives as a GECN Group company working with over 150 compensation professionals in fifteen countries. We are headquartered in Toronto with offices in Montreal and Vancouver and clients across Canada, representing



all industries and organization structures. Our team of advisors is multi-disciplined with diverse backgrounds and experiences. We are proud to be a certified Women’s Business Enterprise by WBE Canada and to be Rainbow Registered as an LGBT+ friendly organization.

We would be pleased to address any questions and/or explore how we can support your challenging compensation needs. Please email us at hello@southlea.com and we will follow up to set-up a time to discuss further.