

Climbing Up and Kicking Down

Executive Pay in Canada

David Macdonald





CCPA

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Climbing Up and Kicking Down

Executive Pay in Canada

Executive summary

Over the past 11 years, this report has recorded the growing gap between the pay of average workers in Canada and that of the country's richest CEOs. Around the world this pay gap is frequently used as a proxy for income inequality. In Canada, the growing gap has been a consistent reminder that there is enormous wealth circulating through the economy — it is simply not making its way into the hands of the average worker.

In this year's report, we find that Canadian CEOs are again taking home pre-2008-crisis levels of compensation, pushing the income gap between Canada's top executives and the average worker to record highs. In 2016, Canada's 100 highest-paid CEOs made on average \$10.4 million — 209 times the average income of \$49,738 that year. This is the first time the ratio of CEO pay to average pay has surpassed 200:1 (it was 193:1 in 2015).

As in past years, we can also express the pay gap as a factor of time. By 10:57 a.m. on January 2, Canada's average top-100 CEO will have already taken home what the average Canadian worker will make all year. When we started compiling this data, the average CEO had to work until late after-

noon to meet this milestone. It has been getting closer to breakfast in most of the years since.

In 2016, average worker pay rose by 0.5% — a \$228 bump from \$49,510 to \$49,738 — meaning that in real terms the average income has fallen once inflation is taken into account. Canada's top 100 CEOs, on the other hand, saw an average pay hike of 8% — from \$9.6 million in 2015 to \$10.4 million in 2016. This is the first time in this data series that the average pay of the top 100 CEOs has topped the \$10-million mark.

Taking a historical perspective, CEO pay is moving further away from a simple salary and toward all-out incentives. The base salary made up 14% of total compensation on average in 2008 and 11% in 2016. And as stock market values recovered post-slump, so has the stock incentive portion a CEO's ever-growing pay.

Share awards in particular have taken on an ever-larger role, making up almost half of the total compensation of the richest CEOs in 2015. The sudden rise in this value in the last three years is matched by the rapid fall in the importance of stock options in CEO compensation. This is almost certainly due to federal discussions over this period about possibly cancelling or lowering the stock option deduction, a sweetheart tax loophole that reduces the taxes paid on stock options by half.

Although criticism of the stock option deduction gained traction this fall, as the federal government zeroed in on tax abuse by private corporations (some of it exposed in the Panama and Paradise Papers leaks), the loophole remains open. While closing the stock option loophole could produce millions in new tax revenues for the federal government, it might also simply encourage corporate boards to shift the executive compensation mix from stock options to straight grants of stock.

It is unlikely that any one measure — to increase transparency in executive compensation, for example, or make minor changes to tax measures — will curtail overall growth in CEO pay. The government should therefore consider more comprehensive tax reforms, such as eliminating the capital gains partial inclusion on any share-based compensation granted to executives. This would have the double-benefit of increasing tax revenues, which could be put towards social programs that help everyone while reducing inequality, and improving CEO performance, which is currently skewed by the prevalence of stocks in overall compensation.

Ultimately, a more co-ordinated strategy across several tax measures is likely necessary to rein in overheated CEO pay. On top of closing the stock

option deduction, this could include increasing the capital gains inclusion rate and creating a new top marginal bracket.

Introduction

“We have to tell the truth about income inequality and what it means for Canadians.” That was Prime Minister Justin Trudeau addressing a conference in Charlottetown, P.E.I. in November, but it also summarizes what this annual report on CEO pay has been saying for a decade now: the gap between Canada’s richest and the rest is far too big. This year, that gap is breaking new records.

Canadian CEOs are again taking home pre-2008-crisis levels of compensation, pushing the income gap between Canada’s top executives and the average worker to new highs. In 2016, Canada’s 100 highest-paid CEOs made on average \$10.4 million — 209 times the average income of \$49,738 that year. This is the first time the ratio of CEO pay to average pay has surpassed 200:1 (it was 193:1 in 2015). Framed another way, by 10:57 a.m. on January 2, Canada’s average top-100 CEO will have already made what the average Canadian worker will make all year.

Why should we care? Well, there are a number of reasons linked to the idea of fairness.

First, Canada’s CEOs were among the loudest critics of plans to raise minimum wages in several provinces. While stock options in a growing market push already high CEO incomes into the stratosphere, \$15 an hour would lift minimum-wage workers out of poverty for the first time in decades, with substantial spinoff benefits to the economy at large. If shareholders can afford this year’s CEO pay hike, they should be endorsing higher wages at the bottom as well.

Second, the majority of Canada’s biggest publicly traded companies oversee substantial deficits in their employee pension plans, putting the retirements of those workers at risk. In 2016, Canada’s largest companies paid out four times as much money to shareholders (including corporate executives) than it would have cost to fully fund their worker pension plans.¹

Third, and by no means finally, Canada’s wealthiest continue to profit from costly tax loopholes that the government has yet to close. The tens of billions of dollars in taxes not collected could be used to fund programs that all Canadians need: affordable child care, housing and other public infrastructure, and improved pensions and employment insurance. As long as

these loopholes remain open, we will lack the means with which our governments might start to reduce inequality in Canada.

CEOs breaking pay records in 2016

As with previous years, this report collected executive pay for 2016 on the largest 260-odd companies listed on the S&P/TSX composite based on their proxy circulars as filed with SEDAR (the System for Electronic Document Analysis and Retrieval).² From that list, we have isolated the 100 highest-paid CEOs, which represent the dataset examined in more detail below. Where CEO compensation was in U.S. dollars the value is converted to Canadian dollars using the average exchange rate for 2016.³

Changes in executive compensation disclosure rules prior to 2008 make direct comparisons to CEO pay before that time problematic.⁴ As such, the historical comparisons below start in 2008. Average worker pay is based on annualized average weekly earnings according to the Survey of Employment, Payroll and Hours (SEPH).⁵ See Appendix I for detailed data tables.

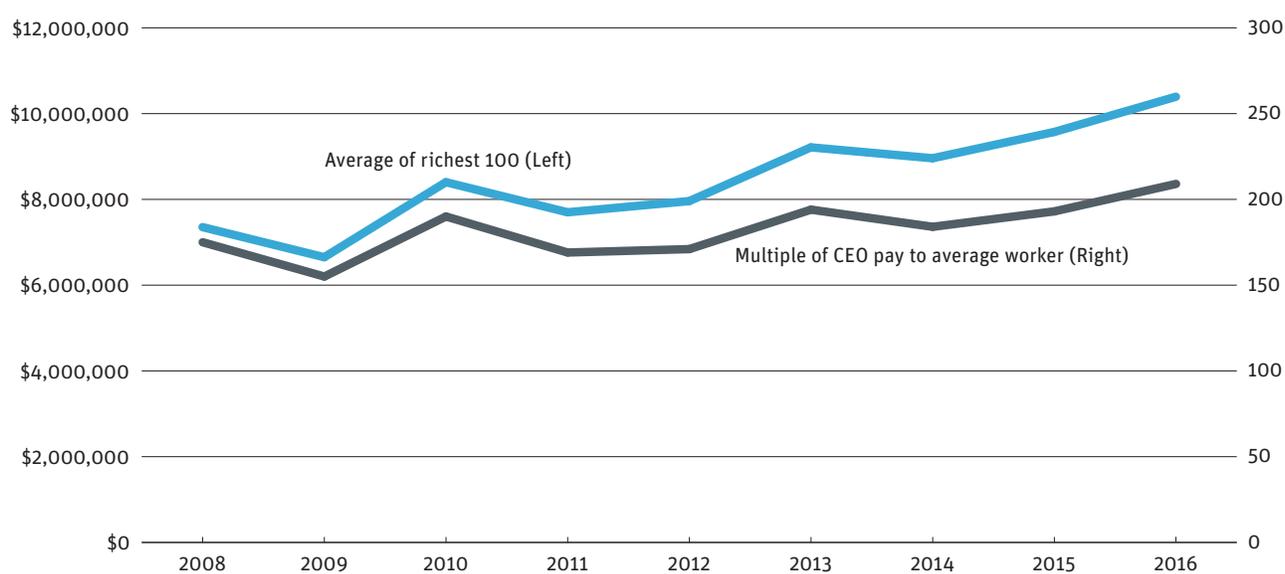
Since last year, average worker pay has risen by 0.5% — a \$228 bump from \$49,510 to \$49,738 — meaning that in real terms the average income has fallen once inflation is taken into account. Canada's top 100 CEOs, on the other hand, saw an average pay hike of 8% — from \$9.6 million in 2015 to \$10.4 million in 2016.

This is the first time in this data series that the average pay of the top 100 CEOs has topped the \$10-million mark. This record high means the average CEO took home 209 times what the average worker earned in 2016, a significant jump from the ratio of 193:1 last year.

To put that into perspective, by 10:57 a.m. on January 2, Canada's 100 richest CEOs have already made what the average Canadian worker will make all year.⁶ CEOs used to have to work into the late afternoon to meet that milestone. Now they will have received the average Canadian income by the time they have had a second morning coffee. If the trend continues, in future years the richest CEOs may make the average worker's income before most people have gotten to work.

The new high for CEO pay this year is due largely to the increase in the minimum pay level required to be in the top 100. Whereas in 2015 a CEO had to make \$3.7 million to make the list, the cutoff was \$5.3 million in 2016 — a healthy bump of \$1.5 million. Those pay increases at the bottom of the list are lifting the average top-100 CEO compensation. On an hourly basis, the

FIGURE 1 Top-100 CEO pay in \$ and as a multiple of average worker pay, 2008 to 2016



Source Company Proxy Circulars, CANSIM 281-0027, 176-0064 and author's calculations.

TABLE 1 Minimum pay for richest 100 CEOs, 2016 and 2015

Year	Minimum CEO pay (annual)	Minimum CEO pay (hourly)
2015	\$3.7 mil	\$1,744.73
Change	\$1.5 mil	\$714.88
2016	\$5.2 mil	\$2,489.62

Source Past CCPA CEO compensation reports and author's calculations.

minimum wage for the richest 100 CEOs was \$1,744.73 an hour in 2015 and rose by \$713.88 to \$2,489.62 an hour in 2016.⁷

Meanwhile, despite objections from some Canadian CEOs, many of Canada's working poor in Ontario and Alberta are on track to obtaining a modest and long overdue minimum wage hike to \$15 an hour.⁸ Ontario's minimum hourly wage rose from \$11.60 to \$14 on January 1 this year, and will rise again to \$15 an hour on January 1, 2019.⁹ Alberta workers will see their minimum wage rise from \$13.60 to \$15 an hour on October 1, 2018.¹⁰

Compare that \$3.40-an-hour raise for Ontario's lowest-income workers and the \$1.40 raise in Alberta to the \$713.88-an-hour boost in hourly CEO compensation last year for the lowest-paid top-100 CEO. Even at \$15 an hour,

Minimum wages for workers and CEOs

As of January 1, 2018, no province has yet instituted a \$15-an-hour minimum wage. At current minimum wage levels, to make the minimum CEO hourly pay of \$2,489.62, workers would have to work between 1.1 months (in Ontario) to almost a month and a half in most other provinces.

TABLE 2 Minimum wages for workers and CEOs

Province	Hourly minimum wage	Richest 100 CEO minimum pay (per hour)	Full-time work at minimum wage to reach hourly CEO min. wage
Alberta	\$13.60	\$2,489.62	1.1 months
British Columbia	\$11.35	\$2,489.62	1.4 months
Manitoba	\$11.15	\$2,489.62	1.4 months
New Brunswick	\$11.00	\$2,489.62	1.4 months
Newfoundland and Labrador	\$11.00	\$2,489.62	1.4 months
Northwest Territories	\$12.50	\$2,489.62	1.2 months
Nova Scotia	\$10.85	\$2,489.62	1.4 months
Nunavut	\$13.00	\$2,489.62	1.2 months
Ontario	\$14.00	\$2,489.62	1.1 months
Prince Edward Island	\$11.25	\$2,489.62	1.4 months
Quebec	\$11.25	\$2,489.62	1.4 months
Saskatchewan	\$10.96	\$2,489.62	1.4 months
Yukon	\$11.32	\$2,489.62	1.4 months
at \$15/hour	\$15.00	\$2,489.62	1.0 months

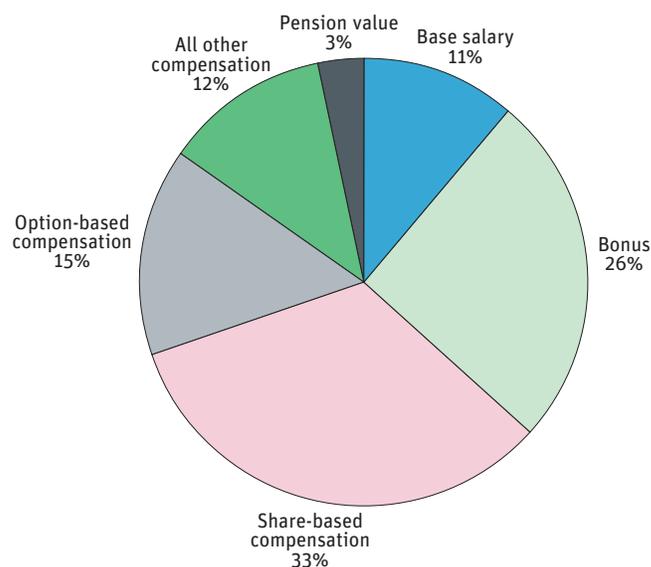
Source Government of Canada Minimum Wage Database as of January 1, 2018.

minimum-wage workers would have to work full time for an entire month to match what Canada's richest CEOs make in an hour (\$2,489.62).

CEO compensation dissected

The way CEOs are paid is substantially different from the way almost all other Canadians are paid. Like most workers, CEOs receive a base salary, but even at a cool \$1.2 million on average this makes up only 11% of their overall pay package. CEOs also receive incredibly generous pensions equivalent to around 3% of their pay (\$339,000 on average in 2016). The rest of their pay

FIGURE 2 Average distribution of top-100 CEO compensation by type, 2016



Source Company Proxy Circulars, CANSIM 176-0064 and author's calculations.

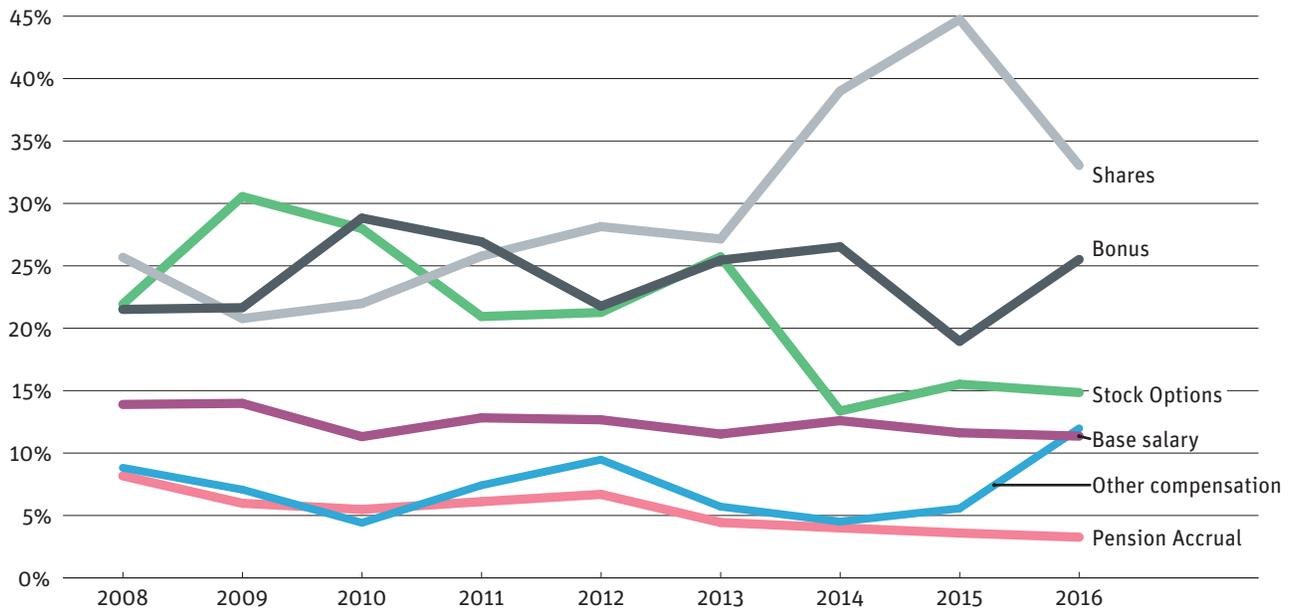
(86%) is derived in one way or another from ups and downs in the price of the company's shares.

CEOs are typically granted a bonus (worth \$2.7 million on average, or twice the value of their salary) that is generally related to whether the company stock price goes up. On top of that, the richest CEOs are paid in shares. This component of their overall compensation was worth on average \$3.4 million in 2016, or three times the average CEO cash salary. The idea behind this is that if the stock price goes up, presumably as a result of their good performance, then the value of their shares goes up and they make more money as a reward.

Based on this same logic, CEOs are also awarded stock options (averaging \$1.5 million in value in 2016), which let them buy their company's shares at a locked-in price to immediately sell them at a profit for whatever the stock market is paying. Options are worth on average one-and-a-half times the value of a CEO's cash salary.

Taking a historical perspective, CEO pay is moving further away from a simple salary and toward all-out incentives. The base salary made up 14% of total compensation on average in 2008 and 11% in 2016. And as stock market values recovered post-2008, so has the stock incentive portion a CEO's ever-growing pay.

FIGURE 3 Richest 100 CEO pay distribution historical



Source Company Proxy Circulars, Cansim 176-0064 and author's calculations.

Share awards in particular have taken on an ever-larger role, making up almost half of the total compensation of the richest CEOs in 2015 (see *Figure 3*). The sudden rise in this value in the last three years is matched by the sudden fall in the importance of stock options in CEO compensation. This is almost certainly due to federal discussions over this period about possibly cancelling or lowering the stock option deduction, a sweetheart tax loophole that reduces the taxes paid on stock options by half.

Although criticism of the stock option deduction gained traction this fall – as the federal government zeroed in on tax abuse by private corporations – the loophole remains open. Still, while closing the stock option loophole would produce millions in new tax revenues for the federal government,¹¹ it might not affect CEO pay, as the compensation mix could be shifted from stock options to straight grants of stock.¹²

The dramatic jump in “other compensation” in 2016 is entirely due to “golden parachute” retirement packages for six retiring CEOs. Those six men alone pocketed \$80.1 million of the \$124.5 million paid out to the 100 richest CEOs in “other compensation” in 2016. Of these six retiring CEOs, two will receive a further annual pension of \$308,000 and \$26,000 a year. This would be downright miserly – compared to the average \$1.3-million pension

What's in a name? The stunning gender imbalance at the top.

Canada's richest CEOs are an insular group that hardly reflects the diversity of the Canadian workforce. Of the richest 100 executives, five are named Paul, four are named Brian, three are named David, Donald, James, Jeffrey, Michael, Richard or Stephen, and three are women whose names are Nancy, Dawn and Linda. As imbalanced as this might seem, it's an improvement from 2015, when there were only two women in the top-100 CEO ranking. (Davids and Jameses did better than women this year, as they moved from one spot each in 2015 to three apiece in 2016.)

TABLE 3 Richest CEOs by name occurrence

Name	Occurrences in top 100
Paul	5
Brian	4
David	3
Donald	3
James	3
Jeffrey	3
Michael	3
Richard	3
Stephen	3
All Women (Nancy, Dawn & Linda)	3

Source Company Proxy Circulars and author's calculations. Names are grouped despite spelling and short-form differences.

A recent survey of 222 companies in the U.S. found that while women make up nearly half (47%) of entry-level employees they represent only one-fifth of those in the C-Suite.²¹ Research in both the U.S. and Canada finds that women are less likely to be given high-profile assignments, which creates a barrier to advancement into the ranks of management.²² In interviews, women who have held C-Suite positions say they are often not viewed as "CEO material," even when their performance is rated higher than their male peers.²³

Social science research is increasingly reaching the conclusion that the barriers women face to promotion to the highest ranks of corporate office are not personal. That is, while a share of women are dropping out voluntarily, they represent the minority. Not only are women "leaning in" at the same rate as men, but they are being punished for doing so.

A survey of top companies in the U.S. found that when women asked for better pay and promotion they were 30% more likely than men "to be labelled intimidating, bossy, or aggressive."²⁴ These covert forms of discrimination have a cumulative negative impact equal to more overt or explicit forms of discrimination — thus the impact of ongoing discrimination will be felt to a greater degree at the peak of women's careers.²⁵

the 45 CEOs with pension plans — were it not for the additional retirement bonuses that are typically paid out as “other compensation.”

Are high CEO salaries worth it?

A growing body of academic literature suggests the trend of ever-rising CEO pay is hurting Canadian companies. In fact, some research shows that “the more CEOs got paid, the worse their companies did.”¹³ That’s because the most highly paid CEOs were more likely to be overconfident, and more likely to over-invest or engage in “value-destroying mergers and acquisitions that lead to shareholder wealth losses.”¹⁴

Despite such findings, Canadian corporate boards continue to pay their CEOs almost entirely based on the stock price of the company, something CEOs actually have very little control over. Roger Martin, director of the Martin Prosperity Institute and former dean of the Rotman School of Management, argues that stock prices represent expectations of how a company will do, not how it actually did.¹⁵ As such, Canadian CEOs are paid based on what shareholders think of a company in the short term, not on whether they increase profits organically, for example by creating and successfully marketing a good product.

While doing the hard work of increasing profits may increase the share price, there is a much easier way of raising a stock price. “[S]imply hype expectations,” writes Martin: follow up with acquisitions or aggressive accounting (to provide the appearance of rapid growth), sell off options and stocks at the peak of the expectation cycle, then take them back at a lower base rate when expectations are not met.¹⁶

In this way, short-term stock price volatility, and not necessarily long-term growth, becomes the friend of share-compensated CEOs. The more dips and peaks, the more opportunities to sell and lock in. This incentive structure trains CEOs to swing shareholder expectations, not to build talented workforces or strong companies.

The ever-increasing aggregate CEO compensation is, in fact, even further removed from performance indicators as “performance” pay is frequently dispensed regardless of share price. In many cases, the fine print of compensation contracts specifies that executives will receive at least 80% of “performance” pay irrespective of a stock’s performance.¹⁷ Arch Patton, one of the initial architects of the “performance” pay structure, eventually admitted to feeling “guilty” over the high-flying CEO culture he helped spawn.¹⁸

The complexity of how these bonuses are calculated and awarded makes it difficult to determine in advance how much an executive will be paid in a given year. Incredibly, over half of board members surveyed in the U.K., where they nominally determine CEO pay, thought the executive compensation system was at least “somewhat broken.”¹⁹

Martin argues that executive compensation should be entirely unrelated to share price and tied instead to real accomplishments in company management, like return on book value, or organic growth in profits and revenues. Unfortunately, as our ongoing series on CEO pay repeatedly identifies, exactly the opposite is happening in Canada.

Conclusion and recommendations

Reducing the income inequality exacerbated by the continued, disproportionate, and unwarranted increase in CEO compensation will not be simple. But achieving this goal would have significant benefits including higher tax revenues, better company performance, and possibly improved social cohesion in Canada. We should not treat it as normal nor inevitable that Canada’s richest CEOs take home the average worker’s salary by mid-morning on January 2.

Unfortunately, efforts so far to highlight the problem of runaway CEO pay have failed. Additional transparency requirements on compensation, for example, have accelerated CEO pay increases by making it easier for prospective executives to compare what they are being offered to what their peers are already making.

Compensation committees and pay consultants also “peer benchmark” in this way, all but assuring a CEO income will forever go up. In order to “be competitive,” these committees will propose that the CEO should be paid at or more than the 75th percentile of all executives, for example.²⁰ Once all compensation committees and consultants set those types of goals, executive pay mathematically will rise sharply.

Heavily taxing certain types of CEO compensation has had mixed results as well. When corporate deductibility was removed on salaries over US\$1 million for U.S. CEOs, compensation simply shifted to bonuses and stock awards. When the U.K. placed limits on financial services bonuses, those same dollars just shifted back to higher base pay. Even in Canada, when the federal government considered fairer taxation of stock options, compensation through options declined and direct stock grants increased.

It is therefore unlikely that any one measure — whether to increase transparency or a make a single tax change — will curtail the overall growth in CEO pay. The government could consider more comprehensive amendments to the Income Tax Act, such that any capital gains incurred on any instrument used for compensation are taxed as employment income. By extending the elimination of the stock option deduction to capital gains made on shares granted to executives, the government would more broadly eliminate the tax preference that encourages companies to pay their executives in stock and stock derivatives rather than regular dollars.

Ultimately, a more co-ordinated strategy across several tax measures is likely necessary. This could involve closing the stock option deduction, increasing the capital gains inclusion rate and creating a new top marginal bracket. Without a big-picture approach to reining in CEO compensation, company accountants are bound to find ways around limited regulatory actions so that they can continue gaining tax preference for company executives.

Appendix I

Detailed data tables

TABLE 4 CEO and average worker pay 2008 to 2016

Year	Average Worker Wage (\$)	Average compensation of richest 100 CEOs	Multiple
2008	\$42,134	\$7,352,895	175
2009	\$42,777	\$6,651,164	155
2010	\$44,328	\$8,401,322	190
2011	\$45,430	\$7,699,136	169
2012	\$46,572	\$7,960,300	171
2013	\$47,400	\$9,213,416	194
2014	\$48,648	\$8,959,425	184
2015	\$49,510	\$9,572,762	193
2016	\$49,738	\$10,393,670	209

Source CCPA CEO pay reports for the years 2008 to 2016

TABLE 5 Average richest CEO pay by compensation type

	Base Salary	Bonus	Shares	Options	Other	Pension Accrual	Total
2008	1,021,638	1,581,503	1,888,328	1,612,278	648,482	600,666	7,352,895
2009	929,938	1,439,817	1,381,994	2,031,688	470,221	397,506	6,651,164
2010	950,575	2,421,405	1,846,725	2,350,974	370,981	460,662	8,401,322
2011	987,239	2,073,317	1,984,670	1,612,175	571,416	470,319	7,699,136
2012	1,008,280	1,732,621	2,240,133	1,692,912	753,693	532,660	7,960,300
2013	1,061,505	2,345,120	2,501,594	2,370,268	525,932	408,997	9,213,416
2014	1,128,625	2,376,061	3,493,992	1,197,751	404,155	358,842	8,959,425
2015	1,112,972	1,814,174	4,283,593	1,485,452	532,613	343,959	9,572,762
2016	1,180,309	2,651,623	3,434,792	1,542,951	1,244,909	339,085	10,393,670

Source CCPA CEO pay reports for the years 2008 to 2016

TABLE 6 CEO pay table 2016

Rank	Corporation	Title	Name (*=Converted from USD)	Base Salary	Bonus	Share-based compensation	Option-based compensation	All Other Compensation	Pension Value	Total Comp 2016
1	VALEANT PHARMACEUTICALS INTERNATIONAL INC	CEO	Joseph Papa *	\$1,299,990	\$12,095,005	\$55,662,745	\$13,254,809	\$818,703	\$0	\$83,131,252
2	MAGNA INTERNATIONAL INC	CEO	Donald Walker *	\$430,781	\$14,450,383	\$11,995,594	\$1,574,670	\$163,034	\$0	\$28,614,462
3	ROGERS COMMUNICATIONS INC	Former President & CEO	Guy Laurence	\$1,029,711	\$1,231,771	\$3,672,111	\$2,937,534	\$13,633,078	\$2,098,788	\$24,602,993
4	MACDONALD DETTWILER & ASSOCIATES LTD	Former President & CEO	Daniel Friedmann	\$266,831	\$224,590	\$0	\$2,756,100	\$18,139,032	\$40,700	\$21,427,253
5	CANADIAN PACIFIC RAILWAY LTD	CEO	Hunter Harrison	\$2,904,595	\$10,094,976	\$0	\$4,999,757	\$830,466	\$0	\$18,829,794
6	THOMSON REUTERS CORP	President & CEO	James Smith *	\$2,109,541	\$3,514,496	\$5,832,154	\$5,832,113	\$42,467	\$446,687	\$17,777,458
7	ENCANA CORP	President & CEO	Doug Suttles *	\$1,370,511	\$3,308,325	\$8,108,379	\$4,494,066	\$310,824	\$0	\$17,592,105
8	CCL INDUSTRIES INC	President & CEO	Geoffrey Martin	\$1,313,760	\$2,649,600	\$11,650,000	\$1,416,300	\$0	\$340,522	\$17,370,182
9	VALEANT PHARMACEUTICALS INTERNATIONAL INC	Former CEO	J. Michael Pearson *	\$887,104	\$0	\$0	\$0	\$14,984,687	\$0	\$15,871,791
10	WASTE CONNECTIONS INC	CEO & Chairman	Ronald Mittelstaedt *	\$1,284,390	\$4,537,508	\$2,698,836	\$0	\$7,333,926	\$0	\$15,854,660
11	MANULIFE FINANCIAL CORP	President & CEO	Donald Guloien	\$1,803,437	\$1,599,274	\$6,722,719	\$4,481,813	\$101,812	\$672,000	\$15,381,055
12	LINAMAR CORP	CEO	Linda Hasenfratz	\$618,431	\$10,302,160	\$2,440,097	\$0	\$1,277,286	\$3,500	\$14,641,474
13	WASTE CONNECTIONS INC	Former President & CEO, Progressive Waste	Joseph D. Quarin *	\$86,034	\$0	\$0	\$0	\$14,106,756	\$0	\$14,192,790
14	TELUS CORP	President & CEO	Darren Entwistle	\$1,375,000	\$678,483	\$10,178,483	\$0	\$89,365	\$584,000	\$12,905,331
15	BANK OF NOVA SCOTIA	Group Head, International Banking & Digital Transformation	Ignacio Deschamps	\$524,686	\$1,114,607	\$5,072,457	\$0	\$6,040,658	\$0	\$12,752,408
16	BOMBARDIER INC	President & CEO	Alain Bellemare *	\$1,381,415	\$3,129,326	\$3,471,167	\$3,471,167	\$1,098,955	\$25,979	\$12,578,009
17	ROYAL BANK OF CANADA	President & CEO	David McKay	\$1,466,667	\$2,521,000	\$6,000,000	\$1,500,000	\$43,726	\$714,000	\$12,245,393
18	COTT CORPORATION	CEO	Jerry Fowden *	\$1,193,054	\$966,373	\$6,213,821	\$3,728,293	\$30,216	\$0	\$12,131,757
19	LINAMAR CORP	Chairman	Frank Hasenfratz	\$446,064	\$10,256,396	\$0	\$0	\$1,295,495	\$0	\$11,997,955
20	CANADIAN NATURAL RESOURCES LTD	Exec Chair	N. Murray Edwards	\$1	\$8,030,675	\$0	\$3,863,250	\$0	\$0	\$11,893,926
21	CGI GROUP INC	President & CEO	Michael Roach	\$1,373,000	\$0	\$10,334,813	\$0	\$113,846	\$0	\$11,821,659
22	CGI GROUP INC	Founder & Exec Chairman	Serge Godin	\$1,373,000	\$0	\$10,334,813	\$0	\$108,186	\$0	\$11,815,999
23	BANK OF NOVA SCOTIA	President & CEO	Brian Porter	\$1,000,000	\$2,110,000	\$5,600,000	\$1,400,000	\$2,714	\$1,651,000	\$11,763,714
24	CANADIAN NATIONAL RAILWAY CO	Former President & CEO	Claude Mongeau	\$1,457,280	\$2,156,967	\$4,910,124	\$2,958,900	\$89,795	\$7,000	\$11,580,066
25	AGRIUM INC	President & CEO	Charles Magro *	\$1,496,304	\$2,747,663	\$3,368,210	\$3,320,582	\$45,880	\$543,749	\$11,522,388
26	SUNCOR ENERGY INC	President & CEO	Steven Williams	\$1,375,000	\$2,750,000	\$4,082,882	\$3,657,000	\$162,561	-\$545,100	\$11,482,343
27	ENBRIDGE INC	President & CEO	Al Monaco	\$1,377,000	\$2,450,000	\$2,720,601	\$2,573,250	\$99,576	\$2,171,000	\$11,391,427
28	TFI INTERNATIONAL INC	President & CEO	Alain Bedard	\$1,742,112	\$3,463,319	\$1,204,803	\$1,204,803	\$2,661,776	\$1,081,800	\$11,358,613

Rank	Corporation	Title	Name (* = Converted from USD)	Base Salary	Bonus	Share-based compensation	Option-based compensation	All Other Compensation	Pension Value	Total Comp 2016
29	QUEBECOR INC	President & CEO	Pierre Dion	\$1,300,000	\$9,522,551	\$440,104	\$0	\$0	\$36,000	\$11,298,655
30	BARRICK GOLD CORP	Executive Chairman	John Thornton *	\$3,313,700	\$7,051,554	\$0	\$0	\$407,185	\$497,055	\$11,269,494
31	POWER FINANCIAL CORP	President & CEO	Jeffrey Orr	\$4,450,000	\$0	\$2,360,202	\$2,222,673	\$465,492	\$1,725,000	\$11,223,367
32	SHAW COMMUNICATIONS INC	Executive Chair	James Robert Shaw	\$1,355,682	\$9,600,000	\$0	\$0	\$252,569	\$0	\$11,208,251
33	ENDEAVOUR MINING CORP	Former CEO	Neil Woodyer *	\$795,369	\$0	\$0	\$0	\$10,167,578	\$0	\$10,962,947
34	LINAMAR CORP	President & COO	Jim Jarrell	\$480,569	\$6,886,302	\$0	\$2,617,900	\$856,424	\$3,500	\$10,844,695
35	BCE INC	President & CEO, BCE & Bell	George Cope	\$1,400,000	\$2,583,000	\$4,406,250	\$1,468,750	\$170,751	\$732,778	\$10,761,529
36	AGNICO EAGLE MINES LTD	Vice-Chair & CEO	Sean Boyd *	\$1,550,732	\$5,028,558	\$3,686,740	\$0	\$25,325	\$458,526	\$10,749,881
37	BANK OF MONTREAL	CEO	William Downe	\$1,987,650	\$1,368,600	\$6,349,500	\$918,000	\$17,558	\$0	\$10,641,308
38	AECON GROUP INC	Former President & CEO	Terrance L. McKibbin	\$689,555	\$778,786	\$0	\$0	\$9,057,072	\$34,375	\$10,559,788
39	ONEX CORPORATION	CEO	Gerald Schwartz	\$1,723,124	\$8,763,565	\$0	\$0	\$0	\$0	\$10,486,689
40	TORONTO-DOMINION BANK	President & CEO	Bharat Masrani	\$1,000,000	\$1,685,000	\$4,197,550	\$2,067,496	\$80,908	\$1,313,000	\$10,343,954
41	ALIMENTATION COUCHE-TARD INC	President & CEO	Brian Hannasch	\$1,587,353	\$2,214,359	\$2,895,483	\$1,465,102	\$0	\$2,098,403	\$10,260,700
42	TRANSCANADA CORP	President & CEO	Russell Girling	\$1,300,008	\$2,210,014	\$3,000,000	\$3,000,000	\$13,000	\$615,000	\$10,138,022
43	CELESTICA INC	President & CEO	Robert A Mionis *	\$1,126,773	\$1,626,779	\$6,628,076	\$0	\$352,114	\$187,259	\$9,921,001
44	TECK RESOURCES LTD	President & CEO	Donald Lindsay	\$1,493,500	\$2,484,800	\$2,531,200	\$2,528,800	\$138,180	\$368,000	\$9,544,480
45	CANADIAN IMPERIAL BANK OF COMMERCE	CEO	Victor Dodig	\$1,000,000	\$2,338,050	\$4,364,360	\$1,091,090	\$2,250	\$396,000	\$9,191,750
46	OPEN TEXT CORP	CEO & CTO	Mark Barrenechea	\$1,251,142	\$1,222,992	\$4,844,281	\$1,699,219	\$29,236	\$0	\$9,046,870
47	SUN LIFE FINANCIAL INC	President & CEO	Dean Connor	\$1,076,923	\$2,300,000	\$3,750,031	\$1,250,000	\$7,070	\$619,670	\$9,003,694
48	AIR CANADA	President & CEO	Calin Rovinescu	\$1,400,000	\$3,243,500	\$1,814,479	\$1,752,046	\$0	\$789,200	\$8,999,225
49	KINROSS GOLD CORP	President & CEO	Paul Rollinson *	\$1,283,383	\$2,032,879	\$3,336,796	\$834,199	\$281,641	\$577,522	\$8,346,420
50	GOLDCORP INC	President & CEO	David Garofalo	\$1,250,000	\$1,156,250	\$4,581,121	\$0	\$1,157,702	\$174,815	\$8,319,888
51	CANADIAN NATIONAL RAILWAY CO	President & CEO	Luc Jobin	\$1,106,208	\$1,856,753	\$2,751,741	\$2,251,154	\$30,722	\$305,588	\$8,302,166
52	CANADIAN NATURAL RESOURCES LTD	President	Steve Laut	\$567,000	\$5,151,531	\$0	\$2,413,125	\$107,498	\$0	\$8,239,154
53	SHAW COMMUNICATIONS INC	President	Jay Mehr	\$1,491,250	\$2,960,160	\$740,040	\$75,500	\$94,106	\$2,828,010	\$8,189,066
54	RESTAURANT BRANDS INTERNATIONAL INC	CEO	Daniel Schwartz	\$1,060,384	\$1,976,991	\$2,584,683	\$2,438,883	\$122,563	\$0	\$8,183,504
55	NATIONAL BANK OF CANADA	President & CEO	Louis Vachon	\$1,125,015	\$1,383,750	\$3,375,000	\$1,687,529	\$4,889	\$539,000	\$8,115,183
56	CANADIAN IMPERIAL BANK OF COMMERCE	Group Head, CM	Harry Culham	\$500,000	\$2,231,790	\$4,166,008	\$1,041,502	\$2,250	\$111,000	\$8,052,550
57	CENOVUS ENERGY INC	President & CEO	Brian Ferguson	\$1,350,000	\$1,188,920	\$2,411,941	\$2,309,419	\$132,560	\$648,620	\$8,041,460
58	FORTIS INC	President & CEO	Barry Perry	\$1,100,000	\$2,200,000	\$2,887,500	\$962,500	\$558,634	\$297,977	\$8,006,611

Rank	Corporation	Title	Name (* = Converted from USD)	Base Salary	Bonus	Share-based compensation	Option-based compensation	All Other Compensation	Pension Value	Total Comp 2016
59	ELDORADO GOLD CORP	President & CEO	Paul Wright	\$902,800	\$2,324,710	\$806,878	\$1,613,755	\$0	\$2,150,337	\$7,798,480
60	ENDEAVOUR MINING CORP	President & CEO	Sebastien de Montessus *	\$1,193,054	\$2,038,133	\$2,637,152	\$0	\$1,890,596	\$0	\$7,758,936
61	HUDSON'S BAY CO	Governer & Exec Chair	Richard Baker	\$790,140	\$0	\$3,145,132	\$3,758,258	\$0	\$56,498	\$7,750,028
62	IMPERIAL OIL LTD	Chairman, President & CEO	Rich Kruger	\$1,139,328	\$356,371	\$4,979,700	\$0	\$1,481,708	-\$379,289	\$7,577,818
63	GEORGE WESTON LTD	Chairman & CEO of both Weston (George) LTD and Loblaw Companies Ltd.	Galen G. Weston	\$1,100,000	\$1,856,250	\$2,933,398	\$1,466,662	\$184,846	\$0	\$7,541,156
64	GEORGE WESTON LTD	Former President & CEO	Paviter Binning	\$1,100,000	\$1,632,721	\$3,116,572	\$1,558,337	\$66,046	\$43,000	\$7,516,676
65	NATIONAL BANK OF CANADA	EVP Financial Markets	Denis Girouard	\$333,691	\$1,885,687	\$4,896,875	\$260,440	\$1,140	\$82,000	\$7,459,833
66	TRANSALTA CORP	President & CEO	Dawn L. Farrell	\$960,556	\$2,729,000	\$1,318,125	\$439,375	\$76,322	\$1,866,400	\$7,389,778
67	NOVAGOLD RESOURCES INC	President & CEO	Gregory Lang *	\$979,773	\$1,021,848	\$2,466,359	\$2,726,093	\$65,320	\$0	\$7,259,392
68	SHAW COMMUNICATIONS INC	CEO	Bradley Shaw	\$2,259,470	\$5,009,400	\$1,252,360	\$90,600	\$327,648	-\$1,701,990	\$7,237,488
69	GILDAN ACTIVEWEAR INC	President & CEO	Glenn Chamandy	\$1,056,146	\$1,584,219	\$2,133,634	\$2,133,646	\$133,163	\$52,807	\$7,093,615
70	POWER CORPORATION OF CANADA	Deputy Chairman & Co-CEO	André Desmarais	\$1,175,000	\$1,500,000	\$187,500	\$3,638,832	\$702,565	-\$328,000	\$6,875,897
71	INTACT FINANCIAL CORP	CEO	Charles Brindamour	\$1,048,231	\$1,711,500	\$3,150,000	\$0	\$0	\$912,686	\$6,822,417
72	CANADIAN TIRE CORP	President & CEO	Stephen Wetmore	\$596,154	\$1,050,992	\$4,999,782	\$0	\$171,384	\$0	\$6,818,312
73	POWER CORPORATION OF CANADA	Chairman & Co-CEO	Paul Desmarais, Jr.	\$1,175,000	\$1,500,000	\$187,500	\$3,638,832	\$494,357	-\$222,000	\$6,773,689
74	MAPLE LEAF FOODS INC	President & CEO	Michael H. McCain	\$1,080,104	\$1,487,644	\$1,870,031	\$1,870,133	\$0	\$246,144	\$6,554,056
75	RITCHIE BROS AUCTIONEERS	CEO	Ravi Saligram	\$1,325,480	\$1,290,361	\$1,954,783	\$1,656,853	\$227,908	\$0	\$6,455,385
76	SNC-LAVALIN GROUP INC	President & CEO	Neil Bruce	\$1,100,000	\$1,490,100	\$3,578,595	\$0	\$243,516	\$0	\$6,412,211
77	NATIONAL BANK OF CANADA	CTO & EVP Strategic Initiatives	Ricardo Pascoe	\$450,006	\$2,682,355	\$2,682,356	\$450,010	\$4,236	\$92,000	\$6,360,963
78	HUSKY ENERGY INC	Former President & CEO	Asim Ghosh	\$1,597,140	\$0	\$1,421,408	\$421,810	\$2,751,342	\$143,743	\$6,335,443
79	MITEL NETWORKS CORP	President & CEO	Richard D. McBee *	\$1,069,631	\$1,642,979	\$2,181,320	\$1,171,280	\$239,348	\$0	\$6,304,558
80	BROOKFIELD ASSET MANAGEMENT INC	Senior Managing Partner & CEO	Bruce Flatt *	\$795,334	\$795,334	\$4,565,217	\$0	\$25,407	\$0	\$6,181,292
81	TRANSCONTINENTAL INC	President & CEO	Francois Olivier	\$995,649	\$2,374,573	\$1,997,986	\$0	\$574,968	\$175,892	\$6,119,068
82	GREAT-WEST LIFECO INC	President & CEO	Paul Mahon	\$1,135,327	\$1,762,595	\$1,150,015	\$750,024	\$210,606	\$1,055,597	\$6,064,164
83	METHANEX CORP	President & CEO	John Floren	\$951,000	\$447,000	\$2,086,650	\$2,098,539	\$254,184	\$208,580	\$6,045,953
84	RIOCAN REAL ESTATE INVESTMENT TRUST	CEO	Edward Sonshine	\$1,300,000	\$1,857,700	\$1,733,333	\$1,112,667	\$0	\$0	\$6,003,700
85	HUDSON'S BAY CO	CEO	Gerald Storch	\$1,580,280	\$0	\$1,971,833	\$2,254,955	\$0	\$153,433	\$5,960,501
86	CAMECO CORP	President & CEO	Tim Gitzel	\$1,025,000	\$851,000	\$2,183,454	\$1,455,480	\$0	\$409,200	\$5,924,134
87	FINNING INTERNATIONAL INC	President & CEO	Scott Thomson	\$927,000	\$961,021	\$3,000,000	\$750,000	\$60,131	\$179,597	\$5,877,749
88	BROOKFIELD ASSET MANAGEMENT INC	Senior Managing Partner	Brian W Kingston *	\$927,890	\$927,890	\$0	\$3,913,043	\$0	\$0	\$5,768,823

Rank	Corporation	Title	Name (* =Converted from USD)	Base Salary	Bonus	Share-based compensation	Option-based compensation	All Other Compensation	Pension Value	Total Comp 2016
89	NEVSUN RESOURCES LTD	President & CEO	Clifford T. Davis	\$730,000	\$1,494,141	\$0	\$548,345	\$2,843,037	\$0	\$5,615,523
90	CAE INC	President & CEO	Marc Parent	\$888,667	\$1,292,408	\$2,034,816	\$640,614	\$149,072	\$604,000	\$5,609,577
91	SAPUTO INC	President & COO	Dino Dello Sbarba	\$1,025,000	\$1,537,808	\$1,024,981	\$1,116,854	\$0	\$793,500	\$5,498,143
92	YAMANA GOLD INC	Chairman & CEO	Peter Marrone *	\$1,957,403	\$1,993,175	\$516,990	\$0	\$421,905	\$592,587	\$5,482,060
93	IGM FINANCIAL INC	President & CEO, Mackenzie Inc & Mackenzie Investments	Barry McInerney	\$477,564	\$1,683,774	\$0	\$1,197,969	\$1,911,055	\$123,410	\$5,393,772
94	ATCO LTD & CANADIAN UTILITIES LTD	President & CEO	Nancy Southern	\$1,000,000	\$1,600,000	\$568,215	\$1,128,956	\$35,000	\$1,039,369	\$5,371,540
95	IGM FINANCIAL INC	President & CEO	Jeffrey Carney	\$1,116,667	\$2,781,000	\$987,500	\$63,840	\$126,231	\$254,610	\$5,329,848
96	B2GOLD CORP	President & CEO	Clive Johnson	\$1,000,000	\$1,000,000	\$3,000,000	\$300,696	\$5,100	\$0	\$5,305,796
97	FRANCO-NEVADA CORP	President & CEO	David Harquail	\$751,050	\$1,502,100	\$1,512,981	\$1,513,046	\$14,969	\$0	\$5,294,146
98	LUNDIN MINING CORP	CEO	Paul Conibear *	\$864,397	\$1,326,397	\$1,630,340	\$1,398,381	\$46,577	\$0	\$5,266,092
99	SAPUTO INC	CEO	Lino Saputo Jr.	\$1,300,000	\$3,900,000	\$0	\$0	\$0	\$0	\$5,200,000
100	TMX GROUP LTD	CEO	Louis Eccleston	\$750,000	\$849,750	\$1,237,500	\$1,637,500	\$591,151	\$112,500	\$5,178,401

Source Company proxy circulars as available on www.sedar.com. "Titles" are as reported in company documents for 2016.

Notes

1 David Macdonald, Cole Eisen and Chris Roberts, *The Lion's Share: Pension Deficits and Shareholder Payments Among Canada's Largest Companies*, a report of the CCPA and Canadian Labour Congress, November 2017: <https://www.policyalternatives.ca/lionsshare>

2 While some companies already have pay for 2017 in their proxy circulars, this report restricts pay to the 2016 values to ensure comparability (see sedar.com).

3 Exchange rate of 0.754 from Cansim 176-0064 based on the United States dollar, noon spot rate, average from January 2016 through December 2016.

4 Prior to 2008, stock options in compensation were valued at the time they were exercised whereas after that point they have been valued at the time of granting using Black-Scholes model pricing formula (a standardized method of valuing options). Other things being equal, valuing options this way will tend to increase their weight in compensation during stock market highs, when CEOs are more likely to exercise them.

5 Cansim 281-0027, Industrial aggregate excluding unclassified businesses [11-91N], average weekly earnings including overtime for 2016 for 52 weeks of work.

6 Based on a calendar of 260 working days in the year, which excludes holidays like January 1. In this calculation, however, the first working day of the year is January 1, despite it being a holiday.

7 Assuming 260 working days in a year at eight hours a day.

8 Lisa Wright, "Debate heats up over minimum wage hike in Ontario," *Toronto Star*, August 20, 2017: <https://www.thestar.com/business/2017/08/20/debate-heats-up-over-minimum-wage-hike-in-ontario.html>

9 Current And Forthcoming Minimum Hourly Wage Rates For Experienced Adult Workers in Canada: <http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx?GoCTemplateCulture=en-CA>

10 *Ibid.*

11 David Macdonald, *Out of the Shadows: Shining a Light on Canada's Unequal Distribution of Federal Tax Expenditures*, CCPA, December 2016: <https://www.policyalternatives.ca/loopholes>

12 It's worth noting that the granting of stock to CEOs is fully taxed as employment income, as if it was cash. However, any capital gains subsequently made by that stock are taxed at half the regular rate, just like for the stock option deduction.

13 Michael J. Cooper et al. (2016), Performance for Pay? The Relation Between CEO Incentive Compensation and Future Stock Price Performance, SSRN: <http://dx.doi.org/10.2139/ssrn.1572085>

14 Ibid.

15 Roger Martin, "Undermining Staying Power: The role of unhelpful management theories," Rotman Magazine, Spring 2009; https://rogerlmartin.com/docs/default-source/Articles/incentives-governance/rotman_spring_09_staying_power

16 Ibid., p. 8.

17 Tim Kiladze and Janet McFarland "PAY PROBLEM: The relentless climb of executive compensation," The Globe and Mail, November 12, 2017: <https://www.theglobeandmail.com/report-on-business/careers/management/board-games-2015/why-executive-pay-is-broken-and-how-to-fixit/article27617897/>

18 Ibid.

19 Michael Skapinker, "UK board members admit pay model is broken," Financial Times, April 30, 2015: <https://www.ft.com/content/c2989ee6-ef49-11e4-87dc-00144feab7de>

20 Richard Leblanc, "The Executive Pay Model Is Broken. Here are three ways to fix it.," Huffington Post, May 25, 2016: http://www.huffingtonpost.ca/richard-leblanc/executive-pay-model_b_7428214.html

21 Rachel Thomas et al. (2017), Women in the Workplace 2017, McKinsey and Company and Lean In.

22 Anna Beninger (2013), High-Potential Employees in the Pipeline: Maximizing the Talent Pool in Canadian Organizations. Catalyst; Thomas et al. (2017).

23 Susan Chirajuly, "Why Women Aren't C.E.O.S, According To Women Who Almost Were," New York Times, July 21, 2017.

24 Rachel Thomas et al. (2016), Women in the Workplace 2016. McKinsey and Company and Lean In.

25 Kristen P. Jones et al. (2016), "Not So Subtle: A Meta-Analytic Investigation of the Correlates of Subtle and Overt Discrimination," Journal of Management, Vol. 42 No. 6.



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