



ACC CHIEF LEGAL OFFICERS

CANADA

2014

SURVEY

LEARN ABOUT ISSUES keeping CLOs up at night, business priorities, career satisfaction and trends.

FIND OUT HOW CLOs manage their law departments and budgets and how they evaluate the effectiveness of their law departments.

DISCOVER INSIGHT from CLOs located in Canada.

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Introduction

The ACC Chief Legal Officers Canada 2014 Survey is a special report from the Association of Corporate Counsel (ACC), a global bar association representing more than 33,000 in-house counsel. This report spotlights top legal and business concerns weighing on CLOs in Canadian corporate legal departments. CLOs from the region identified emerging trends, business priorities, budgets and staffing changes. Survey respondents were also asked to evaluate business issues of high importance over the past year and anticipate challenges in the coming months.

With evolving legal developments in play, including the Anti-Spam Legislation and the Corruption of Foreign Public Officials Act, the Canadian chief legal officer faces several challenges. Managing issues related to compliance and privacy while protecting the company from litigation in an efficient, cost-effective manner are top priorities.

It comes as no surprise that the majority (85 percent) of Canadian CLOs identified ethics and compliance as their top area of concern. Looking ahead over the next 12 months, this issue, as well as regulatory and governmental changes, is expected to increase in importance as Canadian CLOs seek to help their companies grow while mitigating related risks.

Other issues cited by survey respondents as top concerns include information privacy and the protection of intellectual property. Understanding how organizations collect, use and disclose personal information is a growing concern worldwide. Demand for increased disclosure will require legal expertise, guidance and oversight by the legal department.

Canadian CLOs are shifting to mid-size law firms.

To address regulatory challenges and stretch their budgets, Canadian CLOs use a variety of management practices. The vast majority (97 percent) of respondents indicated they have implemented the use of one or more management practices to control the costs of outside counsel. Internal employees handle work that was previously outsourced to large law firms or other legal service providers. Just over half (51 percent) of respondents have shifted work to non-legal internal resources and just under one-half (48 percent) of respondents have shifted work from traditional law firms to mid-size and/or mid-market law firms. In addition, Canadian CLOs are looking at other ways to control legal costs. Respondents identified value billing and alternative fee arrangements as areas of interest.

The majority of Canadian CLOs spend their time developing strategy.

Despite a shift in workload and management techniques, the percentage of Canadian CLOs stating they are satisfied with their current role rose over the last year. This increase in satisfaction may be attributed to their evolving role. Canadian CLOs spend time on the activities they most prefer and are frequently included in strategic conversations. For example, 86 percent of respondents prefer spending the majority of their time participating in strategic corporate issues and 82 percent of respondents currently spend their time this way. As the role of the Canadian CLO continues to expand, certain ongoing challenges persist. Protecting companies from litigation, ensuring compliance and providing legal support will enable Canadian CLOs to contribute to the revenue growth and profitability of their corporations.

DESPITE A SHIFT IN WORKLOAD AND MANAGEMENT TECHNIQUES, IT IS INTERESTING TO NOTE THAT THE PERCENTAGE OF CANADIAN CLOs STATING THEY ARE SATISFIED WITH THEIR CURRENT ROLE ROSE OVER THE LAST YEAR.



AS THE ROLE OF THE CANADIAN CLO CONTINUES TO EXPAND, CERTAIN ONGOING CHALLENGES PERSIST. PROTECTING COMPANIES FROM LITIGATION, ENSURING COMPLIANCE AND PROVIDING LEGAL SUPPORT WILL ENABLE CANADIAN CLOS TO CONTRIBUTE TO THE REVENUE GROWTH AND PROFITABILITY OF THEIR CORPORATIONS.

Other interesting findings from this year's study include:

- Over one-half (54 percent) of this year's respondents worked in a law department with just two to nine employees; similar to last year when 52 percent of respondents worked in a law department of two to nine employees.
- The CLO demographic is changing. The average age this year was 49, compared to an average age of 52 last year.
- Just over one-half (54 percent) of respondents dedicated a portion of their outside legal spend specifically to value-based fee arrangements.
- Salaries decreased relative to last year. The overall average base salary for respondents was \$238,126 CAD compared to the reported average of \$263,549 CAD in the previous year.

The original CLO survey posed salary questions in United States Dollars (USD). In this report, United States Dollar amounts are converted to Canadian Dollars using the USD to CAD nominal noon exchange rate on the first business day of each respective year (2012 & 2013). The exchange rates referenced are from the Bank of Canada.

Date of First Business Day of the Year	USD to CAD Exchange Rate
2012-01-03	1.0090
2013-01-02	0.9859

KEY FINDINGS

What Keeps Canadian CLOs Up at Night

Businesses worldwide recognize the importance of creating early warning systems to ensure senior management is apprised of potential legal issues. Although a few departments or divisions will find some overlap on issues related to compliance, it is important for organizations to ensure their efforts are consistent with best practices and abide by government regulations.

Consistent with the importance of this issue from a business perspective, and similar to last year, *ethics and compliance* held high importance during the past year among a significant majority of respondents (85 percent). Other issues that are top priority for Canadian CLOs include *regulatory or governmental changes* (88 percent) and *information privacy* (78 percent). Rounding out the top five are *social media management/governance* and *protection of intellectual property or related disputes*.

Over the next year, *ethics and compliance* (90 percent) and *regulatory or governmental changes* (89 percent) will continue to weigh heavily on the minds of Canadian CLOs. Concern over *technology developments* is anticipated to rise slightly in importance in the coming year: from 57 percent of respondents believing so last year to 71 percent this year.

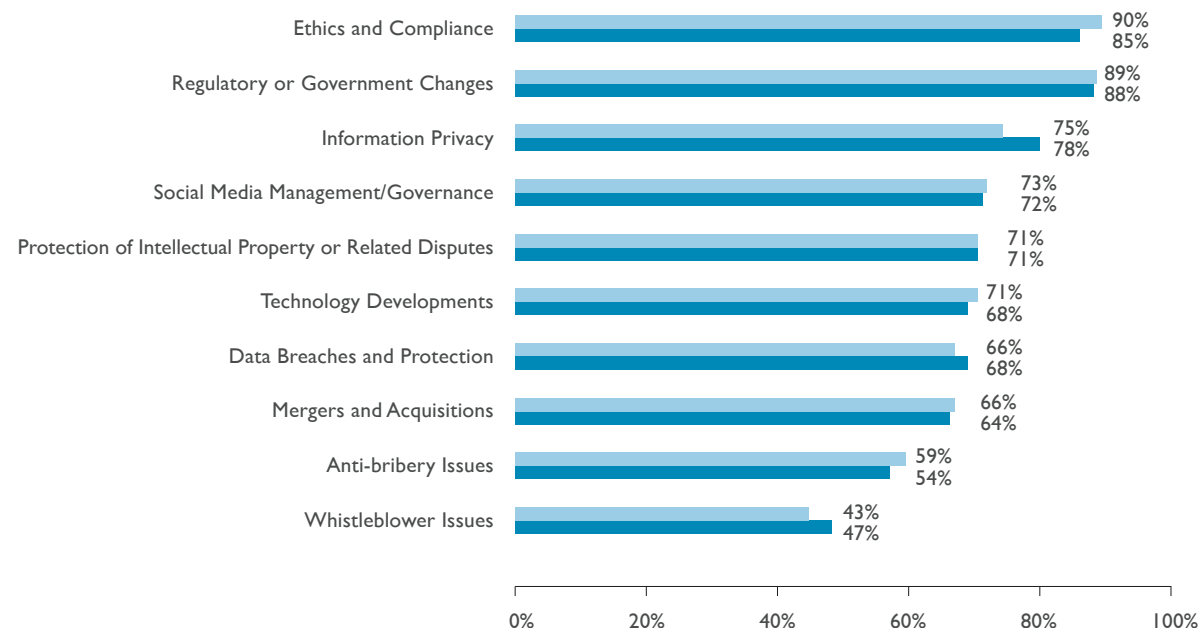
Prioritizing Business Responsibilities

Adding value to discussions regarding business strategy helps ensure the CLO remains a key part of the executive team. When Canadian CLOs were asked to rank the order of a series of business issues, *awareness of company activities that may have legal implications* ranked as the top priority. *Limited resources and/or finances for amount of work* and *improvement of internal efficiency through technology* have both moved up one ranking since last year to fourth and fifth, respectively. The only notable decrease in ranking is *reducing outside legal costs* from fourth last year to sixth this year.

ADDING VALUE TO DISCUSSIONS REGARDING BUSINESS STRATEGY HELPS ENSURE THE CLO REMAINS A KEY PART OF THE EXECUTIVE TEAM.

COMPARISON OF PAST AND FUTURE ISSUES (EXTREMELY IMPORTANT, IMPORTANT, SOMEWHAT IMPORTANT)

■ Next 12 months ■ Past 12 months





65%

of Canadian law departments have some type of document management system in place to aid in the efficiency and effectiveness of their operations.

Trending Issues in Law — Transparency and Privacy

Transparency and privacy obligations have increased in importance over the past year. Many organizations understand the importance of providing clear notification of privacy practices to clients and customers. Understanding how organizations collect, use and disclose personal information is a growing concern worldwide. In accordance with this trend, a strong majority of Canadian CLOs (82 percent) indicated *transparency and privacy obligations* as an important issue; this figure was up 13 percentage points from the 69 percent of respondents who felt the same way last year. Other areas that respondents indicated as important include *disputes over ownership and use of information* (75 percent) and *converging issues and regulatory gaps* (73 percent).

Extending In-house Expertise to Communities in Need

Pro bono practice opportunities enrich communities and provide personal satisfaction to lawyers. Even with last year's number having been doubled this year, overall participation in pro bono programs is just 8 percent among respondents. Low participation is primarily due to the fact that many Canadian CLOs stated that their law departments are too small (73 percent) for formal programs. Over half (58 percent) of respondents also stated their legal staff are *stretched too thin*. *Lack of financial resources* was also a common reason for not having pro bono programs last year (47 percent), but was not specified as frequently this year (15 percent). This year more respondents stated that their *legal staff are encouraged to volunteer on their own time* (38 percent) than last year (18 percent).

CLO Base Salaries

Canadian CLO salaries decreased relative to last year. The overall average base salary for respondents was \$238,126 CAD compared to the reported average of \$263,549 CAD in the previous year. This may be due to the decrease in average age (52 to 49) from last year's study. Younger respondents may have less experience and less seniority and therefore may earn lower salaries.

Career Satisfaction and Preferences

If employee satisfaction is used as a barometer of stability, corporate legal departments appear to have achieved this result. When respondents were asked to rate their satisfaction with their current roles within their companies, 87 percent revealed to be somewhat satisfied, satisfied or extremely satisfied. Satisfaction may be buoyed by the fact that many Canadian CLOs spend a considerable amount of their professional time doing what they like most: acting in consultative or leadership roles. Eighty-six percent of respondents indicated they would prefer to spend the majority of their time *advising executives and participating in strategic corporate issues*. Just under that percentage (82 percent) of respondents actually did so. On the other hand, 78 percent of respondents

would prefer to spend their time on strategy development and execution, but just 69 percent of respondents were able to concentrate on that area.

Managing Legal Spending

Canadian CLOs use a variety of management practices for improving the efficiency and effectiveness of their law departments. First and foremost, 76 percent of respondents indicated they are *insourcing work that was previously handled by law firms or other legal service providers*. Just over half (51 percent) of Canadian CLOs have *shifted work to non-legal internal resources* and just under one-half (48 percent) of Canadian CLOs have *shifted work from large, traditional law firms to mid-size and/or mid-market law firms*.

Alternative Fee Structures and Value-based Fees

When Canadian CLOs were asked "what changes would you like to see in the legal marketplace to assist your efforts to control legal costs," several responses referenced *value billing* and *alternative fee arrangements* (AFAs). Just under three quarters (71 percent) of respondents reported having used some type of AFA. The most commonly used AFA was the employment of a flat fee for the entire matter (43 percent) and/or a flat fee for some stages of a matter (31 percent).

Just over one-half (54 percent) of respondents dedicated a portion of their outside legal spend specifically to value-based fee arrangements. No respondent indicated that more than half of outside legal spend was per these arrangements. Value-based fee arrangements will likely become more common in Canada over the coming year, as 28 percent of respondents reported they anticipate their value-based fees for outside legal spend will increase and only 3 percent reported they will decrease.

Staffing Options and Training Practices

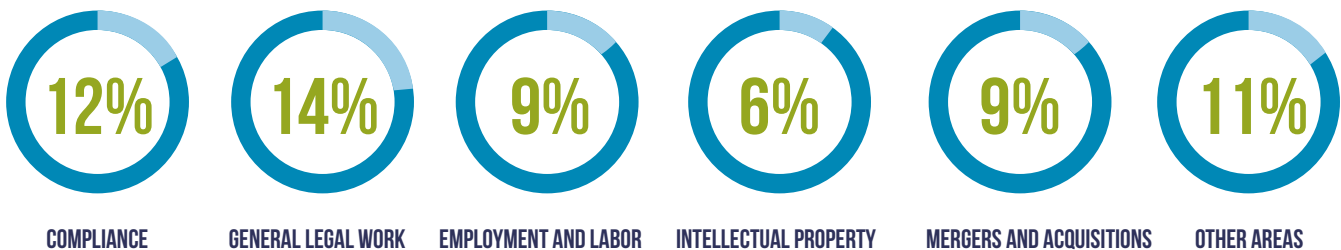
Nearly two-thirds (65 percent) of respondents reported having used some type of alternative staffing arrangement, such as moving work from lawyers to paralegals or non-legal staff (42 percent) or employing contract lawyers (30 percent). Sending work to off-shore (3 percent) or on-shore (8 percent) legal process outsourcing (LPO) was not a common practice.

Responsibilities for administration/operations, contract management, contract creation, document management, document review and records management were primarily handled in-house this past year. In some cases, law departments outsourced (primarily to on-shore LPOs) the responsibility for patent services (34 percent), ediscovery (32 percent) and legal research (32 percent). However, law departments were more likely to indicate patent services (47 percent) and ediscovery (42 percent) were not applicable for outsourcing.

Ninety-four percent of Canadian CLOs are looking to further develop non-legal skills among their staffs.

39% ON AVERAGE, LAW DEPARTMENTS SPENT OVER ONE-THIRD OF THEIR TIME WORKING ON CONTRACTS.

The remaining time was spent, on average, on compliance issues (12%), general legal work (14%), employment and labor (9%), intellectual property matters (6%), mergers and acquisitions (9%) and other areas (11%), such as litigation, real estate, governance or health care.



Budgeting

Forty-six percent of law departments had a change in their budgets in the past 12 months. These corporate legal departments experienced an average decrease of 0.88 percent in their total budgets. This compares to an average increase of 4.8 percent among law departments that experienced changes last year. This reduction in total budgets this year is primarily attributed to a decrease in outside budgets by an average of 2.4 percent, down from an average increase of 1.5 percent last year.

Just 26 percent of Canadian CLOs plan to make changes to their law department spending in 2014. Among respondents who will implement changes, they plan to decrease their inside budgets by an average of 0.13 percent and reduce their outside budgets by an average of 1.5 percent, resulting in an overall average decrease in their total budgets by 1.5 percent. In comparison, respondents had also planned last year to make a 2.8 percent increase in their inside budgets for 2013 but minimal increases to their outside budgets (0.6 percent), for an overall average increase in their total budgets of 1.5 percent.

Staff Changes

Nineteen percent of Canadian CLOs indicated they have definite plans to change the size of their law department staffs in 2014. Among respondents who plan changes, the intent is to increase staff size across the board. The in-house lawyer job category is projected to realize the largest individual increase at 5.9 percent followed by paralegals with a projected increase in staff of 3.5 percent and contract lawyers by 2.7 percent. The number of support staff is projected to rise by 2.2 percent and the number of “other” employees is anticipated to increase by 3.3 percent.

During the past year, 15 percent of respondents experienced staff cuts unrelated to performance. The largest job category (in-house lawyers) experienced staff cuts at 3.7 percent, on average; whereas, the smallest job category (contract lawyers) experienced cuts at 0.75 percent, on average. Furthermore, the percentage of law departments that made new hires this year is down six percentage points to 51 percent, and the percentage of law departments that created new positions fell 10 percentage points to 31 percent. New positions were primarily focused on contracts, general legal work and compliance.

Project Management and Process Improvement

Controlling outside counsel costs was a common initiative among Canadian CLOs. Ninety-seven percent of respondents indicated they have implemented the use of one or more management practices to control these costs. Over half (55 percent) of respondents stated they regularly review a law firm’s overall performance and then provide feedback. Another common practice employed for controlling outside counsel costs is the requirement of detailed budgets (39 percent), assigning a senior member of the law department to take responsibility for outside counsel management (36 percent) and/or requiring project/staffing plans (33 percent). As a result, respondents expressed confidence that law departments have been effective over the past 12 months, as 95 percent indicated some level of effectiveness and 86 percent rated their departments on the high end of the effectiveness scale.



Staying Informed

Canadian CLOs indicated they greatly prefer to learn about the latest legal developments and news via email and/or enews. However, about half of respondents also prefer online news articles (53 percent), printed magazines/newspapers (53 percent) and/or online newspapers or magazines (49 percent). Interest in online newspapers/magazines has increased significantly — up 14 percentage points from 35 percent last year. Just 8 percent of respondents indicated a preference for social media as a channel for accessing current information and news.

With the exception of LinkedIn, Canadian CLOs are not very active on social media. Eighty-seven percent of respondents access LinkedIn and when they do, it is more likely to be just once a week. In contrast, just 43 percent of respondents access Google+, 40 percent access Facebook, 27 percent access Twitter and none access AboutMe. Among respondents that do access these other social media sites, participation rates are low.

Efficiency Through Technology

Sixty-five percent of Canadian law departments have some type of document management system in place to aid in the efficiency and effectiveness of their operations. Other commonly used systems included matter management (26 percent), knowledge management (24 percent) and entity management (22 percent).

Other Key Findings:

- Contract work is the area on which legal departments spend the most time (39 percent), followed by general legal work (14 percent), compliance (12 percent), employment and labor issues (9 percent), mergers and acquisitions (9 percent), intellectual property (6 percent) and other areas (11 percent), such as litigation and regulatory work.
- Over one-third (39 percent) of respondents indicated compliance functions report to or are handled by the CLO. However, 39 percent of respondents indicated compliance functions also report to the Board of Directors, 32 percent indicated they report to the CFO and 31 percent indicated they report to the CEO. Just 19 percent of respondents indicated the compliance functions have been centralized within the role of a Chief Compliance Officer.
- The majority of Canadian CLOs (54 percent) indicated the cost of their law departments continues to be part of the enterprise's general overhead (for cost accounting purposes). However, 16 percent of respondents indicated a portion of costs is allocated as overhead to each business unit and 16 percent of respondents indicated certain legal costs are charged back to the business units.

OVERALL SURVEY RESULTS

PROFESSIONAL DEMOGRAPHICS

I. What is your current job title or function? (Check all that apply)

Seventy-three percent of respondents indicated they served in the position of General Counsel (GC), 24% as Corporate Secretary, 23% as Vice President and 14% as Chief Legal Officer (CLO).

	2012/2013	2013/2014
General Counsel	44%	73%
Corporate Secretary	2%	24%
Vice President	2%	23%
Chief Legal Officer	10%	14%
Executive Vice President	2%	7%
Senior Vice President	8%	7%
VP Legal Affairs	4%	6%
Executive Board Member	0%	4%
Head of Legal	0%	4%
Chief Counsel	0%	3%
Compliance Officer	0%	3%
Solicitor/Barrister	0%	3%
Legal Director	4%	1%
Advocate	0%	0%
Counsel/Counselor	0%	0%
Other, please specify:	24%	17%
	<i>n</i> = 50	<i>n</i> = 71

OTHER, PLEASE SPECIFY:

- COO
- Chief Corporate Officer
- Chief Ethics Officer
- Chief Operating Officer and General Counsel
- Chief Regulatory Officer
- Chief Risk Officer
- Director, Policy Development
- Public Affairs
- SVP, Corporate Affairs
- Vice President, General Counsel and Corporate Secretary



2. Which of the following best describes your company/organization?

Thirty-two percent of respondents worked for privately held companies. Twenty-eight percent of this year's respondents worked for public companies, 16% for LLCs, 14% in non-profit environments and 7% for subsidiaries of foreign public corporations.

	2012/2013	2013/2014
Private	38%	32%
Public	34%	28%
Limited Liability Company (LLC)	6%	16%
Non-profit	8%	14%
Subsidiary of Foreign Public Corporation	10%	7%
Limited Liability Partnership (LLP)	2%	1%
Publicly held debt, privately held equity	2%	1%
Partnership	0%	0%
	<i>n</i> = 50	<i>n</i> = 71

3. What is your company/organization's primary industry?

Respondents represented a variety of industries. The top five industries represented included Manufacturing (11%), Finance and Banking (9%), Energy (6%), Information Technology/Software/Internet Related Services (6%) and Professional, Scientific and/or Technical Services (6%).

	2012/2013	2013/2014
Manufacturing	10%	11%
Finance and Banking	10%	9%
Energy	10%	6%
Information Technology/Software/Internet Related Services	6%	6%
Professional, Scientific and/or Technical Services	6%	6%
Accommodation/Food Services	0%	4%
Aviation/Aerospace	4%	4%
Fast Moving Consumer Goods	2%	4%
Healthcare/Social Assistance	4%	4%
Mining and Quarrying	6%	4%
Oil and Gas	2%	4%
Agriculture/Forestry/Fishing/Hunting	0%	3%
Broadcasting and Media	0%	3%
Construction and Engineering	6%	3%
Insurance	6%	3%
Management of Companies and Enterprises (i.e., Holding Companies)	0%	3%
Real Estate/Rental and Leasing	0%	3%
Service Company and Organization	2%	3%
Telecommunications	2%	3%
eCommerce/Online Sales	0%	1%
Technical/Research and Development	4%	1%
Utilities	2%	1%
Administrative/Business/Support Services	0%	0%
Advertising/Marketing/Public Relations	4%	0%
Arts, Sports, and Entertainment/Recreation	0%	0%
Biotechnology/Life Sciences	2%	0%
Chemicals and Plastics	0%	0%
Educational Services	2%	0%
Not for Profit Organization (i.e., Charity, Environment)	0%	0%
Pharmaceutical/Medical Devices	2%	0%
Prepared Food Stuff and Beverages	0%	0%
Public Administration/Government Regulation and Support	0%	0%
Retail Trade	2%	0%
Trade Association	0%	0%
Transportation and Warehousing	0%	0%
Waste Management, Remediation and Environmental Services	0%	0%
Wholesale Trade/Distribution	0%	0%
Other	4%	11%

n = 49

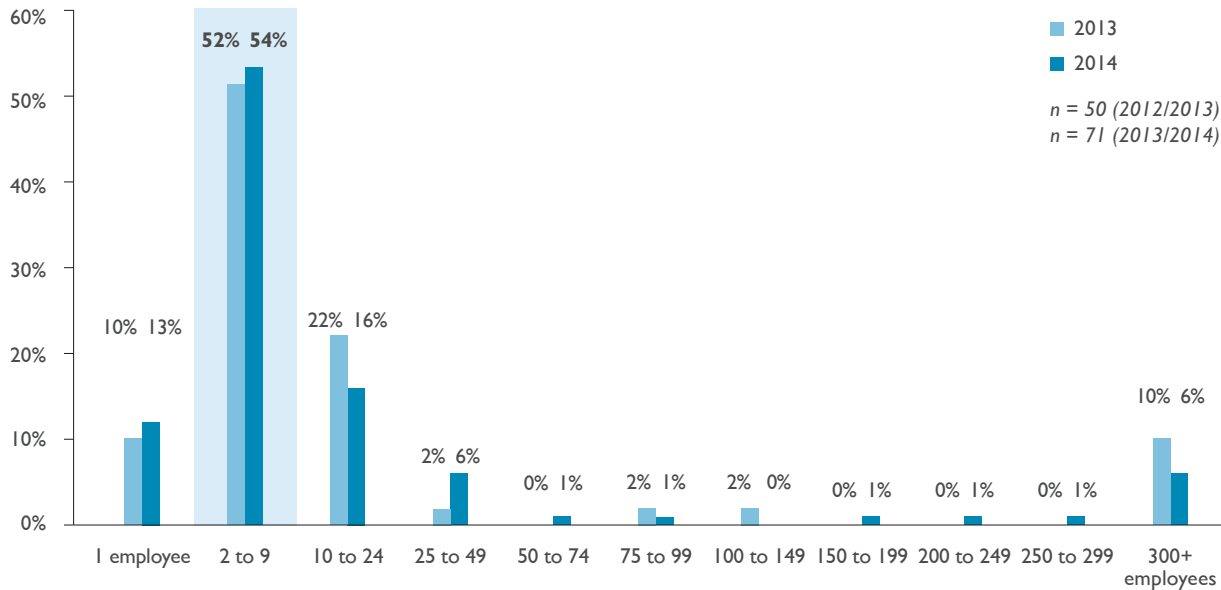
n = 71

OTHER, PLEASE SPECIFY:

- Pension/Financial Services (2)
- Development
- Broadcast Media
- Consulting and Insurance
- Forestry
- Government/Transportation Security
- Independent Power Producer
- Investment Dealer
- Investment/Asset Management
- Logistics

4. What best describes the size of your law department?

Over one-half (54%) of respondents worked in law departments with just two to nine employees and 13% were the only employee in their law department. Six percent of respondents worked in law departments with 300 or more employees.



5. How many of the following staff positions work in your law department?

Law departments employed an average of six support staff (down from 6.9 in the previous year), 4.6 paralegals (up from four in the previous year), 10.5 in-house lawyers (down from 11.1 in the previous year) and 3.2 “other” staff (up from 2.2 in the previous year). Law departments experienced a slight increase in the use of contract lawyers – from an average of 2.1 in the previous year to 2.3 in this year’s survey.

	2012/2013									2013/2014								
	0	1 to 9	10 to 24	25 to 49	50 to 74	75 to 99	100 or more	Avg.	n=	0	1 to 9	10 to 24	25 to 49	50 to 74	75 to 99	100 or more	Avg.	n=
Contract Lawyers	59%	41%	0%	0%	0%	0%	0%	2.1	34	54%	46%	0%	0%	0%	0%	0%	2.3	39
In-house Lawyers	0%	79%	17%	0%	0%	0%	4%	11.1	47	6%	74%	13%	4%	0%	0%	3%	10.5	68
Paralegals	26%	72%	0%	2%	0%	0%	0%	4.0	46	21%	77%	0%	2%	0%	0%	0%	4.6	52
Support Staff	10%	77%	10%	0%	2%	0%	0%	6.9	48	17%	74%	8%	0%	2%	0%	0%	6.0	65
Other	68%	26%	5%	0%	0%	0%	0%	2.2	19	67%	21%	13%	0%	0%	0%	0%	3.2	24

6. Over the past 12 months, what percentage of your legal department's time was dedicated to each of the following areas?

Contract work is the area in which legal departments spent the most time (39%) over the past 12 months, followed by general legal work (14%), compliance (12%), employment and labor issues (9%), mergers and acquisitions (9%), intellectual property (6%) and other areas (11%), such as litigation and regulatory work.

2013/2014	Average Percent
Contracts	39%
Generalist	14%
Compliance	12%
Employment and Labor	9%
Mergers and Acquisitions	9%
Intellectual Property	6%
Other	11%
<i>Total</i>	100%

n = 71

OTHER, PLEASE SPECIFY:

- Litigation (5)
- Accident Investigation
- Corporate Governance
- Corporate Records
- Media Law/Litigation
- Pension Plan Administration
- Policy Development
- Board Materials
- Real Estate
- Regulatory and Aviation
- Securities and Financing
- Tax

7. In which country is your office located?

This report provides information exclusive to respondents from Canada.

	2012/2013	2013/2014
Canada	100%	100%
	<i>n = 50</i>	<i>n = 71</i>

8. What is your annual base salary as of January 1, 2013 (i.e., excluding options, incentives/awards/bonuses)?*

The overall average base salary for respondents was \$238,126 CAD compared to the reported average of \$263,549 CAD in the previous year.

*The original CLO survey posed salary questions in United States Dollars (USD). In this report, United States Dollar amounts are converted to Canadian Dollars using the USD to CAD nominal noon exchange rate on the first business day of each respective year (2012 and 2013). The exchange rates referenced are from the Bank of Canada.

Dollars (CAD)	2012/2013	2013/2014
Less than \$74,000	0%	0%
\$74,000 to \$98,000	2%	3%
\$99,000 to \$147,000	4%	12%
\$148,000 to \$196,000	28%	29%
\$197,000 to \$295,000	40%	24%
\$296,000 to \$393,000	10%	16%
\$394,000 to \$492,000	10%	6%
\$493,000 to \$591,000	0%	0%
\$592,000 to \$689,000	0%	2%
\$690,000 to \$788,000	2%	0%
\$789,000 to \$886,000	0%	0%
\$887,000 to \$985,000	0%	0%
\$986,000 to \$1,971,000	0%	0%
\$1,972,000 to \$2,957,000	0%	0%
\$2,958,000 to \$3,943,000	0%	0%
\$3,944,000 to \$4,929,000	0%	0%
\$4,930,000 or more	0%	0%
Prefer not to say	4%	9%
Average	\$263,549	\$238,126
	<i>n = 50</i>	<i>n = 68</i>

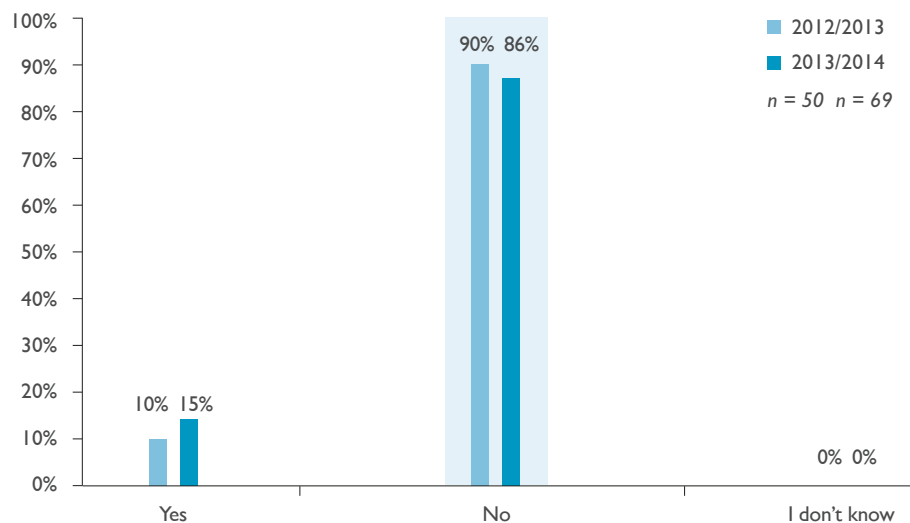
Date of first business day	USD to CAD Exchange rate
2012-01-03	1.0090
2013-01-02	0.9859



STAFFING TRENDS

9. Over the past 12 months, has your law department enforced any staff cuts (unrelated to performance)?

Just 15% of respondents experienced staff cuts unrelated to performance during the past year, which reflects an increase of five percentage points from last year's survey.



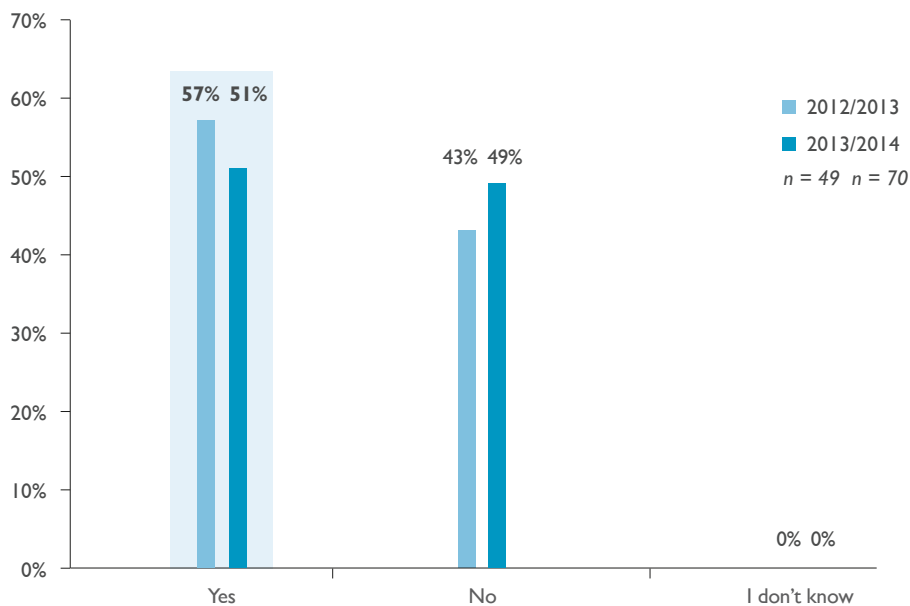
10. Over the past 12 months, what was the approximate percentage of staff cuts within each of the following positions?

Staff cuts this year were not as significant as they were in last year's survey. Support staff experienced the largest staff cuts at an average decrease of 6%, down slightly from an average decrease of 6.4% in the previous year. Paralegals experienced cuts of 4.3%, on average, down from average cuts of 6% last year. In-house lawyers experienced an average decrease of 3.7%, but this was much lower than the 7.4% average decrease this job category experienced in last year's survey. Contract lawyers experienced an average decrease of 0.75%, down more than seven percentage points from an average decrease of 8% last year. "Other" employees experienced an increase in staff cuts within their job category at an average of 4.3% compared to no cuts last year.

	2012/213						2013/2014					
	No Cuts (<1%)	Minimal Cuts (1%-5%)	Moderate Cuts (6%-10%)	Significant Cuts (>10%)	Avg. Cuts	n=	No Cuts (<1%)	Minimal Cuts (1%-5%)	Moderate Cuts (1%-5%)	Significant Cuts (>10%)	Avg. Cuts	n=
Contract Lawyers	0%	33%	33%	33%	8%	3	75%	25%	0%	0%	.75%	4
In-house Lawyers	20%	20%	20%	40%	7.4%	5	33%	50%	0%	17%	3.7%	6
Paralegals	25%	25%	25%	25%	6%	4	67%	0%	0%	33%	4.3%	3
Support Staff	20%	20%	40%	20%	6.4%	5	25%	38%	0%	38%	6%	8
Other	0%	0%	0%	0%	N/A	0	67%	0%	0%	33%	4.3%	3

11. Over the past 12 months, has your law department made any new hires?

Just over half (51%) of respondents indicated their law departments hired new staff during the past 12 months.



12. Over the past 12 months, what was the approximate percentage of new hires within each of the following staff positions?

Similar to last year, in-house lawyers experienced the largest percentage increase in the number of new hires — standing at 6.6%, down from 7.9% last year. Paralegals experienced a 3.3% increase, on average, in new hires compared to 3.4% last year. Support staff saw a 4.9% increase in new hires, up from 3.3% last year. Contract lawyers saw a 1.1% increase in new hires and “other” employees saw a 2% increase in new hires. Compared to last year, this was down 2.3% for contract lawyers but up from 1.1% for “other” employees.

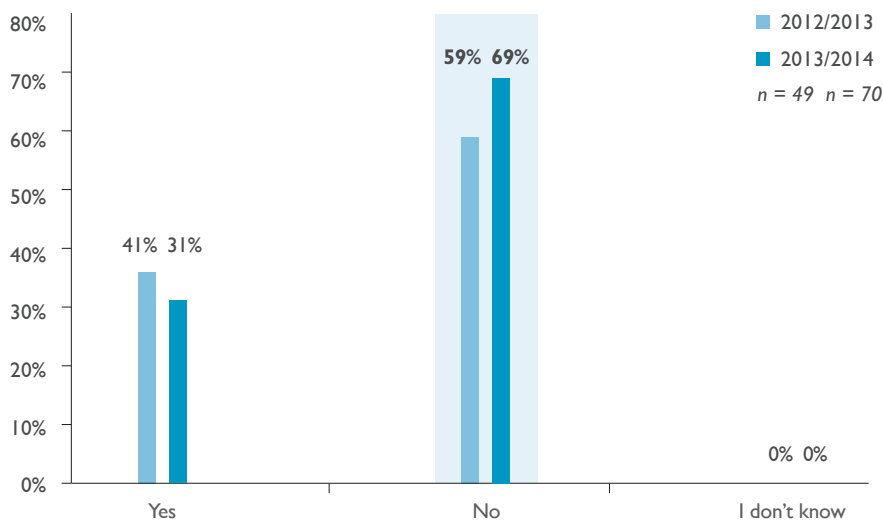
2012/2013						
	No Hires (<1%)	Minimal Hires (1%-5%)	Moderate Hires (6%-10%)	Significant Hires (>10%)	Avg. Change	n=
Contract Lawyers	67%	17%	8%	8%	2.3%	18
In-house Lawyers	4%	35%	22%	39%	7.9%	15
Paralegals	53%	27%	0%	20%	3.4%	23
Support Staff	44%	33%	11%	11%	3.3%	7
Other	86%	0%	14%	0%	1.1%	12

2012/2013						
	No Hires (<1%)	Minimal Hires (1%-5%)	Moderate Hires (6%-10%)	Significant Hires (>10%)	Avg. Change	n=
Contract Lawyers	73%	20%	7%	0%	1.1%	15
In-house Lawyers	13%	30%	27%	30%	6.6%	30
Paralegals	44%	28%	22%	6%	3.3%	18
Support Staff	39%	26%	9%	26%	4.9%	23
Other	75%	13%	0%	13%	2%	8



13. Over the past 12 months, has your law department created any new positions?

The percentage of law departments that created new positions fell 10 percentage points to 31%, down from 41% compared to last year.



14. Within which of the following areas were these new positions created? (Check all that apply)

The top three areas in which new positions were created included contracts, compliance and general legal work.

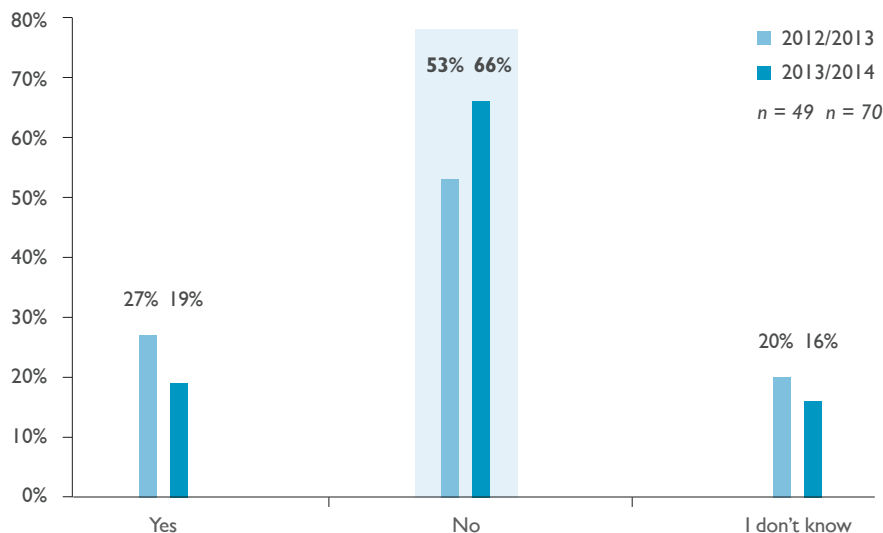
	2012/2013	2013/2014
Contracts	16%	46%
Compliance	16%	32%
Generalist	16%	32%
Corporate and Securities	11%	18%
Litigation	21%	18%
Intellectual Property	11%	14%
Mergers and Acquisitions	5%	14%
Employment and Labor	5%	9%
Environment and Sustainability	0%	9%
Financial Services	21%	9%
International Legal Affairs	0%	5%
IT/Ecommerce	0%	5%
Discovery	0%	0%
Energy	5%	0%
Other	37%	9%
	<i>n = 19</i>	<i>n = 22</i>

OTHER, PLEASE SPECIFY:

- Investments
- Privacy

15. Over the next 12 months, do you plan to increase or decrease your law department's staff size?

Nineteen percent of Canadian CLOs indicated they have definite plans to change the number of staff in their law departments in 2014. This is down from 27% last year who had definite plans to change the number of staff in their law departments in 2013.



16. How do you plan to increase or decrease (change) your law department's staff size over the next 12 months?

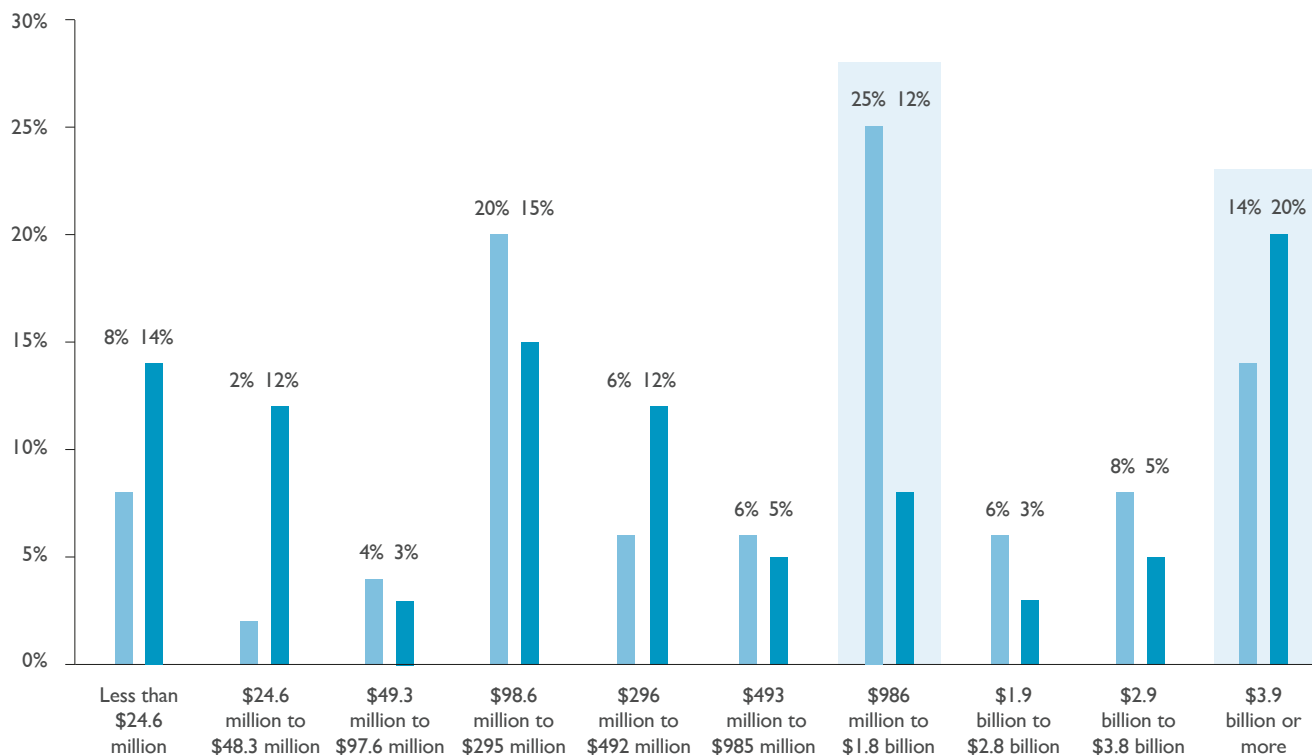
Among Canadian CLOs who plan to make changes in their law department staffs in 2014, they plan to increase staff across the board. Within specific job categories, in-house lawyers are projected to realize the largest individual increase at 5.9%, followed by paralegals with a projected increase of 3.5%, contract lawyers by 2.7% and support staff by 2.2%. The number of "other" employees is anticipated to increase by 3.3%, on average.

	2012/2013					2013/2014				
	Support Staff	Paralegals	Contract Lawyers	In-house Lawyers	Other	Support Staff	Paralegals	Contract Lawyers	In-house Lawyers	Other
Significantly Decrease (over 10%)	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Moderately Decrease (6%-10%)	0%	0%	11%	11%	0%	0%	0%	0%	0%	0%
Minimally Decrease (1%-5%)	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%
No Changes (<1%)	33%	80%	44%	11%	100%	83%	67%	67%	0%	75%
Minimally Increase +(1%-5%)	0%	0%	22%	11%	0%	0%	0%	17%	50%	0%
Moderately Increase +(6%-10%)	0%	0%	0%	33%	0%	0%	17%	0%	42%	0%
Significantly Increase +(over 10%)	33%	20%	22%	33%	0%	17%	17%	17%	8%	25%
Avg. Change	1.7%	2.6%	2.7%	5.3%	N/A	2.2%	3.5%	2.7%	5.9%	3.3%
<i>n =</i>	6	5	9	9	5	6	6	6	12	4

17. What is your company's annual revenue?*

Twenty percent of respondents worked for companies that reported an annual revenue of \$3.9 billion CAD or more.

■ 2012/2013 ■ 2013/2014 n = 49 (2012/2013); n = 66 (2013/2014)



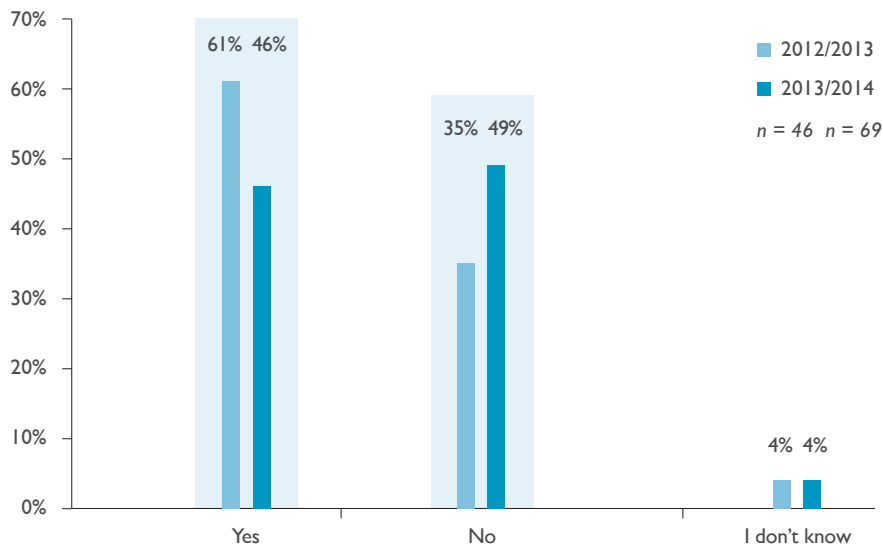
Date of First Business Day	USD to CAD Exchange Rate
2012-01-03	1.0090
2013-01-02	0.9859

*The original CLO survey posed revenue questions in United States Dollars (USD). In this report, United States Dollar amounts are converted to Canadian Dollars using the USD to CAD nominal noon exchange rate on the first business day of each respective year (2012 and 2013). The exchange rates referenced are from the Bank of Canada.

BUDGET TRENDS

18. Over the past 12 months has your law department’s total budget increased or decreased?

Just 46% of respondents experienced a change in their law department’s total budget over the past year, down from 61% that indicated a budget change in last year’s survey.



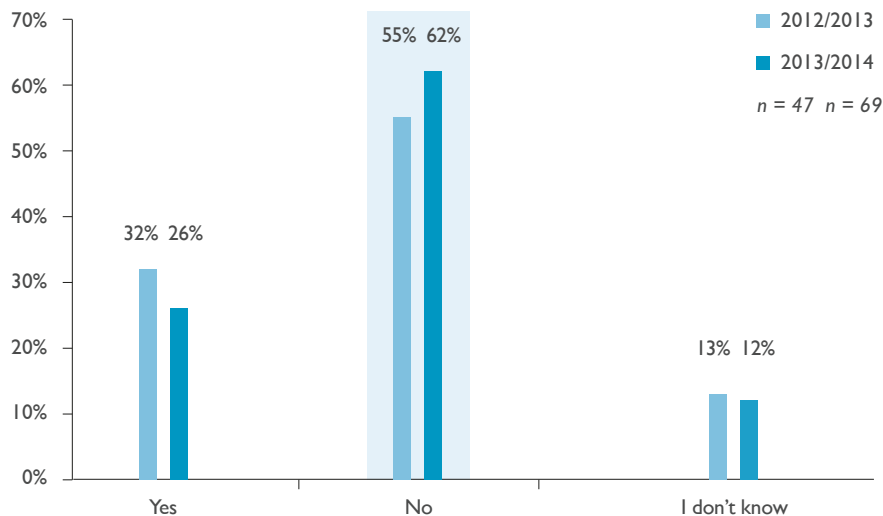
19. How would you classify your law department’s changes in spending over the past 12 months?

Among corporate legal departments that experienced changes in their total budgets over the past year, they saw an average decrease of 0.88%, compared to an average increase of 4.8% in the total budget in last year’s survey. This reduction in the total budget was caused by the decrease in the outside budget at an average of 2.4%, down from an average increase of 1.5% in the previous year. On the other hand, there was a slight increase in the inside budget at 0.03%; however, this is down from an increase of 5% in the inside budget last year.

	2012/2013			2013/2014		
	Inside Budget	Outside Budget	Total Budget	Inside Budget	Outside Budget	Total Budget
Significant Decrease -(over 10%)	0%	4%	0%	13%	17%	19%
Moderate Decrease -(6%-10%)	0%	12%	4%	13%	27%	22%
Minimal Decrease -(1%-5%)	8%	12%	8%	10%	7%	7%
No Changes (<1%)	8%	31%	4%	20%	27%	4%
Minimal Increase +(1%-5%)	46%	15%	46%	20%	10%	22%
Moderate Increase +(6%-10%)	19%	12%	13%	10%	0%	11%
Significant Increase +(over 10%)	19%	15%	25%	13%	13%	15%
Avg. Change	5%	1.5%	4.8%	0.03%	-2.4%	-0.88%
<i>n =</i>	30	30	27	26	26	24

20. Over the next 12 months, do you plan to increase or decrease your law department's spending?

Just over one-quarter (26%) of Canadian CLOs plan to make changes to their law department's spending in 2014.



21. How do you plan to increase or decrease your law department's budget over the next 12 months?

Among Canadian CLOs who plan to change their spending in 2014, they plan to decrease their outside budgets by an average of 1.5% and cut their inside budgets by an average of just 0.13%. This would result in total budget decreases of 1.5%. In comparison, last year, respondents had planned to increase their 2013 inside budgets (2.8%) with minimal increases to their outside budgets (0.6%), for an average increase in their total budgets of 1.5%.

	2012/2013			2013/2014		
	Inside Budget	Outside Budget	Total Budget	Inside Budget	Outside Budget	Total Budget
Significant Decrease -(over 10%)	9%	15%	9%	13%	7%	9%
Moderate Decrease -(6%-10%)	0%	8%	9%	25%	33%	36%
Minimal Decrease -(1%-5%)	9%	15%	9%	6%	13%	9%
No Changes (<1%)	0%	15%	9%	6%	20%	9%
Minimal Increase +(1%-5%)	55%	15%	36%	19%	7%	9%
Moderate Increase +(6%-10%)	18%	15%	18%	19%	7%	18%
Significant Increase +(over 10%)	9%	15%	9%	13%	13%	9%
Avg. Change	2.8%	0.6%	1.5%	-0.13%	-1.5%	-1.5%
n =	11	13	11	16	15	11

OPERATIONS/FUNCTIONS

22. What management practices are you employing to improve efficiency/effectiveness in your department? (Check all that apply)

Canadian CLOs have engaged in a number of practices for improving the efficiency and effectiveness of their law departments. First and foremost, three-quarters (76%) of respondents indicated they are insourcing work that was previously handled by law firms or other legal service providers. Just over one-half (51%) of respondents have shifted work to non-legal internal resources and 48% have moved from large, traditional law firms to less expensive, mid-size or mid-market firms. Over one-third (37%) of respondents have incorporated disciplined project management practices. Twenty-seven percent of Canadian CLOs indicated they are analyzing data to determine key drivers of spending in an attempt to reduce costs and 24% have process improvement programs in place.

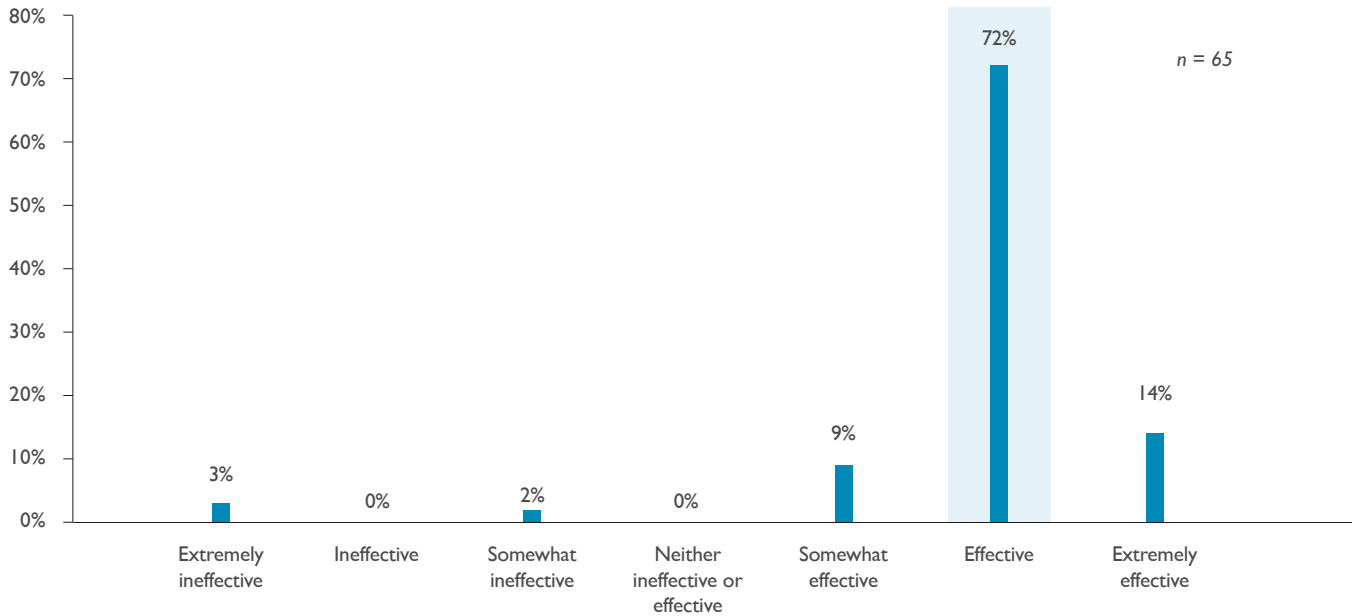
	2013/2014
Insourcing work formerly performed by law firms or other legal service providers	76%
Shifting work to non-legal internal resources	51%
Shifting work from large, traditional law firms (e.g., AMLaw 100, Magic Circle, etc.) to mid-size and/or mid-market law firms (based in less expensive cities)	48%
Disciplined use of project management practices	37%
Conducting analysis (data, root cause, etc.) to determine key drivers of spending and identify ways to reduce costs (prevention, leveraging technology, etc.)	27%
Process improvement programs, e.g., using “Lean Six Sigma” process mapping, error reduction initiatives, etc.	24%
Requiring early case assessments for matters handled internally	16%
Shifting work from law firms to alternative legal service providers	13%
Disciplined use of a structured knowledge management system	9%
Requiring detailed budgets for matters handled internally	8%

n = 67



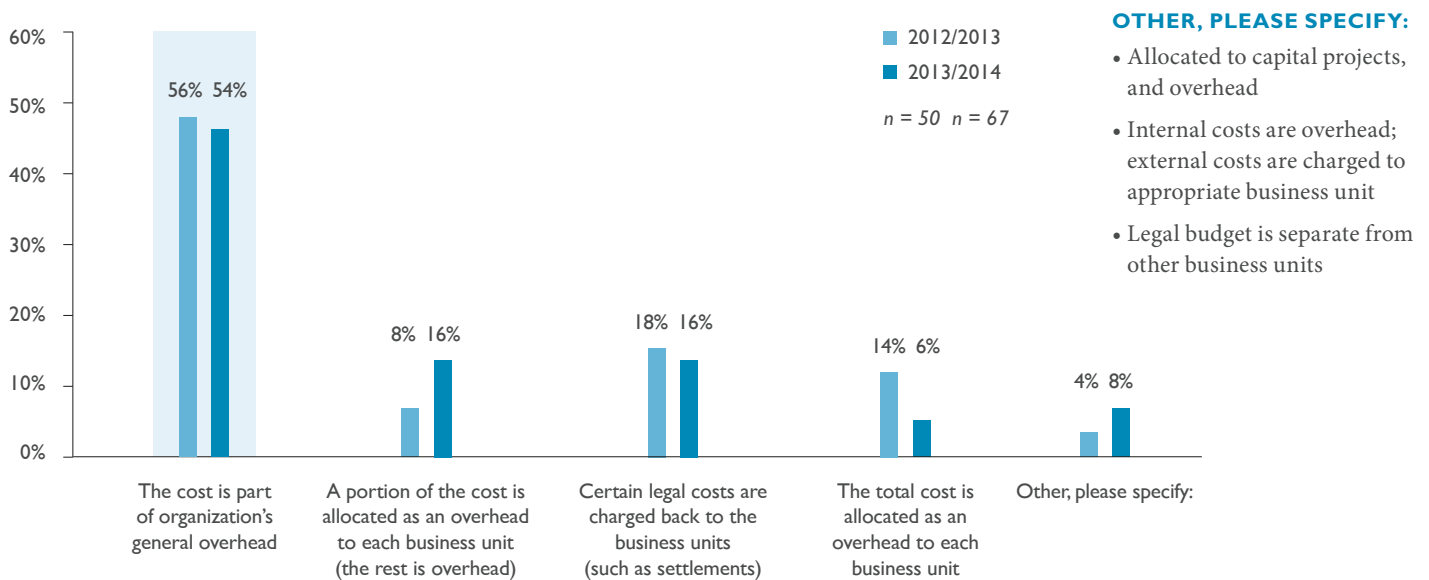
23. How would you rate the effectiveness of your legal department over the past 12 months?

Canadian CLOs believe their law departments have been effective over the past 12 months, as 95% indicated some level of effectiveness and 86% rated their departments on the high end of the scale.



24. How is the cost of your law department allocated for (cost) accounting purposes?

The majority of Canadian CLOs (54%) indicated the cost of their law department continues to be part of the organization’s general overhead for cost accounting purposes. However, 32% of Canadian CLOs indicated each business unit either received portions of cost allocated as overhead (the rest was general overhead) or certain legal costs were charged back to the business unit.



25. What outside counsel management practices are you employing to control legal costs? (Check all that apply)

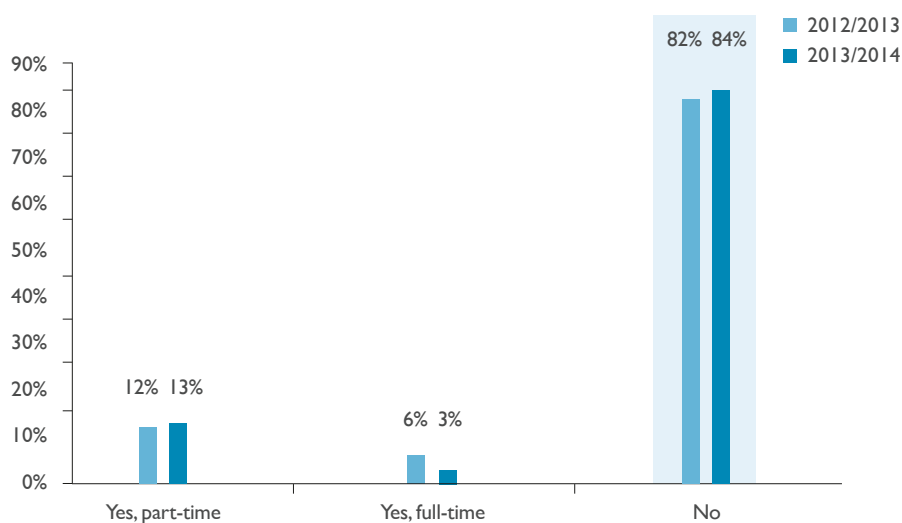
Ninety-seven percent of Canadian CLOs indicated they have implemented the use of one or more management practices to control outside counsel costs. Over one-half (55%) of Canadian CLOs stated they regularly review a law firm's overall performance and then provide feedback. Another common practice employed for controlling outside counsel costs is the requirement of detailed budgets (39%), assigning a senior member of the law department to take responsibility for outside counsel management (36%) and/or requiring project/staffing plans (33%).

	2013/2014
Regularly reviewing overall law firm performance and providing feedback	55%
Requiring detailed budgets	39%
Assigning a senior member of the law department to take responsibility for outside counsel management (set guidelines, negotiate fees, conduct RFPs, conduct reviews, etc.)	36%
Requiring project/staffing plans	33%
Sending all/most work to preferred provider panels ("convergence")	31%
Conducting after-action reviews (discussion of what went well and what needs improvement at the conclusion of matters)	30%
Enforcing outside counsel guidelines	28%
Requiring early case assessments	18%
Setting goals for increased use of value-based (non-hourly-based) fees and measuring progress	16%
Involving corporate procurement/sourcing department services in conducting RFPs and/or negotiating fees with law firms	11%
Requiring requests for proposals (RFPs) for all new matters above a threshold amount	9%
None of the above	3%
Other	0%
	<i>n</i> = 67



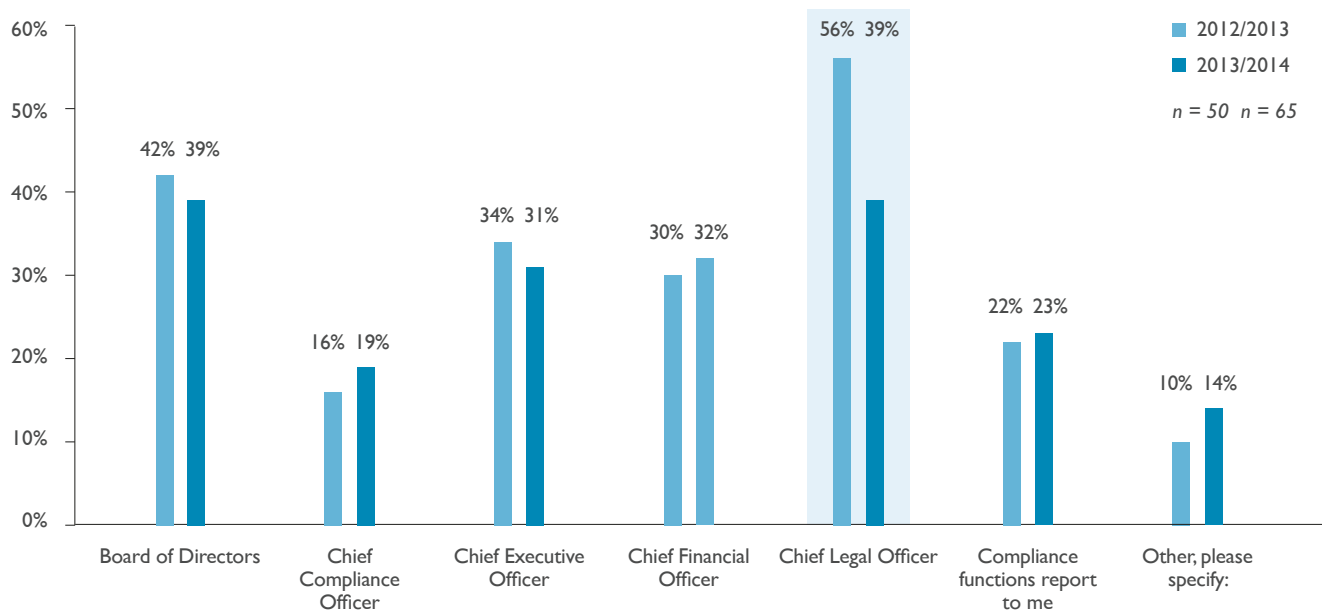
26. Do you delegate operational management of the law department, either full-time or part-time?

Generally, operational management of the law department is fully handled by the Canadian CLO. However, 13% of respondents delegate part of the management to another law department staff person and 3% indicated they delegate full management of the department to another staff person. CLOs working for a company with an annual revenue of \$3.9 billion CAD or more — 20% of all respondents — were more likely to delegate operational management of the law department part of the time.



27. Where do compliance functions report in your company/organization? (Check all that apply)

Over one-third (39%) of respondents indicated compliance functions report to or are handled by the CLO. This is down from last year when 56% responded that the function reports to the CLO. Thirty-nine percent of respondents indicated compliance functions also report to the Board of Directors, 32% indicated they report to the CFO and 31% indicated they report to the CEO. Just 19% of respondents indicated the compliance functions have been centralized within the role of a Chief Compliance Officer.

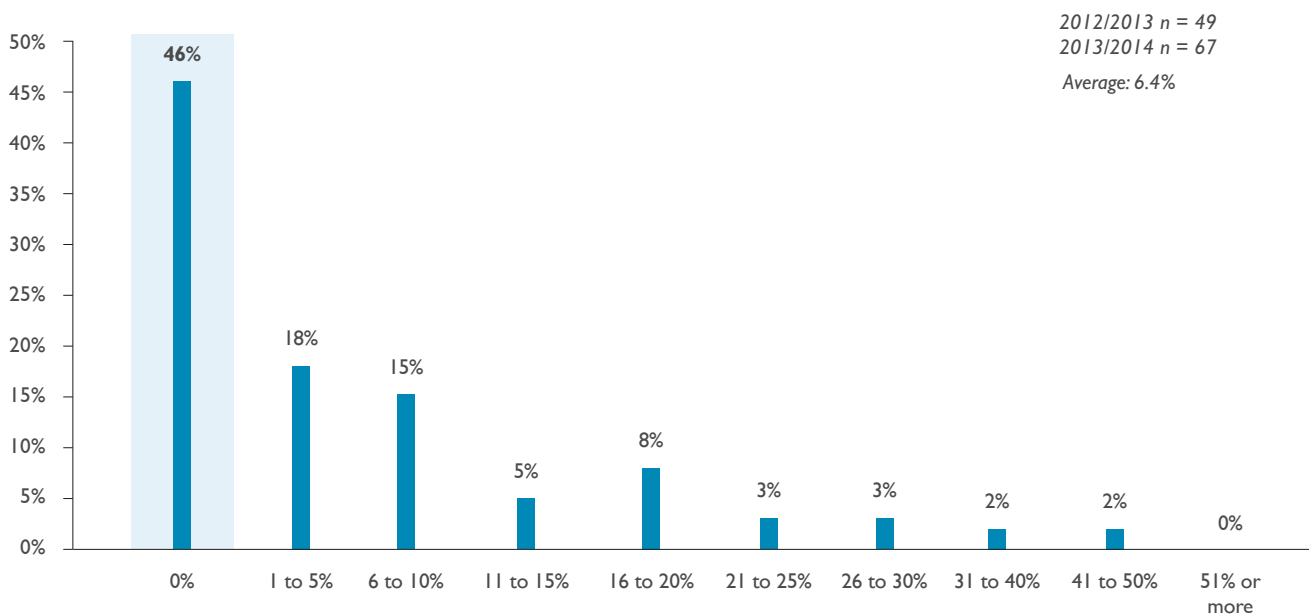


OTHER, PLEASE SPECIFY:

- Audit Committee
- Board Corporate Governance Committee
- COO
- Chief Operating Officer
- Chief Regulatory Officer
- EVP, HR
- Internal Audit

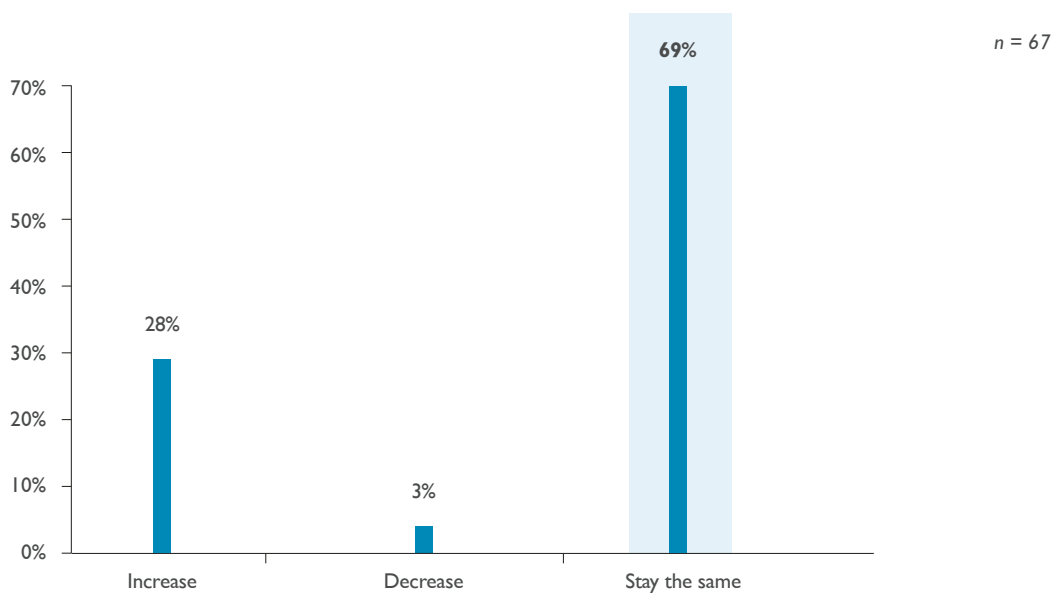
28. In 2013, what percent of your outside legal spend is on value-based fees (not hourly-based)?

Fifty-four percent of respondents indicated that at least some portion of their outside legal spend in 2013 was under value-based fee arrangements. On average, respondents reported that 6% of their outside legal spend in 2013 was on value-based fees.



29. In 2014, do you anticipate the percent of outside legal spend on value-based fees (non-hourly) will increase, decrease or stay the same?

Twenty-eight percent of respondents reported they anticipate their value-based fee arrangements for outside legal spend will increase in 2014, while just 3% reported arrangements will decrease and 69% reported arrangements will stay the same.



30. What alternative fee arrangements have you used in 2013? (Check all that apply)

Seventy-one percent of respondents reported having used some type of alternative fee arrangement (AFA) in 2013. The most commonly used AFA was the employment of flat fees for the entire matter (43%) and/or flat fees for some stages of a matter (31%). Fourteen percent of respondents indicated the use of incentive or success fees and 14% worked under periodic retainer fees for a portfolio of services.

	2013/2014
Flat fee for an entire matter	43%
Flat fees for some stages of a matter	31%
Incentive or success fees	14%
Periodic retainer fee for a portfolio of services	14%
Flat fees for a portfolio of similar matters	9%
Collars	8%
Contingency fees	6%
None, have not used any alternative fee arrangements in 2013	29%
Other, please specify:	11%

n = 65

OTHER, PLEASE SPECIFY:

- Blended rates
- Contact necessary if exceeds estimate
- Contained hourly rate
- Discount based on size of project
- Discounts on hourly rates

31. What alternative staffing arrangements have you used in 2013? (Check all that apply)

As for alternative staffing arrangements, 65% of respondents reported having utilized some type of alternative arrangements in 2013. These alternative arrangements primarily included moving work from lawyers to paralegals or non-legal staff (42%) and/or employing contract lawyers (30%). Outsourcing work to off-shore (3%) or on- shore (8%) legal process outsourcers (LPOs) was not common.

	2013/2014
Shifting work from lawyers to paralegals or non-legal staff	42%
None, have not used any alternative staffing arrangements in 2013	35%
Contract lawyers	30%
Secondments	18%
Outsourcing work to an on-shore LPO	8%
Outsourcing work to an off-shore LPO	3%
Other	3%

n = 66

OTHER, PLEASE SPECIFY:

- Contract secretarial/admin labor
- Interns

32. What technology systems do you have in place to support efficient/effective legal operations? (Check all that apply)

Sixty-five percent of law departments have some type of document management system in place to aid in the efficiency and effectiveness of their operations.

	2013/2014
Document management	65%
Matter management	26%
Knowledge management	24%
Entity management	22%
Legal hold systems	20%
Electronic signatures	18%
ebilling	16%
Collaboration	14%
ediscovery	10%
Other	8%

n = 51

OTHER, PLEASE SPECIFY:

- None of the above

33. What changes would you like to see in the legal marketplace to assist your efforts to control legal costs?

SAMPLE OF VERBATIM RESPONSES:

- “Better contract/document management system and contract drafting tools.”
- “Better training of lawyers in pragmatic/business skills.”
- “Greater recognition of unproductive time and ways to manage the spend associated with that.”
- “Greater understanding by firms to control costs and delegate work to specific approved team members.”
- “Greater willingness to provide fixed fees and guaranteed budgets.”
- “It is working well.”
- “Law firms need to be proactive about suggesting and arranging for AFAs.”
- “Right now our external counsel have MS Project and create beautiful plans but they have no actual capability to manage to the plan or to produce monthly invoices that line up with the plan and show me percentage completion against the plan. Then they charge me \$1000 in administrative fees to reconcile the invoice with the project plan and I get angry. This has to change.”
- “Value-based fees. Matters that require a low level of ability but are still charged at the lawyer’s regular hourly rate are absolutely frustrating.”

n = 22

**OVER ONE-THIRD (39%) OF
CANADIAN CLOs INDICATED
COMPLIANCE FUNCTIONS
REPORT TO OR ARE HANDLED
BY THE CLO.**

34. Where do you primarily direct the following functions/responsibilities?

Responsibilities for administration/operations, contract management, contract creation, document management, document review and records management were primarily handled in-house this past year. In some cases law departments outsourced, primarily to on-shore LPOs, the responsibility for patent services (34%), ediscovery (32%) and legal research (32%). However, law departments were more likely to indicate patent services (47%) and ediscovery (42%) as not applicable for outsourcing.

2012/2013	Insource	Outsource	Both	N/A	n=
Administration/Operations	98%	0%	0%	2%	50
Contract Creation	78%	0%	22%	0%	50
Document Review	76%	2%	22%	0%	50
Due Diligence	39%	14%	47%	0%	49
ediscovery	12%	30%	26%	32%	50
Legal Research	35%	24%	37%	4%	49

2013/2014	Insource	Outsource to on-shore LPO	Outsource to off-shore LPO	Both	N/A	n=
Administration/Operations	98%	0%	0%	0%	2%	63
Content Creation	86%	3%	0%	9%	2%	64
Contract Management	92%	0%	0%	3%	5%	62
Document Review	84%	3%	0%	13%	0%	61
Document Management	94%	2%	0%	2%	3%	62
Due Diligence	58%	23%	0%	13%	6%	64
ediscovery	21%	32%	0%	5%	42%	57
Legal Research	40%	32%	0%	22%	6%	63
Legal Writing	63%	12%	0%	17%	8%	60
Patent Services	15%	34%	0%	3%	47%	59
Records Management	87%	5%	0%	5%	3%	61
Other	27%	0%	0%	7%	67%	15

n = 1,071

OTHER, PLEASE SPECIFY:

- Dispute resolution

35. Does your legal department have a formal pro bono program?

Only 8% of law departments had formal pro bono programs. But the good news is that this is double the percentage (4%) who reported having such programs last year.

	2012/2013	2013/2014
Yes	4%	8%
No	96%	92%
	<i>n</i> = 48	<i>n</i> = 65

36. Why do you think your law department does not have a formal pro bono program? (Check all that apply)

The primary reason law departments do not maintain formal pro bono programs is because they are too small (73%). Over half (58%) of Canadian CLOs also state that their legal staff are stretched too thin, and less than half (47%) cite lack of financial resources prevents them from having formal pro bono programs.

	2012/2013	2013/2014
Department is too small	60%	73%
Lack of financial resources	47%	15%
Lack of insurance coverage for pro bono work	18%	13%
Legal staff are encouraged to volunteer on their own time	18%	38%
Legal staff are encouraged to volunteer through company's Corporate Social Responsibility program	11%	15%
Legal staff is stretched too thin	56%	58%
Practice rules restrict some department staff from engaging in pro bono work	4%	7%
Risk of engaging in pro bono work outside of legal staff's skill set	11%	7%
Other, please specify:	9%	8%
	<i>n</i> = 45	<i>n</i> = 60

OTHER, PLEASE SPECIFY:

- The business supports other charitable endeavors.
- We are a government agency.
- Skill sets are not relevant for pro bono work.
- It's up to the employee to decide how he/she wishes to embody the Value of Community Sustainability.
- We give back as a team in other ways.



37. Which of the following (non-legal) skills are you seeking to develop in your law department? (Check all that apply)

Ninety-four percent of the Canadian CLOs surveyed are looking to further develop non-legal skills among their staffs. The non-legal skills most sought after include business management (79%), project management (59%) and communication skills (53%).

	2012/2013	2013 /2014
Business Management	61%	79%
Project Management	55%	59%
Communication	47%	53%
Emotional Intelligence	18%	38%
Technical	6%	30%
None	12%	6%
Other	8%	8%
	n = 49	n = 66

OTHER, PLEASE SPECIFY:

- Business acumen
- Entity management
- Financial skills
- Leadership
- Negotiations

TRENDING ISSUES OF IMPORTANCE

38. Please rate the importance (based on the amount of attention that should be given to each) of the following current and future issues in law.

Eighty-two percent of Canadian CLOs indicated transparency and privacy obligations are important issues — up 13 percentage points from 69% of respondents who felt the same way last year. Other areas that respondents indicated warrant attention include disputes over ownership and use of information (75%) and converging issues and regulatory gaps (73%). Just 58% of Canadian CLOs placed some level of importance on legal services in mature markets. Canadian CLOs placed lower importance on the decentralization of legal departments.

2012/2013	Extremely Unimportant	Unimportant	Some-what Unimportant	Neither Unimportant nor Important	Somewhat Important	Important	Extremely Important	n=
Disputes over ownership and use of information	6%	4%	6%	28%	26%	23%	6%	47
Transparency and privacy obligations	4%	2%	6%	19%	30%	28%	11%	47
Converging issues and regulatory gaps	4%	4%	2%	20%	31%	31%	8%	49
Legal services in mature markets	9%	13%	2%	30%	26%	15%	6%	47
Decentralization of legal departments	24%	11%	7%	30%	15%	9%	4%	46

2013/2014	Extremely Unimportant	Unimportant	Some-what Unimportant	Neither Unimportant nor Important	Somewhat Important	Important	Extremely Important	n=
Disputes over ownership and use of information	3%	8%	7%	7%	33%	37%	5%	60
Transparency and privacy obligations	0%	2%	5%	12%	42%	25%	15%	60
Converging issues and regulatory gaps	3%	2%	12%	10%	37%	31%	5%	59
Legal services in mature markets	5%	7%	8%	22%	41%	17%	0%	59
Decentralization of legal departments	5%	25%	14%	23%	21%	7%	5%	57

39. Please rank the following business issues in order of importance according to the priorities of your law department. (Place the most important issue at the top, followed by the second most important issue and so forth.)

Canadian CLOs continue to believe they need to remain aware of company business activities that may have legal implications. Keeping management apprised of legal developments and staying up-to-date and well informed on changes in law round out the top three areas of important business issues among survey respondents.

	2012/2013		2013/2014	
	Rank	Total Score*	Rank	Total Score*
Awareness of company activities that may have legal implications	1	374	1	378
Keeping management apprised of legal developments	2	318	2	319
Staying current and well-informed of changes in the law	3	278	3	275
Limited resources and/or finances for amount of work	4	241	4	272
Improvement of internal efficiency through technology	5	208	5	252
Reducing outside legal costs	6	262	6	246
Making legal spend more predictable	7	204	7	196
Reducing in-house legal costs	8	143	8	144
Convergence	9	122	N/A	N/A

*Total score is based on a weighted calculation. Items ranked 1st, 2nd, 3rd etc. are valued higher accordingly.

n = 47

n = 58



40. Please rate the level of importance each of the following issues held over the past 12 months.

Canadian CLOs indicated regulatory/governmental changes (88%) and ethics and compliance (85%) were issues of highest importance over the past year. Over three quarters (78%) of Canadian CLOs continued to find information privacy (66%) as well as social media management/governance (72%) and protection of intellectual property or related disputes (71%) important to some degree.

2012/2013	Very Unimportant	Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Important	Very Important
Anti-bribery issues	21%	15%	6%	24%	9%	12%	12%
Ethics and compliance	0%	0%	3%	6%	27%	42%	21%
Protection of intellectual property or related disputes	3%	3%	9%	9%	31%	16%	28%
Information privacy	0%	0%	6%	27%	27%	27%	12%
Data breaches and protection	3%	6%	0%	18%	36%	12%	12%
Mergers and acquisitions	6%	3%	0%	21%	24%	30%	15%
Social media management/governance	0%	12%	15%	21%	27%	18%	6%
Regulatory or governmental changes	0%	3%	9%	6%	15%	39%	27%
Technology developments	0%	18%	3%	18%	33%	18%	9%
Whistleblower issues	3%	12%	6%	30%	21%	21%	6%

2013/2014	Extremely Unimportant	Unimportant	Somewhat Unimportant	Neither Unimportant nor Important	Somewhat Important	Important	Extremely Important	n=
Anti-bribery issues	9%	16%	10%	12%	28%	14%	12%	58
Ethics and compliance	0%	0%	5%	10%	27%	39%	19%	59
Protection of intellectual property or related disputes	2%	10%	3%	14%	29%	27%	15%	59
Information privacy	2%	2%	5%	14%	32%	36%	10%	59
Data breaches and protection	3%	3%	9%	16%	29%	22%	17%	58
Mergers and acquisitions	10%	8%	10%	7%	27%	20%	17%	59
Social media management/governance	5%	8%	7%	8%	46%	24%	2%	59
Regulatory or governmental changes	0%	2%	2%	9%	24%	38%	26%	58
Technology developments	5%	3%	5%	17%	34%	29%	5%	58
Whistleblower issues	8%	12%	5%	27%	32%	10%	5%	59

4I. Please rate the level of importance you anticipate each of the following issues will hold over the next 12 months.

Over the next year, ethics and compliance (90%) and regulatory or governmental changes (89%) will weigh most heavily on the minds of Canadian CLOs.

2012/2013	Very Unimportant	Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Important	Very Important
Anti-bribery issues	15%	12%	3%	36%	6%	15%	12%
Ethics and compliance	0%	0%	0%	12%	27%	33%	27%
Protection of intellectual property or related disputes	3%	6%	3%	21%	21%	18%	27%
Information privacy	0%	0%	3%	27%	33%	21%	15%
Data breaches and protection	0%	6%	9%	21%	33%	12%	18%
Mergers and acquisitions	6%	3%	6%	24%	18%	24%	18%
Social media management/ governance	0%	12%	9%	24%	21%	27%	6%
Regulatory or governmental changes	0%	0%	6%	9%	18%	33%	33%
Technology developments	0%	22%	3%	19%	25%	19%	13%
Whistleblower issues	3%	6%	12%	36%	21%	18%	3%

2013/2014	Extremely Unimportant	Unimportant	Somewhat Unimportant	Neither Unimportant nor Important	Somewhat Important	Important	Extremely Important	n=
Anti-bribery issues	10%	14%	7%	10%	25%	17%	17%	59
Ethics and compliance	0%	0%	5%	5%	29%	39%	22%	59
Protection of intellectual property or related disputes	5%	8%	5%	10%	27%	25%	19%	59
Information privacy	2%	7%	3%	14%	29%	31%	15%	59
Data breaches and protection	3%	5%	9%	16%	22%	22%	22%	58
Mergers and acquisitions	7%	12%	5%	10%	19%	31%	16%	58
Social media management/ governance	3%	7%	7%	10%	36%	27%	10%	59
Regulatory or governmental changes	0%	2%	3%	5%	24%	41%	24%	58
Technology developments	3%	2%	7%	17%	28%	36%	7%	58
Whistleblower issues	7%	12%	10%	28%	29%	12%	2%	58



42. Over the past 12 months, how have you spent the majority of your time as a Chief Legal Officer? (Check all that apply)

Over the past year, 82% of Canadian CLOs spent the majority of their time advising executives and participating in strategic corporate issues. Other areas demanding the time of approximately two-thirds of Canadian CLOs include strategy development and execution (69%), compliance (69%), managing legal functions domestically (67%) and board/governance issues (65%).

	2012/2013	2013/2014
Advising executives/participating in strategic corporate issues	84%	82%
Strategy development and execution	61%	69%
Compliance	N/A	69%
Managing legal function domestically	63%	67%
Board and governance issues	63%	65%
Managing legal function internationally	41%	49%
Controlling legal costs	59%	47%
Litigation	39%	43%
Attracting and retaining good in-house counsel	23%	39%
Professional development of staff	25%	31%
Attracting and retaining good outside	27%	29%
Government affairs	12%	25%
Regulatory investigation	25%	23%
Attracting and retaining good paralegal and support staff	12%	20%
Other	6%	0%
	n = 49	n = 49

43. How would you prefer to spend the majority of your time as a Chief Legal Officer? (Check all that apply)

Canadian CLOs prefer to spend their time in consultative or leadership roles. Eighty-six percent of Canadian CLOs indicated they would prefer to spend the majority of their time advising executives and participating in strategic corporate issues and 78% would prefer to spend their time on strategy development and execution. As noted earlier, 69% of Canadian CLOs spent a significant amount of time on compliance issues over the past year; however, only 35% of Canadian CLOs prefer to spend their professional time in this area. Similarly, 43% of Canadian CLOs spent a large amount of time in the area of litigation, compared to only 12% of Canadian CLOs who prefer to spend their time on litigation. Forty-seven percent of Canadian CLOs concentrated on controlling legal costs compared to the 20% of Canadian CLOs who prefer to spend their time on these matters.

	2012/2013	2013/2014
Advising executives/participating in strategic corporate issues	76%	86%
Strategy development and execution	78%	78%
Board and governance issues	67%	57%
Managing legal function domestically	39%	53%
Professional development of staff	41%	41%
Compliance	33%	35%
Managing legal function internationally	31%	33%
Attracting and retaining good in-house counsel	25%	31%
Attracting and retaining good outside counsel	12%	31%
Attracting and retaining good paralegal and support staff	12%	20%
Controlling legal costs	N/A	20%
Government affairs	14%	12%
Litigation	12%	12%
Regulatory investigation	8%	2%
Other, please specify:	6%	2%
	n = 49	n = 49

OTHER, PLEASE SPECIFY:

- Legal department efficiencies and knowledge management

44. How satisfied are you with your current role within your company/firm/organization?

Eighty-seven percent of Canadian CLOs indicated some level of satisfaction with their current role within their companies. This represents an increase from last year, when 77% of Canadian CLOs indicated some level of satisfaction.

	2012/2013	2013/2014
Extremely Dissatisfied	6%	2%
Dissatisfied	2%	0%
Somewhat Dissatisfied	2%	10%
Neither Dissatisfied nor Satisfied	11%	2%
Somewhat Satisfied	15%	23%
Satisfied	26%	42%
Extremely Satisfied*	36%	22%
I am not a CLO	2%	N/A
*Labeled "Very satisfied" in 2013 survey	n = 47	n = 60

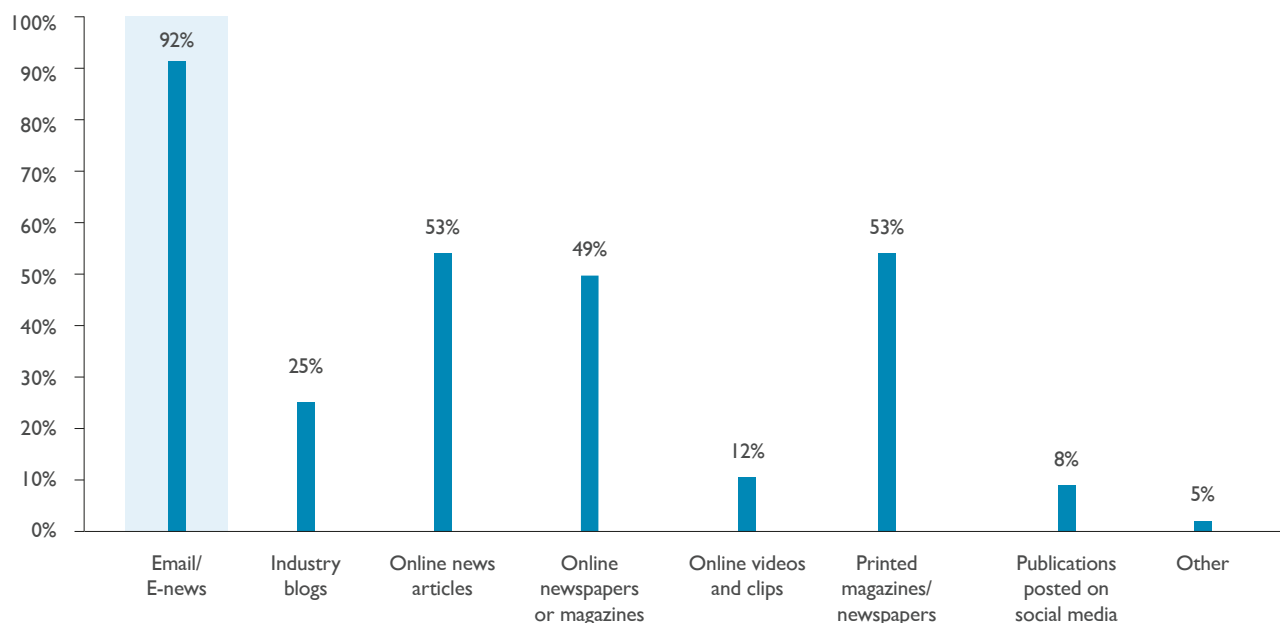
45. What social media platforms do you use (professionally) and with what frequency?

With the exception of LinkedIn, Canadian CLOs are not very active on social media. Eighty-seven percent of Canadian CLOs access LinkedIn and when they do, it is more likely to be just once a week. In contrast, just 43% of Canadian CLOs access Google+, 40% access Facebook, 27% access Twitter and none access AboutMe. Among Canadian CLOs that do access these other social media sites, participation rates are low.

	2012/2013						2013/2014					
	Daily	Weekly	Monthly	Rarely	Do Not Use	n=	Daily	Weekly	Monthly	Rarely	Do Not Use	n=
AboutMe	0%	0%	0%	5%	95%	40	0%	0%	0%	0%	100%	54
Facebook	5%	12%	7%	12%	65%	43	5%	12%	12%	11%	60%	57
Google+	14%	10%	2%	12%	62%	42	21%	5%	5%	11%	57%	56
LinkedIn	15%	29%	21%	17%	19%	48	23%	33%	21%	10%	13%	61
Twitter	7%	7%	2%	14%	69%	42	7%	7%	4%	9%	73%	55

46. How do you prefer to learn about the latest advancements and news within your professional field? (Check all that apply)

Canadian CLOs indicated they greatly prefer to learn about the latest legal developments and news via email and/or e-news. However, over one-half of Canadian CLOs also prefer online news articles (53%), printed magazines/newspapers (53%) and/or online newspapers or magazines (49%). Interest in online newspapers/magazines has increased significantly — up 14 percentage points from 35% last year. Just 8% of Canadian CLOs indicated a preference for social media as a channel for accessing current information and news.



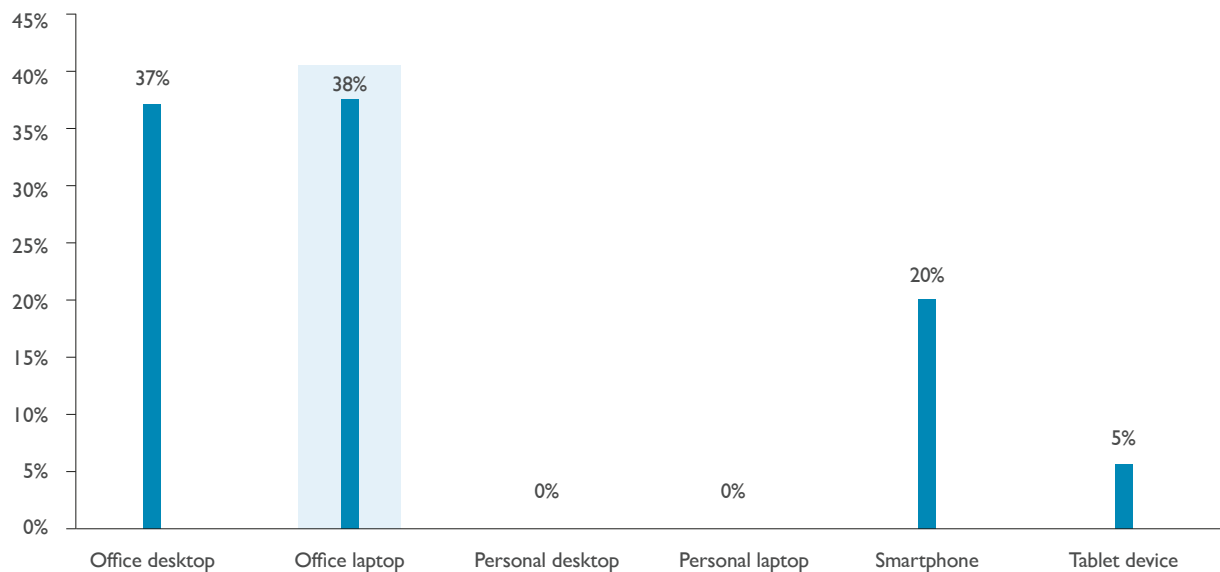
	2012/2013	2013/2014
Email/enews	86%	92%
Industry blogs	23%	25%
Online news articles	61%	53%
Online newspapers or magazines*	35%	49%
Online videos and clips	12%	12%
Publications posted on social media	10%	8%
Printed magazines/newspapers	51%	53%
Other	2%	5%
* "Online newspapers" in 2013 survey	n = 49	n = 61

OTHER, PLEASE SPECIFY:

- CLE via webinar
- Networking opportunities
- Outside firm update emails

47. What device do you primarily use to check your email?

Canadian CLOs access their email accounts via their office laptops (38%), office desktops (37%) or Smartphones (20%). Use of tablets as a primary tool to check email is negligible and no one indicated they use their personal computers to check email.

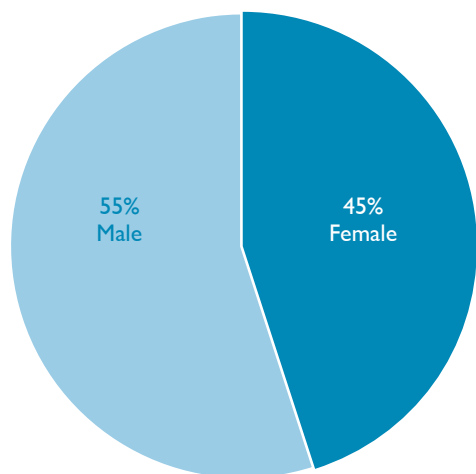


	2012/2013	2013/2014
Office desktop	25%	37%
Office laptop	47%	38%
Personal desktop	0%	0%
Personal laptop	8%	0%
Smartphone	16%	20%
Tablet device	4%	5%
	<i>n = 49</i>	<i>n = 60</i>

**NINETY-FOUR PERCENT
OF CANADIAN CLOs ARE
LOOKING TO FURTHER
DEVELOP NON-LEGAL SKILLS
AMONG THEIR STAFFS.**

48. For statistical purposes, what year were you born?

Fifty-five percent of the Canadian CLO respondents were male and 45% were female. Last year, 64% of respondents were male and a little over one-third (36%) of respondents were female.



	2012/2013	2013/2014
Male	64%	55%
Female	36%	45%
	<i>n</i> = 50	<i>n</i> = 60

49. For statistical purposes, what year were you born?

The average age of survey respondents decreased this year. The average age was 49, compared to an average age of 52 last year. Thus, Generation X now represents the majority of Canadian CLOs.

	2012/2013	2013/2014
Traditionalists (1929-1945)	0%	0%
Baby Boomers (1946-1964)	60%	44%
Generation X (1965-1982)	40%	56%
Generation Y (1983-1994)	0%	0%
Average Age	52	49
	<i>n</i> = 50	<i>n</i> = 59

PROJECT OVERVIEW AND INTERPRETING THE DATA



Project Overview

The survey was launched online on October 1, 2013 and closed on November 18, 2013. An invitation to participate in the survey was delivered via email to CLOs worldwide and include both ACC members and non-members. A total of 71 surveys were received from CLOs located in Canada.

Interpreting the Data

This report contains key findings, overall survey results and a demographic profile. The key findings section does not address all findings from the survey, but rather areas with enough significant and relevant information to support entire themes that emerged from the survey results. Additional findings can be found in the data throughout the overall survey results section. The overall survey results contain all of the questions from the survey and their respective answers. Each question has a chart, graph and/or table representing the percentage of respondents that chose each answer. The 2014 survey results have a side by side comparison with the 2013 survey results wherever possible.

**A TOTAL OF 71 SURVEYS
WERE RECEIVED FROM
CLOs LOCATED IN CANADA.**

DEMOGRAPHIC OVERVIEW

Demographic Overview

The following demographic profile is fundamental to better understanding the key findings and overall results that emerged from this survey. Respondents self-reported data on professional characteristics, as well as personal demographics.

Please note, percentages in the demographic overview and overall survey results have been rounded to the nearest whole number; therefore, amounts may not always total 100 percent.

At A Glance

This question last year was a “select only one” question. This year it was a “select all that apply” question. Just under three-fourths (73 percent) consider themselves General Counsel. About one-fourth consider themselves a Corporate Secretary and/or a Vice President. Fourteen percent of this group identified themselves as a Chief Legal Officer. Similar to last year, there are no Advocates or Counsel/Counselors.

There are six percentage points fewer private and six percentage points fewer public company employees than last year. The respondents from LLCs increased by 10 percentage points and the non-profit group increased by six percentage points.

Similar to last year, over one-half of respondents work in law departments with two to nine employees.

Canadians were 6 percent of the population of the ACC Chief Legal Officer 2014 Survey.

Last year, 40 percent of the survey population earned between 197,000 and 295,000 CAD. This number is down to 24 percent this year. Forty-four percent earned less than 197,000 CAD this year, compared to just 34 percent last year. This change in salary could be due to the respondent population having a younger average age (and presumably, experience level).

The Canadian segment of this year’s survey population represents a younger and increasingly female audience than it did in last year’s survey.

**THE CANADIAN SEGMENT
OF THIS YEAR’S SURVEY
POPULATION REPRESENTS
A YOUNGER AND
INCREASINGLY FEMALE
AUDIENCE THAN IT DID
IN LAST YEAR’S SURVEY.**



Job Title or Function	2012/2013	2013/2014
General Counsel	44%	73%
Corporate Secretary	2%	24%
Vice President	2%	23%
Other, please specify:	24%	17%
Chief Legal Officer	10%	14%
Executive Vice President	2%	7%
Senior Vice President	8%	7%
VP Legal Affairs	4%	6%
Executive Board Member	0%	4%
Head of Legal	0%	4%
Chief Counsel	0%	3%
Compliance Officer	0%	3%
Solicitor/Barrister	0%	3%
Legal Director	4%	1%
Advocate	0%	0%
Counsel/Counselor	0%	0%

Company/Organization	2012/2013	2013/2014
Private	38%	32%
Public	34%	28%
Limited Liability Company (LLC)	6%	16%
Non-profit	8%	14%
Subsidiary of foreign public corporation	10%	7%
Publicly held debt, privately held equity	2%	1%
Limited Liability Partnership (LLP)	2%	1%
Partnership	0%	0%

Primary Industry (Top 5)	2012/2013	2013/2014
Manufacturing	10%	11%
Other	4%	11%
Finance and Banking	10%	9%
Energy	10%	6%
IT/Software/Internet Related Services	6%	6%

Size of Law Department	2012/2013	2013/2014
1 employee	10%	13%
2 to 9 employees	52%	54%
10 to 24 employees	22%	16%
25 to 49 employees	2%	6%
50+	14%	13%

Office Location	2012/2013	2013/2014
Canada	100%	100%

Annual Revenue (CAD)	2012/2013	2013/2014
Less than \$74,000	0%	0%
\$74,000 to \$98,000	2%	3%
\$99,000 to \$147,000	4%	12%
\$148,000 to \$196,000	28%	29%
\$197,000 to \$295,000	40%	24%
\$296,000 to \$393,000	10%	16%
\$394,000 to \$492,000	10%	6%
\$493,000 to \$591,000	0%	0%
\$592,000 to \$689,000	0%	2%
\$690,000 to \$788,000	2%	0%
\$789,000 to \$886,000	0%	0%
\$887,000 to \$985,000	0%	0%
\$986,000 to \$1,971,000	0%	0%
\$1,972,000 to \$2,957,000	0%	0%
\$2,958,000 to \$3,943,000	0%	0%
\$3,944,000 to \$4,929,000	0%	0%
\$4,930,000 or more	0%	0%
Prefer not to say	4%	9%

Age	2012/2013	2013/2014
Traditionalists (1929-1945)	0%	0%
Baby Boomers (1946-1964)	60%	44%
Generation X (1965-1982)	40%	56%
Generation Y (1983-1994)	0%	0%

