
# 2023 BEST PRACTICES

## FOR PROXY CIRCULAR DISCLOSURE

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# INTRODUCTION

Since 2004, the Canadian Coalition for Good Governance (CCGG) has prepared best practices documents for reporting issuers. These documents, including this "2023 Best Practices for Proxy Circular Disclosure" publication, provide examples of excellent disclosure by Canadian issuers in the area of corporate governance, including as this relates to the oversight of material environmental and social matters, and executive compensation.

## Mission of CCGG

The Members of the Canadian Coalition for Good Governance are Canadian institutional investors that together manage approximately $5.5 trillion in assets on behalf of pension fund contributors, mutual fund unit holders and other institutional and individual investors. CCGG promotes good governance practices, including the governance of environmental and social matters, at Canadian public companies, and assists institutional investors in meeting their stewardship responsibilities. CCGG works towards the improvement of the regulatory environment to best align the interests of boards and management with those of their investors, and to increase the efficiency and effectiveness of the Canadian capital markets.

## Why proxy disclosure matters

The proxy circular is the primary means for a board to communicate its corporate governance practices to the company's shareholders. Shareholders expect the circular to articulate, in plain language, the governance practices and activities of the board, the qualifications of directors, and the issuer's executive compensation programs.

## How to use this document

We hope that issuers are familiar with and model their policies and behaviours based on the guidelines laid out in CCGG's *Building High Performance Boards*, *Executive Compensation Principles*, *The Directors' E&S Guidebook*, and other CCGG publications. This document gives life to our principles and provides inspiration for creating and disclosing good corporate governance practices.

## A note on terminology

In this document, any use of the term "company" refers broadly to any reporting issuer and likewise any use of the term "share" refers to any form of traded equity.

## Feedback

We value your feedback. Please feel free to send us best practices you have come across or other suggestions for improvement.

You can reach us at cbrownridge@ccgg.ca.

## RECOMMENDED TOOLS FOR DISCLOSURE

Companies should use plain language in their disclosure documents, but other tools also must be employed to give the document structure, ensure flow, and communicate information meaningfully.

### 1. Organize for understanding

Organize the document in a manner that supports an understanding of the information it contains. Issuers should consider whether their disclosure documents are organized in a logical flow so that information continues to build upon itself, if applicable, and does not jump back and forth between different topics.

### 2. Use descriptive headings and employ visual aids

Descriptive headings and subheadings allow readers to quickly find the information they are seeking and break up the document into more manageable pieces. Use charts, tables, or images to explain complicated or detailed information wherever appropriate. These visual aids can explain information more fully and easily than text alone and their use helps to divide the document into smaller pieces for easier reading.

### 3. Draw attention to key ideas

Some effective disclosures by Canadian issuers provide summary overviews of each major section while others use highlight boxes to draw readers' attention to the main ideas. For example, issuers should consider using a plain language 'letter to shareholders' from the chair of the board near the beginning of the circular summarizing the key ideas that the board wishes to relay to shareholders.

### 4. Group related information

Grouping related information helps readers better understand the overall message being conveyed and reduces redundancies in disclosure documents. Whenever possible, the reader should not be made to jump around to different sections to understand a single component of compensation.

### 5. Introduce at a high level

For disclosure of executive compensation plans, CCGG encourages boards to include a plain-language introduction to the CD&A section that provides a high-level overview of the board's approach to executive compensation decision-making as well as any recent changes to its compensation program.

### 6. Avoid industry talk

Avoid jargon that confuses the message. When it is necessary or best to use industry words or technical information, define or explain terms clearly.

## INTEGRATION OF E&S FACTORS IN PROXY CIRCULAR DISCLOSURE

In response to increasing expectations of institutional investors regarding environmental and social (E&S) related oversight and disclosure, CCGG is pleased to note an increasing integration of such factors into key areas of proxy circular disclosure. Along with performance measures and risk considerations, investors are expecting boards to address how E&S factors are impacting other areas such as development of corporate strategy, incentive systems, and director recruitment.

While it is recognised that board practices and disclosure frameworks will continue to evolve, several examples throughout this document provide useful guidance on how companies are working to meet investor expectations.

Examples of topics where issuers have effectively integrated E&S considerations into their disclosure are denoted by:

For additional guidance, CCGG's 2018 publication *The Directors' E&S Guidebook* provides further recommendations for effective board oversight and company disclosure on E&S matters and also attempts to highlight examples which demonstrate the board's approach to important E&S issues.

## DISCLOSURE OF GOVERNANCE PRACTICES

Proxy circulars should articulate a company's governance practices clearly. This section provides examples of excellent disclosure in the following areas:

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## Majority Voting

### Capital Power Corporation, 2023 Proxy Circular, page 14

**OUR POLICY ON DIRECTOR MAJORITY VOTING**

In 2010, our Board adopted a majority voting policy for directors via amendments to our corporate governance policy requiring individual (not slate) voting for all directors. Following changes made effective in 2022 to the CBCA, our corporate governance policy was further revised to comply with the requirements of the CBCA and provide that shareholders may vote for or against (as opposed to withheld) each and every director nominee. If, with respect to any particular nominee, the number of shares voted against equals or exceeds the number of shares voted in favour of the nominee, then the nominee shall not be elected. In the event that an incumbent director nominee is not elected, they may be permitted to remain as a director until the earlier of: (i) 90 days after the date of the election; or (ii) the date on which their successor is elected or appointed. Further, elected directors may appoint the incumbent director nominee not withstanding such nominee does not receive a majority of votes cast where it is required to satisfy the CBCA:

- Canadian residency requirements; or
- requirement that at least two directors of a distributing corporation are not also officers or employees of the corporation or its affiliates.

### Discussion

As of August 31, 2022 companies incorporated under the Canada Business Corporations Act (CBCA) are now subject to a legislated majority voting regime in which shareholders may vote for or against director nominees. CCGG believes this development underlines the importance of majority voting, and where an issuer is *not* incorporated under the CBCA, expects such companies to disclose a majority voting policy that is similar to the model form which CCGG has espoused since 2006 and that contains the following important elements:

- directors with more votes withheld than in favour must submit resignations promptly,
- the board must accept resignations except in exceptional circumstances, and
- the board must announce its decision to either accept or reject the resignation in a press release within 90 days, including reasons for not accepting the resignation, if applicable.

### Celestica Inc., 2023 Proxy Circular, page 7

**Majority Voting Policy**

The Board has adopted a policy that requires, in an uncontested election of directors, that shareholders be able to vote in favour of, or to withhold from voting, separately for each director nominee. If, with respect to any particular nominee, other than the controlling shareholder or a representative of the controlling shareholder, the number of shares withheld from voting by shareholders other than the controlling shareholder and its associates exceeds the number of shares that are voted in favour of the nominee, by shareholders other than the controlling shareholder and its associates, then the Board shall determine, and in so doing shall give due weight to the rights of the controlling shareholder, whether to require the nominee to resign from the Board and, if so required, any such nominee shall immediately tender his or her resignation.

### Discussion

Celestica is a dual class share company. The controlling shareholder, Onex Corporation, holds a voting interest equal to approximately 82%, while its economic interest is approximately 15%. Celestica's majority voting policy is noteworthy based on the fact that the test for determining whether an individual director has received majority support from shareholders excludes any votes cast by the controlling shareholder. It therefore reflects the views of Celestica's public shareholders only.

## Voting Results

### Cogeco Communications Inc., 2023 Report of Voting Results

| Nominee | Votes For *(Aggregate)* | % | Votes Against *(Aggregate)* | % | Votes For *(Subordinate Voting Shares)* | % | Votes Against *(Subordinate Voting Shares)* | % |
|---|---|---|---|---|---|---|---|---|
| Colleen Abdoulah | 170,529,164 | 99.90% | 170,355 | 0.10% | 13,618,164 | 98.76% | 170,355 | 1.24% |
| Louis Audet | 168,647,031 | 98.80% | 2,052,488 | 1.20% | 11,736,031 | 85.11% | 2,052,488 | 14.89% |
| Mary-Ann Bell | 170,479,659 | 99.87% | 219,860 | 0.13% | 13,568,659 | 98.41% | 219,860 | 1.59% |
| Robin Bienenstock | 170,491,707 | 99.88% | 207,812 | 0.12% | 13,580,707 | 98.49% | 207,812 | 1.51% |

### Discussion

When a dual class share company reports the results of director elections, in addition to disclosing the aggregate voting results, the company should also disclose the voting results for subordinate voting shares separately, as displayed in the above example from Cogeco Communications.

## Director and Board Independence

### Stantec Inc., 2023 Proxy Circular, page 23

**Director Independence**

The board has determined that all director nominees, except Mr. Johnston, are independent within the meaning of applicable Canadian securities laws. Mr. Johnston, as president & CEO of Stantec, is not considered independent.

| Director Nominee | Independent | Non-Independent | Reason for Non-Independence |
|---|---|---|---|
| Douglas Ammerman | ☑ | | |
| Martin à Porta | ☑ | | |
| Shelley Brown | ☑ | | |
| Angeline Chen | ☑ | | |
| Patricia Galloway | ☑ | | |
| Bob Gomes | ☑ | | |
| Gord Johnston | | ☑ | President & CEO of the Company |
| Don Lowry | ☑ | | |
| Marie-Lucie Morin | ☑ | | |
| Celina Wang Doka | ☑ | | |

### Discussion

Stantec uses a table to clearly identify which directors are independent and why certain directors are not classified as independent. As well, more than two thirds of the board is comprised of independent directors.

To promote independent functioning, CCGG recommends that a portion of each board meeting be held *in-camera* - a session of independent directors only.

## Director Interlocks

### EQB Inc., 2023 Proxy Circular, page 48

**Board interlocks and service on other boards**

The Board has an interlock policy in place which states that no more than two of our Directors should serve on the same company board unless otherwise agreed to by the Board. The Governance and Nominating Committee reviews external board and committee memberships of all directors as part of its annual review of director independence. The table below shows the names of the companies that have more than one of EQB's director nominees serving on their board of directors:

| Company | Director | Company board committee of which director nominee is a member, or position held |
|---|---|---|
| Definity Financial Corporation[1]/ Economical Insurance Company of Canada | Rowan Saunders | President and CEO |
| | Michael Stramaglia | Chair, Risk Review Committee<br>Member, Corporate Governance Committee |

1. Denotes public company

The Governance and Nominating Committee has determined that this relationship does not impair the ability of these directors to exercise independent judgment.

CEO directors should serve on no more than two public company boards, including their own, and non-CEO directors should not serve on more than five public company boards. Directors are required to notify the Chair of the Board and the Chair of the Governance and Nominating Committee prior to accepting an invitation to join another board.

### Discussion

Boards should limit the number of director interlocks. EQB discloses its policy on director interlocks and indicates which of its board members also serve together on the boards of other public companies. EQB also presents the board's opinion on existing interlocks and indicates that outside directorships are reviewed regularly.

## Independence of the Board Chair

**Emera Incorporated, 2023 Proxy Circular, page 36**

**Director and Chair Independence**

Ms. Sheppard, the Chair of the Board, is an independent Director. The Articles of Association of the Company require that the Chair of the Board and the President and CEO be separate individuals.

### Discussion

The position of Board Chair should be separate from the CEO. Additionally, the Chair should be independent of a company's management team. Emera has split the roles of CEO and Board Chair and has appointed an independent Board Chair.

### Thomson Reuters, 2023 Proxy Circular, page 45

**Lead Independent Director**

Michael E. Daniels was appointed as the Board's Lead Independent Director on June 8, 2022, following the retirement of Vance Opperman from the Board. Among other things, responsibilities of our Lead Independent Director include chairing meetings of the independent directors; in consultation with the Chairman, Deputy Chairman and CEO, approving meeting agendas for the Board; as requested, advising the CEO on the quality, quantity, appropriateness and timeliness of information sent by management to the Board; and being available for consultation with the other independent directors as required.

## Discussion

The controlling shareholder of Thomson Reuters owns more than 50% of the common shares. In such cases, it is acceptable for the Chair to be a "related director" as defined in the CCGG publication *Governance Differences of Equity Controlled Corporations* if the board appoints an independent Lead Director. Thomson Reuters' Chair represents the controlling shareholder and, therefore, is a "related director". However, the company has appointed a Lead Independent Director.

## Director Nominee Profiles

### TransAlta Corporation, 2023 Proxy Circular, page 25

**Thomas M. O'Flynn**
**Corporate Director**

**Profile**
- Age: 63
- Residency: New Jersey, US
- Director Since: 2021
- Independent

**Top Four Relevant Competencies**
- M&A / Organizational Change
- Accounting, Finance and Tax
- Risk Management
- Electric Energy / Utility

**Relevant Skills and Qualifications**

- Former CEO and Chief Investment Officer, AES Infrastructure Advisors.
- Former Executive Vice President and Chief Financial Officer at AES Corporation, being responsible for all aspects of global finance and M&A teams across six global regions, helping to lead AES through a significant transformation, including strategic exits of non-core markets, that resulted in improved financial stability and allowed for the redeployment of cash to primary growth markets during his tenure, and being a key driver in initiating a major transition to renewables and green energy to significantly improve AES's growth profile and reduce its carbon footprint. AES's total shareholder return increased 54 per cent during his tenure and its credit rating improved significantly.
- Venture Partner with Energy Impact Partners, a private energy technology fund investing in high-growth companies in the energy, utility and transportation industries.
- Former CFO of Powin Energy, a battery energy storage company in which Energy Impact Partners is a significant investor.
- Former Senior Advisor, Power and Utility Sector at the Blackstone Group Inc. and former Chief Operating Officer and Chief Financial Officer of Transmission Developers Inc., a Blackstone-controlled entity that develops innovative power transmission projects in an environmentally responsible manner.
- Former Executive Vice President and Chief Financial Officer at Public Service Enterprise Group Inc. and former Head of North American Power at Morgan Stanley.
- Bachelor of Arts in Economics from Northwestern University and Master of Business Administration in Finance from the University of Chicago.
- An adjunct professor at Northwestern University for a master's program at the Institute for Sustainability and Energy.

Mr. O'Flynn has demonstrated an ability to realize shareholder value through his significant senior executive experience at large electricity companies. He has led successful organizational transformations, including by focusing on acquisitions and greenfield development. Accordingly, the Board recommends that Shareholders vote FOR Mr. O'Flynn's re-election to the Board.

| Board/Committee Membership | Attendance | Attendance Total | Value of Compensation Received in 2022 |
|---|---|---|---|
| Board of Directors | 9 of 9 | 93.1% | $234,500 |
| Special Committee[4] | 5 of 6 | | |
| Audit, Finance and Risk Committee | 7 of 8 | | |
| Investment Performance Committee | 6 of 6 | | |

**Securities Held as at December 31 of Respective Year**

| Year | Common Shares | Deferred Share Units | Total | Market Value[2] | Share Ownership Requirement[3] |
|---|---|---|---|---|---|
| 2022 | 5,171 | 12,805 | 17,976 | $225,958 | On Track |
| 2021 | 5,171 | 5,215 | 10,386 | $142,080 | |

**Other Public Board Directorships and Committee Memberships**

| Company | Committee |
|---|---|
| None | N/A |

**Public Board Interlocks**

None

**Prior Year's Voting Results: Voting Results of 2022 Annual and Special Meeting of Shareholders**

| Votes For | Percentage | Votes Withheld | Percentage |
|---|---|---|---|
| 185,248,610 | 99.49% | 949,327 | 0.51% |

### Discussion

Director profiles provide shareholders with detailed information about the individuals being nominated to sit on the board. TransAlta's circular not only presents each director's profile but also explains why each director's experiences are relevant to the TransAlta board. The profile also clearly displays other useful information such as the director's share ownership, voting results, attendance, and other public board directorships.

The following example taken from the circular of Martinrea International also provides a good description of how each director's experiences add value to the Martinrea board.

### Martinrea International Inc., 2023 Proxy Circular, page 15

**CGNC's Recommendation of Dr. Shoichet**

Dr. Shoichet brings to the Board a deep knowledge of science, technology and innovation, previous board, corporate and public policy experience and an entrepreneurial spirit. She brings a unique perspective to the Board, building on her interdisciplinary research at the intersection of engineering, science and medicine where she is able to bring diverse groups together to solve common problems. Having started four companies and provided strategic advice to federal and provincial governments, Dr. Shoichet understands the importance of good governance. She has been an active, effective and engaged participant in all Board and Committee meetings, and has been busy with the affairs of the Company including as current member of the Compensation Committee. Dr. Shoichet was heavily involved with the oversight of the Company's response to the COVID-19 pandemic and related global semi-conductor chip shortage, and resulting supply chain, inflationary and other macroeconomic challenges, to help ensure the Company survived the crisis. The CGNC believes that Dr. Shoichet is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Dr. Shoichet's re-election.

## Board Composition and Succession Planning

### TELUS Corporation, 2023 Proxy Circular, pages 49-52

**Board succession planning – Size and composition of the Board, nomination of directors and term limits**

The Corporate Governance Committee is responsible for Board and committee succession planning and for making annual recommendations to the Board regarding the size and composition of the Board and its committees. It also proposes new nominees for election as directors. When considering the Board's size and composition, the Corporate Governance Committee and the Board have two primary objectives:

• To form an effectively functioning Board that presents a diversity of views and business experience.

• To select a size that is sufficiently small for the Board to operate effectively, but large enough to ensure there is enough capacity to fully meet the demands of the Board and its four committees and to facilitate transition when new members are elected or appointed.

[…] The Corporate Governance Committee regularly reviews the profile of the Board, including the age and tenure of individual directors and the representation of diversity, geography and various areas of expertise. The objective is to have a sufficient range of skills, expertise and experience to ensure the Board can carry out its responsibilities effectively while facilitating transition following the election or appointment of new directors. The Board also strives to achieve a balance between the need to have a depth of institutional experience and knowledge available from its members and the need for renewal and new perspectives. Succession planning for the Board, in line with these objectives, has been a key focus of the Corporate Governance Committee and the Board in recent years.

The Board does not have a mandatory age limit, but it does have a term limit policy that requires directors who join the Board after January 1, 2013 to tender their resignation to the Corporate Governance Committee after 15 years of service. The Corporate Governance Committee has the discretion to recommend that the Board extend a director's term for such period as the committee deems appropriate, if it is in the best interests of TELUS to do so. The term limit policy does not replace the rigorous annual performance assessment process that takes place under the leadership of the Corporate Governance Committee. In conjunction with the Board evaluation and as part of the succession planning process, directors are also canvassed on their intention to retire from the Board in order to identify impending vacancies as far in advance as possible. […]

## The Bank of Nova Scotia, 2023 Proxy Circular, pages 50-51

**NOMINATING DIRECTORS**

**[…] Determine selection criteria and potential candidates**

• done with a view to succession planning for both the board and its committees

> • primarily determined according to key skills, experience and attributes required on the board and diversity criteria including gender, gender identity or gender expression, age, sexual orientation, ethnicity and geographic background, and membership within designated groups, including women, People of Colour, Indigenous peoples and persons with disabilities, with a view to the board's policies including its diversity policy
>
> • candidates may be proposed from a variety of sources including the evergreen list or an independent search firm that will be directed to include candidates who meet our skills matrix requirements, diversity criteria and our corporate governance policies
>
> […] This year, the board and the corporate governance committee performed a targeted search for director nominees, focusing on experience in financial services, senior executive leadership, along with a mandate for representation from underrepresented groups. This targeted search ensures that diverse candidates are included in the pool of candidates considered, with a view to skill sets and diversity criteria needed on the board as a result of director and stakeholder feedback.

### Discussion

Boards should have a plan in place for the orderly succession of directors and should maintain an evergreen list of potential candidates. To facilitate this, boards should identify the key skills that are required of directors and use a skills matrix to ensure that these skills are accounted for among current and prospective directors (see section entitled Board Skills Matrix), as demonstrated by TELUS.

Notably, while TELUS has chosen to implement a 15-year term limit, the circular denotes that term limits do **not** replace the need for a robust annual board and director assessment process. While term limits and mandatory retirement ages can be helpful tools to promote board renewal and facilitate long-term succession planning, a rigorous annual assessment of board and individual director effectiveness should remain the primary mechanisms for boards to evaluate whether individual directors are continuing to add value to the board and whether renewal is necessary to enhance the board's overall performance.

The Bank of Nova Scotia also describes what the governance committee's priorities were when looking for new directors based on the board's current composition and the needs of the company. Most recently, this has been experience in financial services, senior executive leadership, and representation from underrepresented groups.

## Board Skills Matrix

### BCE Inc., 2023 Proxy Circular, page 24

| | Age | | | Tenure | | Language (1) | | Region | | | Top four competencies (2) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | < 60 | 60 – 69 | ≥ 70 | ≤ 7 Years | > 7 Years | English | French | Ontario | Québec | Atlantic | Accounting/ Finance | CEO/Senior management | Corporate responsibility | Governance | Government/ Regulatory affairs | HR/Compensation | Investment banking/ Mergers & acquisitions | Media/Content | Retail/Customer | Risk management | Technology | Telecommunications |
| M. Bibic | ✓ | | | ✓ | | ✓ | ✓ | ✓ | | | | ✓ | | | ✓ | | | ✓ | | | | ✓ |
| D.F. Denison | | | ✓ | | ✓ | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | | ✓ | | | | | | |
| R.P. Dexter | | | ✓ | | ✓ | ✓ | | | | ✓ | | | | ✓ | | ✓ | | | ✓ | ✓ | | |
| K. Lee | ✓ | | | | ✓ | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | | | | | | ✓ | | |
| M.F. Leroux | | ✓ | | ✓ | | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | | | | | |

(1) For a language to be included in this matrix, a director must have a level of proficiency in that language that is sufficient to enable the director to use it in all facets of life, including the performance of the duties and functions of a director.

(2) Definitions of competencies

- Accounting/Finance: experience with, or understanding of, financial accounting and reporting, corporate finance and familiarity with internal financial controls and Canadian GAAP/IFRS
- CEO/Senior Management: experience as a CEO or senior executive of a major public company or other major organization
- Corporate Responsibility: experience with/understanding of corporate responsibility risks and opportunities, including ESG related matters
- Governance: experience in corporate governance principles and practices at a major organization
- Government/Regulatory Affairs: experience in, or understanding of, government, relevant government agencies and/or public policy in Canada
- Human Resources/Compensation: experience in, or understanding of, compensation plans, leadership development, talent management, succession planning and human resource principles and practices generally
- Investment Banking/Mergers & Acquisitions: experience in investment banking and/or major transactions involving public companies
- Media/Content: senior executive experience in the media or content industry
- Retail/Customer: senior executive experience in a mass consumer industry
- Risk Management: experience in, or understanding of, internal risk controls, risk assessment, risk management and/or reporting
- Technology: senior executive experience in the technology industry or understanding of relevant technologies
- Telecommunications: senior executive experience in the telecommunications industry

### Cameco Corporation, 2023 Proxy Circular, page 32

**Skills and experience**

Each director completes a self-assessment of their competencies annually to identify where they have significant or demonstrate current and/or relevant experience and make a significant contribution at the board table. The chair of the nominating, corporate governance and risk committee or the board chair meets with each director to review their self-assessment. The committee reviews the results for consistency and to be satisfied that the directors possess skills in these areas.

## Enerflex Ltd., 2023 Proxy Circular, page 23-24

| Director Skills and Experiences | Assing | Cormier Jackson | Dunn | Folse | Gouin | Hale | Reinhart | Rossiter | Villegas | Weill |
|---|---|---|---|---|---|---|---|---|---|---|
| **Board and Governance Experience** | | | | | | | | | | |
| **Board Experience** – prior or current experience as a board member of a major organization (public or private), other than Enerflex. | ● | ● | ● | ● | ● | ● | ● | ● (grey) | ● | ● (red) |
| **Governance Expertise** – corporate governance knowledge, including governance committee experience or functional responsibility for corporate governance in a major organization. | ● | ● | ● | ● (red) | ● | ● (grey) | ● | ● (red) | ● (red) | ● |
| **Risk Oversight** – experience identifying and evaluating risks and ensuring that management has implemented the appropriate systems to manage risk. | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| **Managing and Leading Growth** | | | | | | | | | | |
| **Executive Leadership** – experience leading an organization, or a major functional area or business segment of an organization. | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| **Strategic Development** – executive or management experience developing, evaluating, and implementing a strategic plan. | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| **Business Development** – executive or management experience relating to business development, mergers and acquisitions, opportunity generation, and value creation. | ● | ● | ● | ● (red) | ● | ● | ● | ● | ● | ● |
| **Senior Level Management Experience** | CEO | SVP | CEO | EVP | CEO | SVP | CEO | CEO | COO | COO |
| **Industry Experience** | | | | | | | | | | |
| **Oil and Gas** – leadership experience in an oilfield service or oil and gas company with related industry domain knowledge. | ● | ● | ● | ● | ● (red) | ● | ● | ● | ● | ● |
| **Midstream / Energy Infrastructure** – leadership experience in a midstream company, or other experience working with the midstream industry. | ● (grey) | ● (grey) | ● | ● (red) | ● (red) | | ● (red) | ● | ● (red) | ● (red) |
| **Manufacturing** – knowledge of manufacturing, or a technical expertise regarding natural gas compression, processing, and associated oilfield equipment. | ● | ● (red) | ● | ● (grey) | ● | ● (red) | ● (red) | ● | ● | ● (red) |
| **Financial Expertise** | | | | | | | | | | |
| **Accounting** – executive responsibility for financial accounting and reporting, with knowledge of internal financial controls. | ● (grey) | ● | ● (red) | ● | ● | ● | ● | ● (red) | ● (red) | ● (red) |
| **Corporate Finance** – executive experience in corporate finance with knowledge of debt and equity markets. | ● (red) | ● (red) | ● (red) | ● (grey) | ● | ● (red) | ● | ● (grey) | ● (red) | ● (grey) |
| **Business Expertise** | | | | | | | | | | |
| **Operational Expertise** – executive or management experience relating to the operation of an oilfield service company or oil and gas assets and related infrastructure. | ● | ● (red) | ● | ● | ● (grey) | ● (grey) | ● | ● | ● | ● |
| **Project Management** – experience managing and executing large scale projects, including resources, risks, project status, and quality assurance. | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| **Geographic Expertise** – executive or management experience in an organization with international operations. | ● | ● (grey) | ● | ● | ● | ● | ● | ● | ● | ● |
| **ESG Expertise** – experience developing or managing ESG programs, including sustainability, workplace health & safety, diversity & inclusion, and social responsibility. | ● (grey) | ● (red) | ● (grey) | ● | ● (red) | ● (red) | ● | ● | ● | ● (red) |
| **HR and Compensation Expertise** – experience managing or overseeing compensation programs, succession planning, and talent management. | ● | ● | ● | ● (red) | ● | ● | ● (red) | ● | ● | ● (red) |
| **Technology and Systems Expertise** – experience leading innovative technology programs with knowledge of IT general controls and cybersecurity. | ● (grey) | ● (red) | ● (grey) | ● | ● (grey) | ● | ● | ● | ● (grey) | ● (red) |

● Advanced degree of experience or expertise in specific area
● (red) General experience or expertise in specified area
● (grey) Limited experience or expertise in specific area
No experience or expertise in specific area

### Discussion

A board skills matrix denotes the areas of expertise that are prioritized on a company's board. To aid in renewal planning and assessments of board effectiveness, skills matrices also reveal any existing or potential gaps in the collective skillset of directors. In some cases, issuers may choose to identify only a director's top 3-5 skills and competencies in the matrices (such as in the case of BCE), or differentiate between directors who are experts versus those with general experience in a given area (demonstrated by Enerflex). Issuers should also provide a definition as to the type of experience that is included under each area of competency such that readers may better understand the relevance of each skillset to the particular business.

Both Enerflex and BCE's skills matrices also track skills and experiences related to E&S matters. E&S-focused capabilities should be captured in the board skills matrix when such matters are **material** to the corporation's business and pertinent to the board's role in risk management and strategic planning oversight. Furthermore, issuers should clearly define the skills and experience that this type of expertise entails given the unique context and circumstances of their business to ensure that they are recruiting directors with the relevant knowledge to provide guidance in these areas.

Notably, given that skills matrices are typically populated based on a self-assessment completed by each director, Cameco's matrix is also reviewed for consistency to ensure that what constitutes expertise in each area is congruous between directors.

## Director Continuing Education

### Brookfield Corporation, 2023 Proxy Circular, page 33

**Director Education and Site Visits**

The Corporation provides regular continuing education for directors. Time is set aside at all regularly scheduled Board meetings for presentations on different areas of the Corporation's businesses, led by executives responsible for or familiar with these operations. On a rotating basis, directors are provided with an in-depth analysis of a business unit of the Corporation in order to further educate the directors about Brookfield. Directors also receive presentations on new developments and trends in corporate governance and director fiduciary duties as appropriate.

Director dinners, with select management present, are held before or immediately following all regularly scheduled Board meetings, and director education is provided at these dinners by way of presentations on areas relevant to Brookfield's businesses. These dinners increase director knowledge of various business activities and initiatives. Often more junior executives are invited to Board dinners in order to provide directors with exposure to "high potential" executives and better enable the Board to assess the Corporation's bench strength from a succession standpoint.

The Corporation's quarterly Board materials include a general market report which incorporates detailed information on developed and emerging economies. As well, throughout the course of the year the directors are privy to a number of educational sessions as part of the Board and committee meetings. In 2022 for example, sessions included the following topics to name a few: technology investing and lottery services, life science and biotechnology properties, semiconductor manufacturing, ESG with a focus on climate change initiatives, carbon emission reductions, governance and cybersecurity risk management. In addition, the Board has an established practice of organizing off-site visits to the Corporation's business operations in key markets outside Toronto and New York, where regularly scheduled Board meetings are normally held. These off-site visits are designed to provide an opportunity for directors to learn about the Corporation's major businesses by viewing the operations firsthand and meeting in person with local management. In 2022, certain directors participated in off-sites where they visited some of our larger operating businesses firsthand. In September 2022, certain directors travelled to Oregon, U.S. to visit the Shepherds Flat wind repowering site. The visit included a tour of Shepherds Flat's operating facilities and an overview of the Shepherds Flat acquisition and assets. The directors were accompanied by members of our local management teams, including senior investment professionals. In December 2022, certain directors travelled to Brazil to visit Brookfield's business operations in the region, specifically the operations of four portfolio companies including a solar energy plant, water and waste platform, and Fleetwood transport company. These off-sites provided the directors with an opportunity to meet with local management teams, community and business leaders, and deepened their understanding of the Corporation's operations in Brazil and Oregon, respectively. The next full Board off-site visit is scheduled to occur in the Fall of October 2023.

### Keyera Corporation, 2023 Proxy Circular, page 43

In 2022, the Board received presentations from management and external experts during regular meetings and at the Board's annual strategy session. Some examples of specific presentations to the Board in 2022 include:

| Description | Board or committee |
|---|---|
| Investor Sentiment * | Board of Directors |
| Organizational Transformation * | Board of Directors |
| Macro & Energy Transition Outlook | Board of Directors |
| Workforce Strategy, Asset Positioning & Gathering Processing | Board of Directors |
| Liquids Infrastructure, AEF & Marketing | Board of Directors |
| Corporate Forecast | Board of Directors |
| Enterprise Risk Management Update | Board & all Committees |
| Investor Relations & Shareholder Sentiment Update (quarterly) | Board & Audit Committee |
| Marketing Risk Management Update (quarterly) | Audit Committee |
| Capital Markets Update (quarterly) | Audit Committee |
| Cybersecurity Update (quarterly) | Audit Committee |
| Compensation Philosophy and LTIP Update | HRC |
| Health & Safety Program Update (quarterly) | Board & HSE Committee |
| ARO & Liability Management Program Review | HSE Committee |
| Emissions Management Update | HSE Committee |
| Transportation of Dangerous Goods Review | HSE Committee |
| Asset Management and Reliability | HSE Committee |
| Pressure Vessel and Pipeline Integrity | HSE Committee |
| Stakeholder Relations Matters | GSC |
| ESG Maturity Assessment | GSC |

* denotes presentation from external speaker

## Discussion

Directors should participate in continuing education programs and events in order to enhance their understanding of the company and its business, gain familiarity with key executives, and to address ongoing and emerging issues in the functional areas of the board. For example, Keyera and Brookfield's educational content includes a number of topics that relate to emerging environmental and social factors, such as carbon emission and cybersecurity risk management. Issuers should also encourage their directors to attend external educational programs and events.

Notably, Brookfield periodically arranges site visits for members of the board. This practice provides board members with an opportunity to visit and learn more about the company's key operations, engage with local stakeholders, and enables them to make decisions with the necessary context and background knowledge.

To encourage board members to proactively address any perceived or potential gaps in their knowledge of the corporation's business, board members should also have the opportunity to provide input on educational topics in which they would like to enhance their understanding.

## Director Compensation and Share Ownership

Director compensation should not include retirement benefits, change of control or severance provisions, health care coverage, charitable donations, vehicles, club memberships, pensions, or other such perquisites.

Director compensation plans can facilitate the achievement of minimum director shareholding requirements and encourage directors to continue to invest in the company beyond the minimum share ownership level. In instances where there is an equity-based component of compensation, the amount should not be determined based on corporate performance, as that may compromise the objectivity of directors as stewards of the company on behalf of shareholders. The equity-based component of director compensation should consist of full value awards such as common shares or deferred share units (DSUs) rather than stock options.

### ARC Resources Ltd., 2023 Proxy Circular, pages 18-19

**Director Compensation**

[…] ARC's Director compensation program consists of both a cash and an equity-based component awarded in the form of Deferred Share Units ("DSUs.") The maximum cash component received is 40 per cent of total compensation, with the remaining compensation received in the form of DSUs. A Director may elect to receive 100 per cent of their compensation in the form of DSUs. DSUs vest immediately upon grant but cannot be redeemed until the holder ceases to be a Director. This reinforces long-term thinking, reduces unnecessary risk taking and aligns Director compensation with the interests of our shareholders.

**The following table presents the total compensation paid to each non-Management Director in 2022.**

| Director [1] | Board Chair or Member Retainer | Committee Chair Retainer | Total Cash Retainer Fees Earned | Share-based Awards (DSUs) [2] | Other Compensation | Total Compensation | Portion Taken as Cash | Portion Taken as DSUs |
|---|---|---|---|---|---|---|---|---|
| Harold N. Kvisle | $ 168,000 | $ — | $ 168,000 | $ 252,043 | $ — | $ 420,043 | $ — | $ 420,043 |
| Farhad Ahrabi | $ 90,000 | $ 6,000 | $ 96,000 | $ 144,002 | $ — | $ 240,002 | $ — | $ 240,002 |
| Carol T. Banducci | $ 90,000 | $ — | $ 90,000 | $ 135,044 | $ — | $ 225,044 | $ — | $ 225,044 |
| David R. Collyer | $ 90,000 | $ 6,000 | $ 96,000 | $ 144,000 | $ — | $ 240,000 | $ 95,966 | $ 144,034 |

### ARC Resources Ltd., 2023 Proxy Circular, page 20

**Director Share Ownership**

In 2022, we increased our share ownership for Directors from three times the cash retainer to three times the total annual retainer (including equity). Directors have five years to attain these holdings. As of December 31, 2022, and as outlined below, all non-Management Directors meet or exceed the minimum share ownership requirement. Carol T. Banducci has until 2026 to attain the shareholding requirements. Management Directors are subject to separate share ownership requirements which are outlined in the CD&A section in this information circular.

| Director | Year Ended December 31 | Common Shares | DSUs [1] | Total Common Shares and Share Equivalents | Total Market Value of Common Shares and Share Equivalents [2] | Value At-risk as Multiple of Annual Retainer [3] | Meets Minimum Share Ownership Requirement |
|---|---|---|---|---|---|---|---|
| Harold N. Kvisle | 2022 | 170,000 | 381,946 | 551,946 | $10,073,015 | 23 | Yes |
| | 2021 | 170,000 | 346,252 | 516,252 | $ 5,936,898 | 14 | Yes |
| Farhad Ahrabi | 2022 | — | 91,653 | 91,653 | $ 1,672,667 | 7 | Yes |
| | 2021 | — | 74,915 | 74,915 | $ 861,523 | 3 | Yes |
| Carol T. Banducci | 2022 | — | 16,618 | 16,618 | $ 303,279 | 1 | No |
| | 2021 | — | 2,925 | 2,925 | $ 33,638 | 0 | No |
| David R. Collyer | 2022 | 20,000 | 101,687 | 121,987 | $ 2,220,788 | 9 | Yes |
| | 2021 | 20,000 | 90,294 | 110,294 | $ 1,268,381 | 5 | Yes |

### Discussion

ARC requires each non-management director to own common shares and/or DSUs equal to at least three times their total annual retainer within five years of appointment to the board.

Of note, even after directors have met the share ownership requirement, 60% of total director compensation continues to be awarded in the form of DSUs. Some ARC board members, including the Board Chair, despite having met their share ownership requirement, chose to receive 100% of their 2022 compensation in the form of DSUs. This practice not only demonstrates the Chair's commitment to the company's future but also sets an expectation of members of senior management to build an equity interest in the company beyond the minimum requirements.

## Board, Committee and Director Assessments

### Emera Inc., 2023 Proxy Circular, pages 41-42

**Board and Director Performance Assessments**

The Board annually assesses its effectiveness in an effort to improve its performance. Each year, the NCGC, in consultation with the Board Chair, determines the process by which assessments of the Board, individual Directors, and Committees will be conducted in respect of their effectiveness and contribution. The process includes the use of questionnaires and one-on-one interviews with each Director by the Board Chair. A written report from the Board Chair on the assessment is provided to the Board members. The Board considers the report, its findings and a set of priority actions for the year at a Directors-only session, which is attended by the President and CEO for only a portion of the session. Progress is then monitored throughout the year with oversight on that process by the NCGC.

The NCGC determined in 2020 that while the traditional annual assessment process conducted by the Chair is robust and effective, from time to time the assessment process may be supplemented with the engagement of a third-party consultant to assist with the process of conducting the assessment in order to provide additional insights. While a consultant was engaged to assist with the 2020 Board and Director performance assessment, it was determined that it was not necessary to engage a consultant to assist with the 2021 or 2022 assessments. [...]

**2022 Assessment**

The Chair of the Board interviewed each non-executive Director as part of the 2022 Board and Director performance assessment. A series of questions was sent to each Director for advance consideration. The questions pertained to several themes, including:

- Emera's strategy and business;
- Organizational structure and capacity;
- Board and Committee effectiveness;
- Corporate governance;
- Board composition and succession;
- Individual Director effectiveness, including the Director's self-assessment of their own performance as a Director and an assessment of their peer Directors on the Board; and
- The CEO's 2022 evaluation, and his 2023 CEO goals and objectives.

[...]

**2022 Assessment Findings**

The prevalent themes that emerged from the 2022 Board and Director performance assessment related to strategy and organizational capacity. We continued to advance our strategic thinking, our assessment of risk, and the Company's organizational requirements to meet the strategic goals of the business. In light of the energy transition and evolving government policy, we examined their fundamental impact for our strategy, risks and organizational capacity, which will all be in focus for continuing assessment, discussion and strategic action in 2023. There will be a process and program in 2023 to address the implications. All Directors believe the Board functions well from a governance perspective and exercises the right level of oversight. Board renewal will continue to be advanced in accordance with our governance practices and in alignment with the Board's succession plan. Board members appreciate the additional diversity of thought brought by our newest Directors. They are pleased with the work of all Committees and, in particular, with the progress and work of the RSC, which was established in September 2021

**2023 Objectives**

While performing the Board and Director performance assessments, Directors assessed 2022 progress and proposed areas of future focus for 2023 as they relate to strategy and management performance. These included:

- Execute our utility focused growth strategy by making the investments required to meet our customers' demand for cleaner and reliable energy, delivered cost-effectively.
- In the context of the energy transition and evolving government policy and incentives, look to capture incremental growth opportunities while continuing to identify and mitigate material risks.
- Continue to strengthen the Company's financial and credit metrics, thus maintaining Emera's investment grade credit ratings and positioning the business for future growth and resiliency.
- Managing the impact on costs, rate requirements and customer affordability arising from the energy transition as well as from general inflationary pressures.
- Continue to assess and address potential organizational capacity requirements in the context of the energy transition.
- Continue to bolster the depth and breadth of executive talent, and ensure clear short-, medium- and long-term management development and succession plans are in place across the business.

## Discussion

Instead of providing boilerplate language on the company's director assessment process, Emera's circular provides readers with details on the practical impact of robust assessments that were conducted in previous years. Emera provides commentary on the major themes that emerge during the assessment, as well as the actions that are taken to address its findings. This reiterates that Emera is committed to using the assessment process as a tool for continuous improvement throughout the organization. Certain issuers may also use a third party to facilitate board assessments on a periodic basis.

## Human Capital Management and Succession Planning

### Intact Financial Corporation, 2023 Proxy Circular, pages 70-74

#### 5.5 Human Capital Management

- **Investing in our people is a key component of the Company's strategy** and central to its success.
- The Company prioritizes creating an **inspiring and inclusive workplace** where employees feel engaged, valued, respected and heard and where they can contribute their best every day.
- **The Board of Directors oversees the Company's human capital management strategy** and is assisted in this regard by its HRC Committee and GS Committee.
- **Human capital management risks are integrated into the Company's overall risk management program** and relate to, among others, retention of key employees, design of executive compensation programs and succession planning.
- In 2022, the Company started to encourage employees to come back to its offices and launched **its Hybrid work model.**
- **A comprehensive onboarding plan was implemented to welcome RSA employees.** Teams have now fully integrated with success and RSA employees indicate they feel better guided by Intact's purpose – RSA engagement scores increased from 2021 to 2022.
- Please see Section 5.4 Diversity, Equity and Inclusion and the Company's Social Impact Report, which is available on the Company's website at www.intactfc.com, for a discussion on diversity and inclusion at the Company.

**Succession Planning**

With respect to succession, the Company has a comprehensive succession planning program at various levels within the organization to ensure we are developing talent for future roles and that we are prepared for unplanned departures and retirements. [...]

To play its role, the Board of Directors is supported in this function by the HRC Committee, which makes recommendations on the appointment, assessment, compensation and termination (if applicable) of the CEO and other Senior Executives, sees to the assessment of Senior Executives and presents an annual Senior Executives succession plan. The HRC Committee advises Management in relation to its succession planning, including the appointment, development and monitoring of Senior Executives.

The Company aims to leverage succession planning as a tool to make progress on the diversity of the Management team.

To mitigate the risk that the Company's operations suffer from a talent gap, succession planning is reviewed at least annually and implemented continuously to facilitate talent renewal and smooth leadership transitions. Furthermore, the Company aims to leverage succession planning as a tool to make progress on the diversity of the Management team. Each year, the Chief Human Resources Officer reviews succession plans and prepares a succession plan report covering a number of critical positions, including Senior Executives and the CEO. For each critical position, a pool of "Ready

Now", "Ready in 1-3 Years" and "Ready in 3-5 Years" candidates is identified. Where a talent gap or risk is observed, a development plan is established to identify and develop potential successors. Individualized development plans may include lateral movements to diversify exposure, leadership training, mentoring and other special programs.

The annual succession plan report is presented to the HRC Committee for review, analysis, discussion and reporting to the Board of Directors. Committee members and Directors actively participate in ongoing discussions with Management relating to succession planning year-round. The members of the HRC Committee and the entire Board of Directors ensure they are exposed to, have direct interactions with, and get to know, the candidates identified in the succession plans for Senior Executives positions and can appreciate their skills and expertise first-hand, including through presentations by such individuals at regular meetings, through presentations made at annual training sessions and by meeting and discussions held with the candidates. The members of the HRC Committee firmly believe that they, and the Board of Directors in its entirety, have a comprehensive and deep knowledge of succession planning and identified successors within the organization.

## Manulife Financial Corp., 2023 Proxy Circular, pages 123-124

**Management development and assessment**

The management resources and compensation committee oversees our human resources strategy and our talent management program globally.

*Management development*

We integrate our talent and succession planning process for senior management with the primary objective of having high performing individuals in critical roles across the organization. We're focusing on several areas to ensure we have depth of talent and diverse leadership to fill critical roles in the future:

- acquiring and retaining high performing, high potential talent
- selective external hiring of exceptional, seasoned executives
- increasing our diversity to better reflect the global markets where we operate.
- identifying early high performing, high potential employees, with a focus on growing our pipeline of women in senior roles, developing their skills and providing regular assessments
- engaging our talent and driving high performance, including a board review of the 2021 employee engagement survey results and overseeing management actions to continuously improve employee engagement

• significantly investing in the development of our top talent both on the job and through formal development programs.

High potential employees participate in development programs that combine formal training in specific areas and practical work experience that is meaningful and varied. The program may include roles in different divisions or an international assignment, among other things. […]

**Management succession planning**

Our succession strategy is based on promoting talented individuals within the organization and hiring from outside to strengthen our capabilities where appropriate and to build diverse perspectives and fresh thinking.

The board and committees review the succession plans for senior management and the heads of our key oversight functions. The board develops the CEO's succession plan, and the management resources and compensation committee monitors succession plans for senior executives. The management resources and compensation committee, with the assistance of the audit committee and risk committee where appropriate, also monitors succession plans for the heads of our oversight functions.

Management devotes its attention to developing talent below the senior executive level to ensure there is a well-trained, high performing pool of executives that is representative of our customer base and the communities where we operate, and that has a broad range of business and functional experience that can contribute to a common culture and values for building a sustainable, high performing company. Developing our people helps retention and ensures orderly transitions. The management resources and compensation committee conducts regular reviews of senior executive succession planning.

## Discussion

An engaged board is aware of and monitors succession planning efforts (including a plan in the event of an emergency) for all critical roles within the organization. Succession plans should consider various time horizons and seek to build capacity throughout the organization by providing opportunities for high-potential individuals to develop their skills and leadership capabilities.

In addition to clearly dictating the board's role in succession planning for key roles, the above examples also provide commentary on how talent development activities feed into broader human capital management objectives and strategies. Further to this, succession planning should be leveraged as a tool to make progress on a company's diversity objectives and to invoke meaningful change in terms of representation at all levels of the organization, as evidenced by below examples under Board and Management Diversity.

## Board and Management Diversity

### TELUS Corporation, 2023 Proxy Circular, page 23

**Diversity of background**

We are committed to fostering a diverse and inclusive culture at TELUS and first adopted a written Board diversity policy in 2013. As part of our annual review cycle, we periodically updated the policy over the ensuing years. The policy was substantively updated in November 2020, and was reviewed and adopted with a minor update in November 2021. The policy provides that by leveraging different perspectives and ideas, TELUS will enjoy the benefits of improved decision-making and greater productivity and innovation. The policy recognizes that diversity has many dimensions, which can include ethnicity, race, gender, physical ability, religion, sexual orientation, gender identification and age. Diversity can also extend to work experience, geographic background, socio-economic background and diversity of political thought. The objective of the policy is to ensure that the Board possesses the diverse qualifications, skills and expertise that are relevant to our business and that will allow the Board to fulfil its mandate.

The policy provides that the Corporate Governance Committee, which is responsible for assessing Board composition, identifying suitable candidates and recommending director nominees to the Board, considers candidates on merit based on a balance of skills, background, experience and knowledge. In these processes, the Committee will consider multiple aspects of diversity. When recruiting new candidates for directors, the policy requires that the pool of identified candidates meet the Board's skills and diversity criteria. In the Board's evergreen list of potential director nominees, the Board will ensure that such list includes a diverse group of candidates.

The current policy includes specific targets and confirms the importance of seeking the following Board composition:

- At least two directors represent a visible minority or are Indigenous
- Women and men each represent at least 33⅓ per cent of independent directors
- Directors with extensive experience in geographic areas where TELUS has or anticipates significant business interests
- Directors of various ages, and
- Directors with differing backgrounds and experience.

## TransAlta Corporation, 2023 Proxy Circular, pages 49-51

**Diversity**

Diversity of talented individuals with different backgrounds, experiences, competencies and points of view is a strategic advantage that contributes to our success and will continue to move us forward. Our Board and management are committed to diversity, equity and inclusion because we know it drives innovation, better decisions, employee engagement and our ability to attract top talent. In 2015, the Board adopted a Board and Workforce Diversity Policy that recognizes that a diverse mix of skills, experiences, backgrounds and gender at the Board and senior management levels, as well as within our workforce, enhances our Company's competitive advantages. Our Board and Workforce Diversity Policy, including our Equality, Diversity and Inclusion ("ED&I") Pledge that was adopted in 2020, is available on our website at www.transalta.com/ about-us/governance/board-and-workforce-diversity, and specifically seeks to advance diversity at the Board and throughout the Company, including as it pertains to women, Indigenous peoples, persons with disabilities and visible minorities (each a "designated group"). By undertaking this pledge, the Company will seek to remove systemic barriers that may prevent diverse employees from thriving, including visible minorities, Indigenous people, members of the LGBTQ+ community, persons with disabilities and women. The GSSC annually reviews the Board and Workplace Diversity Policy and its objectives to assess effectiveness.

The Company is working towards achieving our industry-leading Board and company-wide gender targets. On Jan. 16, 2020, the Board approved a target of 50 per cent female membership on the Board by 2030 and achieving gender diversity of at least 40 per cent of female employment for all employees by 2030. Although the Company does not have a target specific to executive officers, the workforce target of 40 per cent is expected to continue to result in women being well represented at the executive level. The Board considers these gender targets to demonstrate the Company's commitment to diversity and inclusiveness and are expected to benefit the Company not only by expanding our pool of qualified employees and senior leaders, but also by incorporating different perspectives and ways of thinking to drive innovation and successfully execute on our strategy. In 2021, the Company established a Sustainability-Linked Loan that aligns the cost of borrowing to TransAlta's gender diversity targets.

The Board remains committed to maintaining and increasing the representation of women on the Board as turnover occurs, taking into account our skills matrix and the skills, background and knowledge desired at that particular time to fulfil the Board's mix of skills and experience. If all nominees are elected at the Meeting, men will make up 54 per cent (seven male directors) and women will make up 46 per cent (six female directors) of the Board (excluding the Brookfield nominees, women nominees would constitute 55 per cent of the Board). Furthermore, 75 per cent (three out of four) of the Committees of the Board are chaired by women. The Board also has one member that self-identifies as being a visible minority. There are no nominees to the Board that identify as Indigenous or as having a disability.

With respect to executive officer positions, we have 33.3 per cent women (three women), 66.6 per cent men (six men) and 11 per cent (one executive officer) who self-identifies as a visible minority, or as a member of designated group. There are no executive officers that identify as Indigenous or as having a disability. As of Dec. 31, 2022, women made up approximately 26 per cent of our total workforce, a two per cent increase over 2021 levels. In 2021, we pioneered a female apprenticeship program to strategically target the recruitment of high potential female students and train them to gain valuable experiential learning in the trades. The female apprenticeship program has created a pipeline of future female talent for the Company and has resulted in us being able to creatively target, recruit, hire and retain the first-ever female wind technicians, as well as the first females in the roles of instrumentation technician, electrical technician and power plant operator in our gas fleet in Alberta.

[…] At the management level, through our development process, TransAlta has committed to providing employees with diverse backgrounds internal opportunities for growth within our operations to enhance our pipeline of talent available for succession. As part of the Company's employment practices, we work to ensure gender diversity in our executive succession as well as in candidate slates for all open executive officer positions, which can be evidenced by the recruitment of two accomplished women executives in 2018, the appointment of one woman as a Senior Vice President in 2020 and one woman as the Corporate Controller in 2021. To monitor our progress on the advancement of diversity and to develop a healthy pipeline of female talent, we also:

- Ensure that any list of potential Board nominees includes at least 50 per cent women;
- Ensure that any list of potential Board nominees includes diversity beyond gender;
- Maintain a list exclusively of highly qualified women director nominees;
- Identify top talent and implement development plans for high-potential women;
- Ensure pay equity between men and women (we have proactively adjusted pay throughout the Company to align pay between men and women that perform similar roles on several occasions over the past five years, including during the pandemic in 2020 and 2021);
- Actively seek recruitment of women in key roles within the Company;
- Monitor the number of women in senior leadership roles and those in the pipeline as emerging leaders;

- Hold ongoing communications and conversations throughout the year to celebrate and commemorate important diversity milestones and encourage people to come together to advance diversity, equity and inclusion; and
- Connect female talent with senior leaders to accelerate the development and advancement of high-potential women.

| | | | | Total % within Stratum | | Total % of all Stratums | |
|---|---|---|---|---|---|---|---|
| | Male | Female(1) | Total | Male | Female(1) | Male | Female(1) |
| Board of Directors | 7 | 4 | 11 | 63.64% | 36.36% | 0.57% | 0.32% |
| Chief and Executive | 7 | 3 | 10 | 70.00% | 30.00% | 0.57% | 0.24% |
| Vice Presidents | 13 | 5 | 18 | 72.22% | 27.78% | 1.05% | 0.41% |
| Managers | 75 | 22 | 97 | 75.00% | 25.00% | 5.11% | 1.70% |
| Supervisors | 54 | 20 | 74 | 74.07% | 25.93% | 8.11% | 2.84% |
| Staff | 756 | 267 | 1,023 | 74.05% | 25.95% | 58.56% | 20.52% |
| **Total** | **912** | **321** | **1,233** | **-** | **-** | **73.97%** | **26.03%** |

(1) The data in this table does not reflect self-identification; it only identifies male or female. Nevertheless, the Company encourages directors, officers and employees to self-identify their preferred gender identity, including non-binary identities. Ms. Sharma was appointed a director in January 2023 and Ms. MacGibbon is a new nominee and not currently a member of the Board. If all nominees are elected, the number of female directors will increase to six and the percentage of females represented on the Board will increase to 46 per cent.

## Sun Life Financial Inc., 2023 Proxy Circular, pages 28-31

**Diversity, equity and inclusion**

Our commitment to diversity, equity and inclusion is at the centre of our company values and is critical to the board and executive management. Qualified directors and executive leaders who reflect the Clients we serve, our employees around the world, and the communities where we operate bring broader perspectives and experience to deepen our insight, enhance innovation and accelerate growth. We strive to create an inclusive, high-performing culture where all employees, regardless of sex, gender identity, race, religion, age, country of origin, physical ability, sexual orientation or other diversity attributes, can contribute to their full potential. We stand for equality, social change and justice for all and are committed to creating equal opportunities and fostering inclusion. […]

**Advancement of women and underrepresented groups in our workplace**

We have an enterprise strategy to strengthen diversity, equity and inclusion. The strategy focuses on a series of actions that review and enhance our talent management practices, enrich our already collaborative and inclusive culture, and ensure our investments and participation in the community support our objectives.

Below is a list of efforts we have made to support our commitment to the advancement of women and underrepresented groups in our workplace.

• Recruitment – we require a diverse and gender balanced slate of candidates when we select leaders for executive officer and senior leadership positions, both internally and externally. In situations where we are working with external executive search firms, one of the standard terms and conditions in our contracts is the presentation of diverse candidate slates. We also apply a language analysis tool to our recruitment postings, to ensure our language is gender inclusive and an artificial intelligence resumé screening tool to minimize discrimination and bias while recommending top candidates.

• Inclusion Networks – we have numerous internal, voluntary, employee-led inclusion networks which play an important role in fostering and embedding a culture of inclusion within the company, [...]

• Mentorship and Development Programs – we have a number of informal and formal mentor and mentee opportunities across our company and have implemented

[...]

• Monitoring Activities – we regularly monitor and review the number of women and underrepresented groups in executive and senior leadership positions through our annual talent review and succession planning process (see page 28). One of the key metrics we review is the number of women and underrepresented groups in executive and senior leadership roles and in our management pipeline.

• Compensation Analyses – at the conclusion of our annual performance management and compensation cycle, we analyze compensation levels across the organization, including the compensation of women holding executive officer and senior leadership positions, to ensure fair and equitable treatment, free from systemic bias. We also ensure to review pay outcomes with a lens for employees that identify as members of underrepresented groups in addition to gender.

| Gender | Number of Executive Officers | Percentage of Executive Team Members | Number of President & CEO Direct Reports[1] | Percentage of President CEO Direct Reports | Number of Senior Executives | Percentage of Senior Executives |
|---|---|---|---|---|---|---|
| Men | 8 | 62% | 7 | 50% | 193 | 62% |
| Women | 5 | 38% | 7 | 50% | 117 | 38% |
| Total | 13 | 100% | 14 | 100% | 310 | 100% |

**Representation commitments for executive officer positions**

We have committed to improving the representation of women leaders by setting a goal of 50% women at the Vice-President level and above globally by 2025 and a goal to reach 25% underrepresented groups at the Vice-President level and above in North America by 2025. The following chart shows the percentages of self-identified women and underrepresented groups who are senior management (Vice-President and above) of the company as of February 28, 2023.

| Senior Management (Vice-President and above) | Commitment by 2025 | 2023 |
|---|---|---|
| Women (Global) | 50% | 38% |
| Underrepresented groups[1] | 25% | 18% |

[1] individuals who self-identify as members of the Black, Indigenous, and/or People of Colour communities

## Discussion

While the quality of individual directors and executive officers is paramount, CCGG supports the principle that boards and management should be diverse with respect to gender and other forms of diversity, conceived broadly and in the context of an issuer's business, strategy, employees, customers, communities and suppliers, to mitigate the risk of group think and benefit from the integration of broader perspectives in oversight and decision-making.

The above issuers have set measurable objectives for enhancing diversity, including the representation of women and members of other underrepresented groups, at the board and management levels, and provide transparent data with respect to representation in the workforce to support decision-making and demonstrate progress against objectives over time. To support the achievement of these objectives, both issuers also provide commentary on initiatives aimed at enhancing recruitment of diverse individuals and supporting their development to foster a pipeline of candidates that may ultimately advance into increasingly senior roles.

## Strategic Planning Oversight

### Emera Incorporated, 2023 Proxy Circular, pages 46-47

**STRATEGIC OVERSIGHT**

Emera's strategy is focused on driving growth and value for shareholders by investing to meet our customers' demand for cleaner and reliable energy delivered as cost effectively as possible. Government policy, customer demand and technology advancements are driving rate regulated investments across our utility businesses in cleaner energy sources, system hardening and other reliability investments, and digital and other system and technology investments, in addition to investing to replace aging infrastructure as well as system expansion to meet new customer growth.

Led by the President and CEO, the Management team works with the Board to set the strategy agenda for the year. The Board and Management meet regularly to discuss strategy, including annual individual interviews with each Director.

A dedicated and significant component of every scheduled Board meeting includes an update and discussion on strategy and related matters, including trends in the industry, growth initiatives, financial forecast updates and new risks and opportunities. These updates serve to keep the Board aware of changes in the market, industry and within Emera, as well as giving the Board an opportunity to provide insight and direction throughout the year on strategy.

Each year, at least one Board meeting is wholly dedicated to corporate strategy. In 2022, the Board held a meeting in June that was entirely focused on strategy, with a focus in particular in the area of decentralization and on our digital strategy. A significant portion of the Board meeting in September was also dedicated to strategy. These meetings included the annual strategic update on industry trends including the company's strategic positioning related to the customer-driven trends of decarbonization, decentralization and digitalization. They also included an updated long-term financial forecast, a review and analysis of industry peers, an overview of strategic signposts that management is regularly monitoring in its ongoing assessment and review of strategy, and updates on specific components of strategy.

**Environmental, Social and Governance ("ESG")**

ESG is core to Emera's strategy. Our Environmental commitments continue to be key drivers of our growth, and our approach to Social and Governance matters shapes Emera's culture and how we operate. [...]

**Material ESG Priorities**

Emera has established a set of core ESG priorities that are regularly tracked by the SMC and have been formally integrated into Emera's Enterprise Risk Management Program, which is overseen by the RSC.

ENVIRONMENT • Air emissions • CO2 emissions • Methane emissions • Climate adaptation • Coal unit closures • Low-carbon transition • Waste management • Water management • Biodiversity

SOCIAL • Community investment • Customer affordability • Diversity, equity and inclusion • Indigenous relations • Safety • Talent management • System reliability and grid resiliency

GOVERNANCE • Business ethics and transparency • Corporate governance • Cybersecurity • ESG governance • Political and regulatory requirements

### The Bank of Nova Scotia, 2023 Proxy Circular, pages 29-30

**Strategic direction**

The board oversees our strategic direction and holds management accountable for executing our strategy and delivering strong performance. The board participates in our strategic planning process throughout the year by:

- reviewing and approving our strategic plan, considering the opportunities and risks of our businesses
- keeping abreast of industry developments and the competitive landscape
- reviewing results against our capital and financial plans throughout the year
- approving material strategic initiatives, as well as significant acquisitions, divestitures and investments
- overseeing our ESG strategy, including our climate change strategy, and monitoring management's execution against this strategy
- regularly scrutinizing management's execution of business plans and other objectives against their results and compared to their industry peers
- reviewing our strategic plan against our risk appetite framework
- approving our capital management policy and overseeing that appropriate strategies are in place to mitigate risk.

The Board approves the strategy on an annual basis, as well as the capital plan. This past year, the Board had numerous sessions with management on strategy for the business lines, technology and operations, as well as on data and analytics. In-depth discussions with business line heads were held on our progress against critical strategic and financial key plans, the changing environments across our footprint, significant initiatives, risks related to strategic considerations and other matters. The board also met with management to discuss our technology and operations strategy, including deep dives on cyber-security and fraud, which are critical capabilities for upholding customer trust, as well as on cloud computing, which is a key enabler of both business and technology strategic priorities. Discussions on data and analytics were also held with management on how this supports key revenue growth, customer experience and enterprise functions. This approach to strategic oversight allows the board to consider the bank's strategic plans and initiatives throughout the year and monitor execution against these plans.

### Discussion

Strategic planning oversight is a fundamental area of board responsibility. In addition to providing insight into the board's processes to oversee the development of corporate strategy, issuers should provide details on the board's involvement and contributions to strategic planning, including any specific trends considered by the board during this process and the strategic priorities that emerge given the context of the organization. Unlike many Canadian issuers that provide boilerplate commentary, Emera and the Bank of Nova Scotia provide details on the board's contribution and involvement in the strategic planning process and the key areas of consideration during the most recent strategic planning cycle.

## Risk Management Oversight

Circulars should disclose the risks that are foremost **in the mind of the board** and the processes used to identify and monitor such risks.

### Cameco Corporation, 2023 Proxy Circular, pages 49-50

**Risk Oversight**

The nominating, corporate governance and risk committee assists the board in overseeing risk and management's implementation of appropriate risk management processes and controls. Time is dedicated to risk identification, management and reporting at board and committee meetings. The board has a strategy session at every regular meeting to review strategic risks, which include risks to the key assumptions of our strategy. In 2022, the board spent time discussing risks relating to the market, geopolitical events, supply chain disruption, the uranium market outlook, Cameco's acquisition of 49% of Westinghouse, as well as risks relating to the restart of the McArthur River and Key Lake operations. Oversight of risk factors related to ESG matters is a core function of the board and the board also spent time discussing ESG-related risks, including climate-related risks.

Management consults with the board on ways it is enhancing its enterprise risk oversight practices, processes and controls. Key performance indicators (KPIs) are tracked to monitor progress against the program objectives. In 2022, the enterprise risk management (ERM) group focused on consistency and integration of our program, enhanced our understanding of assurance activities that support the effectiveness of risk-mitigating processes and controls, and enhanced risk reporting processes across the organization. Continuous improvement is a key component of Cameco's risk management program, and consistency and efficiency remained significant areas of focus throughout the year. Management's risk working group continued to meet regularly throughout the year, supporting the cross-functional sharing of risk identification and mitigation strategies across the company. Risks identified throughout the organization are assessed and categorized as either functional, tactical or strategic risks:

*Functional risks* – risks that are considered preventable, and are identifiable and quantifiable, with little to no direct strategic benefit. Board committees are assigned oversight of these risks and receive updates on the effectiveness of the controls mitigating those risks.

*Tactical risks* – risks that could threaten Cameco's medium-term objectives. They may be external and outcomes are identifiable, but uncertainty makes them difficult to assess. These risks are also assigned to the board committees and regular updates are provided, particularly if risks change or emerging issues arise.

*Strategic risks* – risks that threaten the key assumptions of our strategy. They are almost always external and outcomes can vary and are difficult to quantify. Board oversight and reporting is required for these strategic risks. Examples include risks related to nuclear demand, and the resultant impact on the uranium price, increased competition, regulatory impedance, attraction and retention of a skilled and diverse workforce, global geopolitical uncertainty, loss of stakeholder support for our operations, decommissioning liabilities and risks related to culture and digital innovation.

**Committee risk oversight responsibilities**

| Audit and finance | Human resources and compensation | Nominating, corporate governance and risk | Safety, health and environment | Technical (formerly Reserves oversight) |
|---|---|---|---|---|
| Oversees financial and legal risks, risks related to achieving economic value from our assets and risks related to supply chain disruptions | Oversees compensation, talent management and succession risks | Oversees the risk program and governance risks | Oversees safety, health and environmental risks related to our operations, including climate-related risks | Oversees risks related to technological and technical matters including cybersecurity risks and the estimating of our mineral reserves |

## RioCan Real Estate Investment Trust, 2023 Proxy Circular, pages 102-103

**Board Oversight of Risk**

Pursuant to the Charter of the Board of Trustees, the Board of Trustees is responsible for identifying the principal risks of the business and ensuring these risks are being appropriately managed. The Board periodically discusses with management the Trust's guidelines and policies with respect to risk assessment, risk management, and major strategic, financial and operational risk exposures, and the steps management has taken to monitor and control any exposure resulting from such risks. [...]

Management presents an assessment of principal risks to the Board on an annual basis. The most recent risk assessment was completed in February 2023. The risks noted below were identified at an inherent level, whereby RioCan's existing risk mitigation tactics including people, processes and technology to prevent the risks from occurring were not initially considered. However, once identified, each of the risks below was assessed at a residual-level considering RioCan's existing mitigation practices established, as at the time of the risk assessment. The results of Management's risk assessment were presented for consideration by the Board.

External Risks

- significant changes in Federal, Provincial or Municipal real estate regulations;
- interest rate fluctuation;
- economic downturn;
- changing face of the Canadian retail environment and the impact of e-commerce;
- climate change; and
- dispositions and sales of residential units in urban areas.

Strategic Risks

- ineffective succession planning of senior leadership positions; and
- non-execution of mixed-use intensification strategy of existing assets [...]

## Thomson Reuters Corporation, 2023 Proxy Circular, pages 43-44

**Risk Oversight**

[...] As part of the ERM process, directors are interviewed before the Board's first meeting of the year in January. Directors are asked to consider certain risk factors and definitions of impact and likelihood related to the ERM process, considering their own knowledge of our company and business experience. Directors then provide input for Thomson Reuters' business segments and enabling functions to consider in assessing enterprise risks for the year. Utilizing this information and an anonymized list of risks and input from the Board interviews, the management enterprise risk committee reviews and agrees upon the top enterprise risks to present to the Board's Risk Committee for review, input and approval. [...]

| Enterprise Risk | Board of Directors | Risk Committee | HR Committee | Audit Committee |
|---|---|---|---|---|
| Talent and culture | ✓ | | ✓ | |
| Future of Work | ✓ | | ✓ | |
| Dependency on relationship ecosystem | ✓ | ✓ | | |
| Erosion of trust in institutions and media | | ✓ | | |
| Information security | ✓ | ✓ | | |
| Platform and product stability and resiliency | | ✓ | | |
| Data governance (including privacy) | | ✓ | | |
| Competition, market and technology changes | ✓ | | | |
| Geo-political environment | ✓ | ✓ | | |
| Inability to acquire, integrate and innovate | ✓ | ✓ | | |
| Change Program | ✓ | ✓ | ✓ | ✓ |
| Compliance with laws and regulations | ✓ | ✓ | ✓ | ✓ |
| Safety of personnel | ✓ | ✓ | ✓ | |

### Discussion

Unlike the boilerplate commentary provided by many Canadian issuers in this area, Cameco, RioCan, and Thomson Reuters all provide an overview of the key risks currently facing their business and the particular risks that are being closely monitored by the board, in addition to simply acknowledging the board's role in overseeing risk. They also describe in detail the specific processes by which the board ensures that important risks are being adequately and systematically assessed, monitored, and mitigated. In the case of Cameco and Thomson Reuters, circular disclosure also provides clear details on how certain risks are delegated to the various board committees.

Notably, where material, environmental and social risks are being increasingly integrated into corporate risk management frameworks and elevated to the attention of the board.

## Shareholder Engagement

There is a growing emphasis by institutional shareholders on the benefits of board-shareholder engagement. CCGG recognizes that while boards may be able to meet with their largest institutional shareholders and groups like CCGG, in-person meetings are not a practical forum for boards to engage with *all* shareholders.

### Metro Inc., 2022 Proxy Circular, pages 57-58

**Shareholder engagement**

The Board of Directors has adopted a written policy regarding shareholder engagement as it believes that constructive engagement with the Corporation's shareholders is important for good corporate governance and transparency. Under the terms of this policy, the Board welcomes shareholder inquiries and comments relating to the following matters ("Board Matters"):

- Corporate governance practices and disclosure;
- Corporate responsibility and environmental, social and governance matters;
- Board performance;
- Executive performance, compensation and succession planning; and
- Board and Committee composition and succession planning.

[...]

The Board, under the Shareholder Engagement Policy and through the Governance Committee, establishes annually a program to engage directly with key shareholders to discuss Board Matters. This program allows the Chair of the Board and the Chair of the Governance Committee, together with the Chair of any other relevant committee of the Board if necessary, to exchange views regularly with shareholders on relevant governance topics and trends, receive feedback on the performance of the Company and the Board with respect to Board Matters and discuss potential areas of improvement, if any. In June 2022, the Chair of the Board and the Chair of the Governance Committee met with three (3) significant shareholders of the Company in order to discuss recent governance developments. Various subjects were discussed during these meetings, including board renewal, governance matters, ESG matters, diversity, virtual meetings of shareholders and capital allocation.

## Discussion

Metro is a good example of board efforts to proactively reach out to and engage with the company's shareholders on a periodic basis. Notably, Metro provides details on the methods that are used to foster direct and meaningful contact with shareholders and the topics that may be discussed during such communications.

### CGI Inc., 2023 Proxy Circular, page 41

**Shareholder Satisfaction Assessment Program**

Since fiscal 2019, the Company includes a Shareholder Satisfaction Assessment Program ("SSAP") questionnaire to its SPMF processes. The SSAP questionnaire solicits direct feedback from shareholders on key corporate governance practices, including in respect of executive compensation, and requests shareholder ratings of governance practices on a 10-point scale. With respect to institutional investors, the SSAP is provided directly to the individuals responsible for the investment in the Company and not to proxy departments or external advisors who are less likely to have a complete understanding of the investment in CGI. The SSAP was provided to shareholders and other investors with whom SPMF meetings were held in fiscal 2022. The average SSAP score of the Company in fiscal 2022 was 8.6/10 and few concerns were raised by shareholders or investor with respect to the Company's corporate governance practices, including its executive compensation practices. The Company is committed to maintaining an open and transparent dialogue with its shareholders and addressing their concerns with respect to executive compensation. The Company believes that the measures in place are more meaningful than a simple binary advisory vote.

### Discussion

In lieu of other engagement forums, CGI Inc. solicits feedback from select shareholders on key corporate governance and executive compensation practices through the use of an annual survey. With respect to compensation, CCGG continues to encourage all issuers (including those with dual class share structures) to adopt an advisory vote on executive compensation as a supplement to additional forms of shareholder engagement (see section entitled Say on Pay). While narrow in scope, these votes provide enhanced transparency into the collective views of investors with respect to a company's compensation practices. CCGG commends CGI for establishing a mechanism to solicit a broader range of shareholder feedback, given its particular context as a dual-class share company.

## Chair's Letter to Shareholders

Through a letter to shareholders, board chairs can communicate key corporate governance related activities to their shareholders.

### Torex Gold Resources Inc., 2023 Proxy Circular, pages 1-2

Dear Fellow Shareholder:

2022 was an exceptional year for Torex – one that demonstrated the ongoing capability of our Company to deliver solid operational results and execute as planned on our longer-term corporate strategy. I am pleased that these efforts are reflected in the positive performance of our share price during the second half of 2022 and so far in 2023. As Chair of the Board, I want to thank our shareholders for your continued trust and belief in Torex despite the market volatility we've experienced over the past few years.

While I am proud of what we delivered in 2022, I am most proud that we did it safely. In June 2022, our operations team celebrated 10 million hours without a lost time injury for the second time since 2020 and ended the year with a lost-time injury frequency of 0.28, outperforming the average of the Mexican mining industry and mid-tier peer group more broadly. [...]

As we continue to build our future in Mexico and look to grow and diversify through potential M&A opportunities, it is important to our Board to hear feedback directly from shareholders. That's why in 2022, we initiated our first formal Board shareholder engagement program, and met with several of our largest shareholders, all of whom showed a strong interest in discussing company strategy, growth opportunities, governance and other ESG matters. In early 2023, we continued this engagement, and members of the Board met with four of our largest shareholders, representing a combined 21.8% of shares outstanding. We plan to continue this engagement and, as always, welcome any interest and feedback from our shareholders.

As ESG continues to emerge as an important topic for investors, I am very proud of the progress made by the Company in 2022. Of note, our Safety and CSR Committee along with the entire Torex Board, played a key role in the guidance and development of the Company's inaugural Climate Change Report aligned with the Task Force on Climate-Related Financial Disclosures (TCFD). The Report outlines our strategy to reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions and includes a commitment to achieve a 10% absolute reduction in GHG emissions by 2030 to support our goal of net zero carbon emissions by 2050. Our 2030 target is supported by a clear, credible, and fully funded pathway, including construction of the first solar plant in Mexico's mining industry and adopting one of the largest battery-electric vehicle fleets in the mining industry more broadly. Our plan will allow us to produce meaningful emissions reductions in the economy while bringing the Media Luna Project into commercial production – and at the same time achieve cost savings, safety improvements and other operational efficiencies.

> As we continue to enhance the environmental and social aspects of our ESG strategy, we are also focused on positioning ourselves as a leader in governance. We understand that strong governance requires a focus on diversity and inclusion, and we are proud of the fact that we have 44% female representation on our Board of Directors. As we look to continue to diversify beyond gender at the Board level, we were pleased to welcome Rodrigo Sandoval as our newest Director in 2022, a Mexican national who brings significant social, commercial and political knowledge and experience from within Mexico's mining industry. With Rodrigo's appointment, we have completed an ongoing process started in 2020 to refresh, strengthen and diversify the competencies and skills of our Board, knowing that strong governance requires diverse thought and opinion as we continue to guide the Company to build a lasting future in Mexico and beyond.
>
> While we welcome a new Board member in Rodrigo, we say farewell to Elizabeth Wademan, who is stepping down from the Board of Directors after seven years of outstanding service. I want to thank Elizabeth for her longstanding commitment to guide the growth and success of Torex over the years and on behalf of everyone at the Company, we wish her all the very best in her future endeavours.
>
> Looking ahead, with continued global geopolitical uncertainty, associated currency fluctuations, and the demand for metals necessary to the transition to the clean energy economy, we expect the market for gold and copper to remain robust over the coming years. And, despite recent changes with the passing of amendments to the mining law in Mexico, given the long tenure of our concessions over a 40-and 50-year basis, we see minimal impact to our ongoing operations. We have demonstrated that we know how to operate in a complex jurisdiction such as Guerrero, and as always Torex looks forward to working constructively and collaboratively with government regulators so that Mexico continues to be an attractive jurisdiction for mining investment. […]

### Discussion

Torex does an excellent job of using a letter from the board chair to summarize key developments, board activities, and governance updates that the board wishes to relay to shareholders. Furthermore, the letter also comments on Torex's approach to select E&S topics, as corporate boards are increasingly expected to be informed and involved on these matters.

## Ongoing Relevance of a Dual Class Share Structure

On an ongoing basis, the board of a Dual Class Share (DCS) company should consider the reasons why a DCS structure was established and whether those reasons remain valid and should explain to shareholders annually in the DCS company's proxy circular the reasons why the continued existence of the DCS structure is appropriate. Teck Resources provides such disclosure in its proxy circular:

## Teck Resources Limited, 2023 Proxy Circular, pages 151-152

**Dual-Class Share Structure – Governance Considerations**

Pending approval of the proposed Dual Class Amendment and the implementation of a six-year sunset period for the dual class share structure, the Governance Committee will continue to assess governance principles and developments relating to our dual class share structure. The Board believes that Teck's constating documents, governing statute, and established practices currently provide reasonable protection against potential process concerns and that our governance practices and track record reflect a consistent regard for the interests of all shareholders, notwithstanding the different voting rights inherent in our capital structure. Protections include:

- under the CBCA, the approval of the holders of each class of shares, voting separately as a class, is generally required for fundamental corporate changes;
- the existence of "coattail" provisions for the benefit of Teck Class B Subordinate Voting Shareholders, with the aim of ensuring fair treatment of Teck Class B Class B Subordinate Voting Shareholders in the event of a take-over bid that is accepted by holders of a majority of Teck Class A Shareholders, as discussed further below; and
- both classes of shares are widely held and listed on the TSX and, while the trading volume of the Teck Class A Shares is modest when compared to that of the Teck Class B Subordinate Voting Shares, there are no restrictions on an investor purchasing Teck Class A Shares in the market.

Teck's dual class share structure has been key in facilitating its growth into a major diversified Canadian mining company. The Governance Committee believes that the major longstanding holders of Teck Class A Shares are committed long-term investors, many with a deep knowledge of Teck's business and its industry, and expect that they will remain so during the sunset period of the Dual Class Amendment, if approved. The Board recognizes that this longer-term perspective has permitted Teck to make decisions that have helped grow shareholder value significantly over the last few decades and will continue to benefit all shareholders.

While in the vast majority of matters that come before the Board, the interests of both classes of shareholders are entirely aligned, the Governance Committee and the Board recognize that, to fulfill Teck's commitment to good governance, the dual class share structure requires vigilance and robust governance practices. The dual class share structure does create a disparity between voting interests and equity interests that could create some potential for conflicts of interest, as could arise in any public company where there is an identifiable shareholder or group of shareholders holding majority voting control, whether under a dual class share structure or a single voting class structure. Accordingly, the Board and the Governance Committee closely scrutinize any situation in which the interests of Teck Class A Shareholders and Teck Class B Subordinate Voting Shareholders could diverge, such as the Dual Class

Amendment. In this respect, our governance practices are intended to avoid even the appearance of a potential conflict of interest. For example:

- only 2 of 12 directors nominated for election at the Meeting have any interest in or relationship with any of the Principal Class A Shareholders and no other director holds any Teck Class A Shares;
- the Board committees are constituted with 100% independent directors;
- in addition to being independent, no directors on the Audit, Governance, or Compensation Committee have a material relationship with the Principal Class A Shareholders;
- directors and executives are required to maintain minimum holdings of Teck Class B Subordinate Voting Shares or share units linked to the price of Teck Class B Subordinate Voting Shares only;
- equity-linked compensation for directors and officers is tied to the Teck Class B Subordinate Voting Share price; and
- we publicly report shareholder voting results in detail, including by class.

Importantly, there is no provision in Teck's articles or by-laws that would permit Teck Class A Shareholders to take any corporate action unilaterally. All decisions of Teck Shareholders must be taken at meetings at which appropriate notice is given. So long as Teck has more than one class of voting shares, the Governance Committee and the Board will diligently apply appropriate measures to ensure governance that respects the interests of all shareholders

## Additional disclosure relating to dual class share company IPOs

CCGG's board of directors and a majority of CCGG's members also expect the board of a DCS company which undertakes an initial public offering in Canada after September 2013 (i.e. the date CCGG's DCS policy was published) and which does not comply with any or all of CCGG's DCS principles to explain to shareholders annually in the DCS company's proxy circular (or if the DCS company does not issue a proxy circular because the public owns non-voting common shares, then in another public document which is filed with the securities regulatory authorities) the reasons why it is not appropriate for such principles to apply to the DCS company.

## DISCLOSURE OF EXECUTIVE COMPENSATION

Compensation is one of the most powerful tools that boards have at their disposal for shaping the behaviour of company management.

Disclosure of a company's compensation plan should describe clearly how it is linked to the company's strategy, objectives and risk management. Compensation disclosure also should communicate the role of the board in designing executive compensation including the key factors considered by the board. This section provides examples of excellent disclosure of the following practices:

Executive Compensation and Corporate Strategy ........ 47
Executive Compensation and Risk Management ........ 50
Performance Share Units ........ 52
Use of non-GAAP measures in Executive Compensation ........ 55
Effectiveness of the Compensation Program over Time ........ 59
Executive Share Ownership Requirements ........ 60
Termination and Change of Control Benefits ........ 63
Retirement Benefits and Perquisites ........ 66
Say on Pay ........ 68
Compensation Peer Groups ........ 69

## Executive Compensation and Corporate Strategy

CCGG expects issuers to explain the link between corporate strategy and executive compensation.

### ARC Resources Ltd., 2023 Proxy Circular, pages 30-32

**2022 Performance & Corporate Scorecard Assessment**

ARC uses the Corporate Scorecard to create clarity and focus for the Company to advance ARC's strategy and for facilitating frequent, in-depth conversations amongst the Board, Management, and employees throughout the year. The Corporate Scorecard is designed around the four strategic areas of ARC's strategy and the successful achievement of the targets within the corporate scorecard is a key measurement of the Company's success. The scorecard provides the Board with a structured framework to assess performance against defined performance metrics and targets, while also applying necessary judgment to arrive at the final performance assessment.

The HRC Committee, with input from other Committee Chairs, reviewed the Company's 2022 annual accomplishments against the performance targets established for the year. This assessment considers the performance and weighting in each of the strategic areas, which is then aggregated to determine the final performance assessment score. Key 2022 performance accomplishments were strong safety performance, record financial performance, efficient and profitable execution of the record capital budget in a highly complex year, achievement of production and operating expense performance targets within guidance, and continued very strong market diversification performance results. [...]

**Strategic Area: High-quality Assets & Operational Excellence**

High-quality Assets & Operational Excellence was assessed at an overall rating of Outperform +. ARC achieved record production with a 14 per cent increase from average daily production in a year that faced several operational complexities. Project execution across ARC's asset base was outstanding and capital expenditures, operating expenses and production were within the approved guidance range. In addition, Management leveraged expertise in development planning to shift capital into Alberta, had strong reserves performance and introduced several innovative solutions using technological advancements in its operations.

Category overall score: 1.7 out of 2.0

| **Performance Metrics** Weighting: STI - 40% / LTI – 20% | **Target** | **Result** | **Key Performance Highlights** |
|---|---|---|---|
| Production (boe/day) (STI/LTI) | 340,000 – 350,000 | 345,613 | • Delivered record average annual production of 345,613 boe per day, which is a 14 per cent increase from 2021. Production per share increased eight per cent compared to year-end 2021. |
| Operating Expenses ($/boe) (STI/LTI) | $4.00 – $4.50 | $4.44 | • Operating costs were in line with the target range. Effective management of cost pressures due to inflation and high turnaround and maintenance activities. |
| Quality of Execution (STI/LTI) | Safe, efficient execution | $1.4 billion Projects on time/on budget | • Safely and efficiently executed a $1.4 billion capital expenditure program, including the optimization of well and pad design to achieve business targets while managing risks such as supply chain interruptions and inflationary pressures.<br>• Considerable cost-avoidance opportunities created by inflationary pressure through contract negotiations and design optimization, to reduce costs and improve the efficiency of execution. |
| Development Planning (STI/LTI) | Advance business through enhancements | Outstanding | • Proactive management and development planning to recognize early the complexities of northeast British Columbia permitting delays and avoidance of impact to business plans. |
| Technology & Innovation (STI/LTI) | Leverage new technology and innovation initiatives | Outperform | • Applied new technologies and innovations that created capital cost savings/avoidance and supported environmental objectives.<br>• Several advancements in data analytics, clean technology and innovation initiatives and other automation projects. |

**Strategic Area: People & ESG Leadership**

People & ESG Leadership was assessed at an overall rating of Outperform +. Environmental and safety performance were strong and exceeded targets, particularly with respect to severity indicators. Exceptional feedback was received on our ESG strategy, performance and the combined ESG Report communicated in the third quarter. Increased focus on people and culture following the Business Combination to support alignment on our organizational purpose, strategy and culture. Several key advancements to our people strategy objectives.

Category overall score: 1.75 out of 2.0

| Performance Metrics<br>Weighting:<br>STI – 20% / LTI – 15%[5] | Target | Result | Key Performance Highlights |
|---|---|---|---|
| Environmental Indicators (STI) | 20% spills reduction and assessment of severity and prevention | Achieved Target | • Several proactive initiatives implemented, such as chemical programs and review of sand management and dead leg identification.<br>• No catastrophic severe spills. |
| Safety Indicators (STI) | TRIF[2] – 0.45<br>LTIF[3] – 0.06<br>PH 3+[4] – 0.11<br>Prevention Initiatives | TRIF – 0.43<br>LTIF – 0.04<br>PH 3+ – 0.02 | • Strong safety performance, particularly with respect to incident severity (as measured by PH 3+), and significant proactive prevention initiatives.<br>• Proactive safety leadership performance and continuous improvement initiatives such as the long-term safety strategy "Together Preventing Harm", program enhancements with short service workers and nursing triage. |
| Social Indicators (LTI) | Advance key actions in engagement, succession planning and DE&I | Measured at end of the three-year period | • Increased communication and events to ensure alignment on purpose, strategy, business objectives and culture.<br>• Strong engagement results. Targeted pulse checks to measure continuous improvement. |
| GHG Emissions (LTI) | Reduced Scope 1 and Scope 2 GHG emissions intensity by 20% Absolute emissions by a minimum of 70,000 tCO2E) by 2025<br>Reduced overall methane emissions intensity by 20% by 2025. | Measured at end of the three-year period | • GHG emissions intensity associated with ARC's legacy assets, reduced 16 per cent against the five-year target which is ahead of plan.<br>• Continued to advance strategy for Kakwa emissions reduction.<br>• Electrified Parkland 3-9 Phase 2 reducing emissions by 6,000 $tCO^2e$/yr.<br>• Achieved Equitable Origin's ("EO") EO 100™ Standard for Responsible Energy Development for all assets. |

## Discussion

ARC Resources' circular notes that to determine the value of executive compensation, the board assesses the company's performance relative to its long-term priorities. The circular provides a comprehensive overview of performance accomplishments, the corresponding quantitative metrics which are used to measure progress on these objectives, and the targets against which performance is assessed. Notably, these objectives include goals related to safety and GHG emissions, among other things. Therefore, executive compensation outcomes are linked not only to the company's financial performance but also to operating the company's assets in a safe and responsible manner.

## Executive Compensation and Risk Management

A company should disclose details of its executive compensation structure and comment on its effectiveness when viewed through a risk oversight lens. The disclosure should explain how the company's policies and practices discourage risk-taking beyond the company's acceptable risk appetite.

### Enbridge Inc., 2023 Proxy Circular, page 75

**Compensation risk management**

The HRC Committee oversees Enbridge's compensation programs from the perspective of whether the programs encourage individuals to take inappropriate or excessive risks that are reasonably likely to have a material adverse impact on Enbridge.

**Compensation risk mitigation practices**

- a pay-for-performance philosophy that is embedded in the compensation design;
- a mix of pay programs benchmarked against a relevant peer group in terms of both relative proportion and prevalence;
- a rigorous approach to goal setting and a process of establishing targets with multiple levels of performance, which mitigate excessive risk-taking that could harm Enbridge's value or reward poor judgment of executives;
- compensation programs that include a combination of short-, medium- and long-term elements that provide executives with an incentive to consider both the immediate and long-term implications of their decisions;
- program provisions where executives are compensated for their short-term performance using a combination of safety and operational reliability, financial performance, diversity and inclusion initiatives, reducing GHG emissions intensity, and growth metrics that support a balanced perspective and are a mix of both leading (proactive/ preventative) and lagging (incident-based) indicators;
- performance thresholds that include both minimum and maximum payouts;
- stock award programs that vest over multiple years and are aligned with overall corporate performance that drives superior value to Enbridge shareholders;
- share ownership guidelines that require executives to have a meaningful equity stake in Enbridge to align their interests with those of Enbridge shareholders;
- Insider Trading and Reporting Guidelines that include prohibition on hedging provisions to prevent activities that would weaken the intended pay-for-performance link and alignment with Enbridge shareholders' interests; and

• an incentive compensation clawback policy that allows Enbridge to recoup overpayments made to executives in the event of fraud or willful misconduct.

## Discussion

Enbridge's proxy circular clearly identifies how the company's compensation policies and practices are specifically designed to discourage excessive risk-taking among executives. Their compensation structure includes a number of distinct mechanisms which are used to mitigate risk-inducing behaviour.

Several issuers also manage compensation risk through clawback policies, but these policies are often triggered only if there is a financial restatement and an executive is found at fault. CCGG has urged companies to adopt broader clawback policies as exemplified by the clawback policy of Enbridge set out above. Anti-hedging policies are another useful tool to manage compensation-related risk.

### The Toronto-Dominion Bank, 2023 Proxy Circular, page 48

**Stock Options**

[...] Stock options cliff vest at the end of four years, and expire 10 years from the date of grant.

### Imperial Oil Limited, 2023 Proxy Circular, page 65

| Employee group | Vesting<br>On the anniversary of the date of grant |
|---|---|
| For the chairman, president and chief executive officer | 50 percent in 5 years and 50 percent in 10 years |
| For all other executives | 50 percent in 3 years and 50 percent in 7 years |

**Restricted stock units**

The vesting periods, which are typically greater than those in use by other companies, reinforce the company's focus on growing shareholder value over the long term by linking a large percentage of executive compensation and the shareholding net worth of executives to the value of the company's stock. The long vesting periods ensure that a substantial portion of the compensation received by the chairman, president and chief executive officer, as well as other key senior executives, will be received after retirement. The value of this compensation is at risk in the event that their decisions prior to retirement negatively impact share market value after retirement,

> with the objective to hold senior executives accountable for many years into the future, and even into retirement, for investment and operating decisions made today. The design of our program removes employee discretion in the timing of exercising restricted stock units, reinforces retention objectives, and supports alignment with the long-term interests of shareholders.

### Discussion

To the extent that issuers use options and/or other share-based incentives that vest based on time only, CCGG encourages issuers to consider long-term vesting restrictions, as demonstrated by the above examples.

Stock options often start vesting one year following the date of grant and fully vest after three years. TD Bank, however, grants stock options that cliff vest after 4 years..

Restricted stock units also often start vesting one year after award date and fully vest after three years. Imperial Oil, however, grants restricted stock units to the CEO that vest equally on the fifth and tenth anniversaries of grant, which are long-term vesting restrictions.

## Performance Share Units

In the interest of improving the alignment between pay and performance, many public company boards across all industry sectors in Canada have introduced Performance Share Unit (PSU) plans into their executive compensation programs. In some cases, PSU plans are being used in place of stock option plans which have not achieved the originally intended outcome of linking pay with performance. CCGG is supportive of improving this link and believes that an appropriately structured PSU plan may be helpful in that regard. True performance-vesting, in CCGG's view, should contemplate the possibility of a zero-vesting outcome that is not dependent upon a board exercising discretion. Awards that partially vest based on time alone and for which a zero-vesting outcome is possible only if a board exercises discretion should not be classified as PSUs.

**Kinross Gold Corporation, 2023 Proxy Circular, page 91-93**

> **Long-Term Incentive**
>
> Restricted Performance Share Units (55%)
>
> The performance metrics attached to the RPSUs provide for greater alignment between company performance and realized pay, provide an additional incentive for future performance, and ensure management is focused on achieving the fundamental business outcomes related to shareholder value. In addition, as all RPSUs are settled in equity [...]
>
> **RPSU Performance Measures**

Setting the RPSU performance measures is an important cornerstone in achieving the objectives of the long-term incentive program. Every year the human resources and compensation committee reviews the RPSU measures and associated weightings to ensure they continue to be aligned with our strategy and key performance drivers for the coming three years. They also review current best practices and consider shareholder feedback before approving the measures for a new grant. […]

| Measure | Weighting | Rationale |
|---|---|---|
| Relative TSR | 50% | As a direct link to the interests of shareholders, we assess relative TSR performance over three calendar years. We compare Kinross' performance to that of the companies in our performance peer group, made up solely of gold companies who face the same commodity cycle and are similar in size and complexity.<br><br>While both our RPSU and short-term incentive plans include relative TSR, the TSR measure in the RPSU plan is a longer-term measure covering three full calendar years, while that included in the short-term incentive plan is a one-year measure. |
| Production | 25% | We recognize that TSR represents shareholder value over time, but TSR alone has limited ability to incent behaviour as it is often affected by factors outside an executive's control. In a volatile commodity business, cash flow is an important performance metric, but is largely driven by gold price (a factor outside management's control). However, two key inputs to cash flow that lie within management's control are production and attributable all-in sustaining cost. Therefore 50% of the outcome on our RPSUs is determined based on these key operational metrics. |
| Attributable All-in Sustaining Cost | 25% | |

[…] Over the last number of years, we have reviewed and assessed possible alternative measures, and in response to shareholder feedback and to further align executive interests with Kinross' long-term strategy, in 2020 we moved from setting annual targets for production and cost to setting three-year targets for these measures. We believe the shift to measuring longer-term performance in our RPSU plan thereby encourages longer-term thinking, while maintaining the focus on our two critical business drivers, and will reinforce sustainable performance and the creation of shareholder value over the long-term.

**2021 RPSU Performance Goals**

The number of RPSUs that vest is based on company performance relative to the targets established for each measure. If the threshold level of performance is not achieved, no RPSUs will vest for that component. The threshold for the three-year cost and production targets is established at 50% vesting level. The RPSUs included in 2021 compensation and granted in February 2022 will vest in February 2025 based on the schedule below:

| Performance over three-year vesting period | Percent of units that will vest | | |
|---|---|---|---|
| | Maximum 150%[1] | Target 100% | Threshold 0% |
| **Relative total shareholder return (RTSR) ranking**<br><br>Total Shareholder Return performance over the three calendar years ranked against the performance peer group, as follows: Agnico-Eagle; AngloGold Ashanti; B2Gold; Barrick; Gold Fields; IAMGOLD; Kirkland Lake; Newcrest; Newmont; Yamana; S&P TSX Gold Index. Performance of each peer company is assessed on the applicable U.S. stock exchange. The TSR for each company (including Kinross) and the index will be calculated for the three-year period, and Kinross' ranking within that group is determined (i.e. 1st, 2nd, etc.). The human resources and compensation committee has discretion to adjust the RTSR measure in the event of a material change in the companies included in the peer group during the three-year time frame. | 1st or 2nd rank and positive absolute TSR | 5th or 6th rank | 11th rank |
| **Production**<br><br>Target is to meet the three-year total production guidance for attributable gold equivalent ounces. Actual production may vary from the figure publicly disclosed as part of Kinross' annual reporting as a result of: adjustments to offset the impacts of positive or negative changes to material assumptions (i.e. gold to silver production ratio); and adjustments to reflect certain material operational and business changes that were unplanned at the time that the RPSU target was set. The HRCC can make other discretionary adjustments relating to extraordinary events. | +7%, and still within target range on attributable all-in sustaining cost | Three-year total production guidance for attributable gold equivalent ounces[2] | −10% |
| **Attributable all-in sustaining cost (AISC) per gold equivalent ounce sold**<br><br>Target is to meet the expected three-year weighted average attributable all-in sustaining cost per gold equivalent ounce sold established through Kinross' strategic business planning process (SBP). Actual attributable all-in sustaining cost may vary from the figure publicly disclosed as part of Kinross' annual reporting as a result of: adjustments to offset the impacts of positive or negative changes to material assumptions (inflation, gold price, royalties, foreign exchange rates and oil price); and adjustments to reflect certain material operational and business changes that were unplanned at the time that the RPSU target was set. The HRCC can make other discretionary adjustments relating to extraordinary events. | −10% | Expected three-year weighted average AISC range as determined by the 2021 SBP[3] | +10% |

1. Up to 200% based on the human resources and compensation committee discretion to recognize outstanding performance.
2. The three-year production target for the 2021 grant is aligned to Kinross' three-year public guidance for 2022 to 2024.
3. The three-year attributable all-in sustaining cost target for the 2021 grant is based on our strategic business plan and considers the risks and opportunities in our portfolio.

## Discussion

Kinross Gold's PSU plan is noteworthy because:

- It provides full disclosure of goals set under the PSU plan and describes why particular performance measures are emphasized under the plan.
- There is a possibility that, following an assessment of the company's future 3-year performance, no PSUs vest. Therefore, Kinross Gold's PSUs are truly at-risk.
- Performance measures are assessed against a single three-year goal as opposed to three, one-year goals. CCGG encourages boards to evaluate key performance measures over multi-year periods in order to focus and incent management on long-term value creation.
- PSUs are settled in common shares instead of cash, thereby encouraging executive officers to build share ownership.

## Use of non-GAAP measures in Executive Compensation

CCGG has observed that many issuers use non-GAAP financial measures to make executive compensation decisions, and in an attempt to quantify the extent to which these measures are being used by boards, CCGG undertook a study in early 2019 of the compensation structures of a representative group of 100 public companies included in the S&P/TSX Composite Index. Please refer to the position paper, which includes recommendations for improved disclosure on the use of these measures by boards.

### TC Energy Corporation, 2023 Proxy Circular, page 100

| Objective | Goals | 2022 Target | 2022 Result | Rating (0-2.0) | Weighting | Factor | Highlights |
|---|---|---|---|---|---|---|---|
| **1. Environment, Social and Governance** | Achieve top personal safety, maintain safe reliable operations and asset integrity while minimizing environmental impacts. | Various targets | Not met | 0.0 | 20% | 0.0 | Set to zero to recognize a fatality. |
| | Ensure diversity of our employees reflects the communities in which we live and work. | 4% increase of visible minorities in leadership roles | Exceeded (2.0) | 1.0 | 5% | 0.1 | Increase of visible minorities in leadership roles of 18%. |
| | | 4% increase of women in leadership roles | Not met (0.0) | | | | Decrease of women in leadership roles of 4%. |
| **2. Financial results** | Optimize financial performance and deliver value for shareholders, measured through earnings per share. | $4.30 in Comparable EPS | $4.30 | 1.0 | 50% | 0.5 | Achieved financial targets. |
| **3. Strategic Priorities** | Identify and progress projects to replenish and diversify our growth portfolio, and identify origination opportunities. | $3.5 billion growth in incremental capital projects achieving FID and 8% IRR | Exceeded | 2.0 | 25% | 0.5 | $8.8 billion growth in incremental capital projects achieving FID and 10% IRR. |
| **Overall corporate factor** | | | | | **100%** | **1.1** | |

Notes
- Calculated factors are rounded to the nearest one decimal.
- *Comparable EPS* is calculated by adjusting Net income per share for specific items, such as unrealized gains/losses, which are believed to be significant but not reflective of TC Energy's underlying operations in the period. The committee evaluated all adjustments to 2022 EPS and concluded that it is appropriate to exclude them in evaluating performance against the scorecard target. We calculate *Comparable EPS* based on the weighted average number of our common shares outstanding (995 million in 2022).
- *Comparable EPS* is a non-GAAP measure and does not have any standardized meaning under U.S. GAAP and therefore it may not be comparable to similar measures presented by other entities. The most directly comparable U.S. GAAP measure to Comparable EPS is Net income per common share. Refer to the *About this document – Non-GAAP measures* section of the 2022 MD&A for more information about the non-GAAP measures we use and a reconciliation to their U.S. GAAP equivalents, which section of the 2022 MD&A is incorporated by reference herein. The specific reconciliation for Comparable earnings per share can be found on page 23 in our 2022 MD&A.

### TC Energy Corporation, 2023 Proxy Circular, page 126-127

**Comparable measures**

We calculate comparable measures by adjusting certain GAAP measures for specific items we believe are significant but not reflective of our underlying operations in the period. Except as otherwise described herein, these comparable measures are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable.

Our decision not to adjust for a specific item in reporting comparable measures is subjective and made after careful consideration. Specific items may include:

- gains or losses on sales of assets or assets held for sale
- income tax refunds, valuation allowances and adjustments resulting from changes in legislation and enacted tax rates
- unrealized fair value adjustments related to risk management activities and Bruce Power funds invested for post-retirement benefits
- expected credit loss provisions on net investment in leases and certain contract assets
- legal, contractual, bankruptcy and other settlements
- impairment of goodwill, plant, property and equipment, equity investments and other assets
- acquisition and integration costs
- restructuring costs.

We exclude from comparable measures the unrealized gains and losses from changes in the fair value of derivatives related to financial and commodity price risk management activities. These derivatives generally provide effective economic hedges but do not meet the criteria for hedge accounting. Beginning in first quarter 2022, with consistent presentation of prior periods, we excluded from comparable measures our proportionate share of the unrealized gains and losses from changes in the fair value of Bruce Power's funds invested for post-retirement benefits and derivatives related to its risk management activities. These changes in fair value are recorded in net income. As these amounts do not accurately reflect the gains and losses that will be realized at settlement, we do not consider them reflective of our underlying operations. [...]

**Comparable earnings and comparable earnings per share**

Comparable earnings and comparable earnings per common share Comparable earnings represents earnings attributable to common shareholders on a consolidated basis, adjusted for specific items. Comparable earnings is comprised of segmented earnings, Interest expense, AFUDC, Interest income and other, Income tax expense, Non-controlling interests and Preferred share dividends, adjusted for specific items. See the 2022 Annual report for a reconciliation to net income attributable to common shares and net income per common share.

### Discussion

As illustrated above, the TC Energy circular meets several of CCGG's recommended best practices for disclosure as outlined in our report on the Use of Non-GAAP Measures in Executive Compensation, including the following:

- The circular provides a definition for non-GAAP measures used in the compensation scheme and indicates that these measures are calculated in a consistent manner from period to period;
- The circular briefly notes adjustments (specific items) that may be made to GAAP measures, and clarifies that such items are still subject to scrutiny and may *not* be adjusted for on a subjective basis if they are viewed as reflective of underlying operations in the corresponding period;
- It acknowledges that the Human Resources Committee evaluated all adjustments made to the GAAP measure (EPS) in order to arrive at the non-GAAP measure (comparable EPS) that is used to determine cash bonus; and
- It provides reference to a reconciliation of comparable EPS to the most equivalent GAAP measure in the MD&A.

The following excerpt from Emera provides an example of additional information that should be disclosed when non-GAAP financial metrics are used to make compensation decisions.

### Emera Incorporated, 2023 Proxy Circular, page 80

**2022 Short-term Incentive Results**

[...] The compensation cash flow and compensation net income figures that are shown in the Emera corporate scorecard are adjusted for incentive purposes from the Company's reported figures. The Company considers the following general principles when determining whether it should adjust financial results for incentive plan purposes:

• The Company adjusts the reported figures for specific items the Company believes are significant, but not reflective of underlying operations in the period.

• Incentive compensation should be directly linked to the performance of the core business and delivering on the plan of record. Meaningful accounting gains or losses are generally the result of strategically or financially driven transactions in which there has been direct involvement and support of the Board; therefore, the impacts of the transactions should typically be excluded from incentive compensation, except as noted below. The Company does not want its strategically or financially driven decisions to be influenced by compensation impacts.

• The Company should, however, consider including all or some portion of the gain (positive impact) or loss (negative impact) if such gain or loss appropriately reflects the value creation or value destruction and overall performance of management in the decision or execution of the transaction leading to such gain or loss.

• Perfect alignment of performance and compensation can be elusive from year to year. Therefore, the Board reserves the right to adjust incentive payouts in either direction to satisfy itself that there is close alignment between performance and compensation.

The substantial rise in fuel costs and harsh winter storms in 2022 had significant impacts on the Company's Compensation Cash Flow metrics in the Emera corporate scorecard as well as the 2020 PSU grant. These unexpected costs will ultimately be recovered in subsequent years following established regulatory processes and incorporated into respective future budgets and targets. As such, the 2022 Compensation Cash Flow results have been adjusted to remove these additional costs. The table that follows shows the reconciliation between the reported and adjusted figures used in the Emera corporate scorecard.

| Compensation net income reconciliation (in millions $) | 2022 |
|---|---|
| **Reported net income attributable to common shareholders** | **945** |
| Less: mark-to-market gain, after tax (1) | **(175)** |
| Add: Impairment charge | **73** |
| Add: NSP Maritime Link Inc. unrecoverable costs (2) | **7** |
| Add: Adjustment to translate USD earnings to budgeted foreign exchange rate | **4** |
| **Compensation net income** | **854** |

| Compensation cash flow reconciliation (in millions $) | 2022 |
|---|---|
| **Reported operating cash flow** | **913** |
| Add: Adjustment to translate USD earnings to budgeted foreign exchange rate | **11** |
| Add: Adjustment for extraordinary fuel costs to be recovered in subsequent years | **572** |
| Add: Adjustment for extraordinary storm costs to be recovered in subsequent years | **97** |
| **Compensation cash flow** | **1,593** |

(1) Net of income tax expense of $73 million.
(2) Emera accounts for NSPML as an equity investment, and therefore the after-tax unrecoverable costs were recorded in "Income from equity investments" on Emera's Consolidated Statements of Income.

## Discussion

Proxy circular disclosure should contain an overview of the board's role in scrutinizing non-GAAP performance measures and any proposed adjustments. Such a discussion should also include an explanation of the parameters that are used by the board to determine the appropriateness of individual adjustments, as well as the rationale for any material adjustments made in the previous year.

In addition to acknowledging that the board reviews proposed adjustments, the Emera circular provides a description of the principles that are applied by the company to ensure that adjustments made to financial measures for purposes of determining compensation are appropriate.

## Effectiveness of the Compensation Program over Time

In order to truly understand the effectiveness of an issuer's compensation program, it is useful to know not only the grant date value of compensation awards, which reflects how the board intended to compensate management, but also how effective the compensation program has actually been in aligning management's interests with shareholders.

### Capital Power Corporation, 2023 Proxy Circular, page 68

**Look back analysis**

The table below gives a "look back" view of compensation for Mr. Vaasjo since 2015 compared to absolute shareholder value. It compares the grant date value of compensation awarded to Mr. Vaasjo for his performance as President & CEO against the actual value he has received from his compensation during that time.

On a weighted average basis over the cumulative period of 2015 to 2022, Mr. Vaasjo has realized 110% more than the expected value of the compensation that the Committee awarded him (awarded compensation) while the shareholder's investment has increased by 122% demonstrating a positive relationship on behalf of the shareholder.

| | Targeted compensation[1] | Awarded compensation[2] | Actual compensation value as of December 31, 2022[3] | Value of $100: Period | Value of $100: Brian Vaasjo[4] | Value of $100: Shareholder[5] |
|---|---|---|---|---|---|---|
| 2015 | $2,449,511 | $2,558,959 | $3,664,378 | 2015JAN01 to 2022DEC31 | $143 | $292 |
| 2016 | $2,480,957 | $2,654,631 | $11,285,642 | 2016JAN01 to 2022DEC31 | $425 | $402 |
| 2017 | $2,521,693 | $2,598,416 | $6,401,718 | 2017JAN01 to 2022DEC31 | $246 | $285 |
| 2018 | $2,676,254 | $3,036,978 | $7,176,027 | 2018JAN01 to 2022DEC31 | $236 | $254 |
| 2019 | $2,692,107 | $3,040,325 | $5,133,028 | 2019JAN01 to 2022DEC31 | $169 | $219 |
| 2020 | $3,032,329 | $3,339,988 | $6,552,154 | 2020JAN01 to 2022DEC31 | $196 | $159 |
| 2021 | $3,579,719 | $3,984,199 | $6,379,596 | 2021JAN01 to 2022DEC31 | $160 | $147 |
| 2022 | $3,611,090 | $4,105,410 | $5,653,355 | 2022JAN01 to 2022DEC31 | $138 | $123 |
| | | | | ***Weighted average[6]*** | $210 | $222 |

### Discussion

Capital Power Corporation discloses both the target value of the CEO's compensation and the actual value of the CEO's compensation using yearend stock prices in their circular. The table provides a sufficient period of time over which compensation can be assessed and also compares the value of the CEO's compensation to the value of a $100 investment in Capital Power Corporation common shares.

## Executive Share Ownership Requirements

To enhance the alignment of interests between management teams and shareholders, companies should adopt share ownership requirements that encourage NEOs to build meaningful share holdings in the companies they manage over the course of their tenures. Further to CCGG's 2023 position paper on effective equity ownership policies, in which we articulate CCGG's views with respect to what constitutes an effective equity ownership policy and the instruments that should, and should not, qualify as equity ownership, company disclosure should provide the following information:

- What are the minimum share ownership requirements that each NEO must meet?
- Are NEOs required to maintain minimum share ownership levels for any period of time after leaving the company?
- Beyond direct common shareholdings, do vested or unvested equity-linked forms of compensation (for example, in-the-money option grants, unvested RSU or PSU grants, etc.) count towards an NEO's minimum ownership requirements?
- What are each NEO's current shareholdings, including the makeup of these holdings between common shares and other forms of equity awards, relative to the required holdings level?
- Is the value of securities held by NEOs determined using market value or acquisition price?

### TELUS Corporation, 2023 Proxy Circular, pages 106-107

**Share ownership requirement**

Our executive share ownership requirement has been in effect for over a decade, further demonstrating our compensation philosophy to align the interests of our executives with those of our shareholders.

Our executives must beneficially own, either directly or indirectly, a dollar value equivalent in TELUS shares based on targets that vary by position. This is a more rigorous requirement than typical market practice, as we do not include the value of any outstanding options, EPSUs or RSUs when determining whether the ownership requirement has been met. In our view, an executive purchasing shares with their own funds more clearly demonstrates their commitment to TELUS and our future success.

| | Share ownership guidelines (excluding options, EPSUs, and RSUs) |
|---|---|
| CEO | 7x annual base salary, to be attained within five years of hire or promotion |
| ELT | 3x annual base salary, to be attained within five years of hire or promotion |

We require executives who have not met their share ownership requirement to take 50 per cent of net vested equity awards (after taxes) in shares instead of cash, unless that executive is pursuing other means of meeting the requirement.

In addition, an executive must continue to hold a number of shares equal to the ownership requirement for one year following retirement.

| Name | 2022 base salary at year-end ($) | Total shares | Value of shares[1] ($) | Value of shareholdings as a multiple of base salary[2] | Total EPSUs/ RSUs | Value of EPSUs/ RSUs[1] ($) | Total equity (shares/ EPSUs/ RSUs) | Value of total equity[1] ($) | Value of total equity as a multiple of base salary |
|---|---|---|---|---|---|---|---|---|---|
| Darren Entwistle | 1,600,000 | 402,376 | 10,514,085 | 6.6 | 915,710 | 23,927,502 | 1,318,086 | 34,441,587 | 21.5 |
| Doug French | 750,000 | 100,412 | 2,623,766 | 3.5 | 227,300 | 5,939,349 | 327,712 | 8,563,115 | 11.4 |
| Tony Geheran | 750,000 | 160,730 | 4,199,875 | 5.6 | 227,106 | 5,934,280 | 387,836 | 10,134,155 | 13.5 |
| Navin Arora | 650,000 | 161,431 | 4,218,192 | 6.5 | 199,290 | 5,207,448 | 360,721 | 9,425,640 | 14.5 |
| Zainul Mawji | 600,000 | 94,578 | 2,471,323 | 4.1 | 188,288 | 4,919,965 | 282,866 | 7,391,289 | 12.3 |

1 TELUS' TSX closing share price on December 31, 2022 was $26.13.
2 Excludes EPSUs and RSUs, per TELUS' requirements.

### Discussion

TELUS does not include any form of share-based compensation awards (e.g. options, RSUs, or PSUs) when determining whether an executive has met his/her shareholding requirements. CCGG agrees with TELUS' position that executives purchasing common shares with their own funds more clearly demonstrate a commitment to the company and its future success. TELUS requires all executives (not just the CEO) to continue to meet their respective ownership requirements for at least one year following retirement.

In some cases, issuers include vested and unvested share-based awards in calculating executive share ownership. Awards such as certain Deferred Share Units, that have vested but have not yet paid out, and on which income taxes have been deferred till the awards are settled, may be included in an officer's share ownership if they are adjusted for any income taxes that are owed on settlement. Awards that have not yet vested should **not** count towards an officer's share ownership, particularly if they are to be settled in cash as opposed to shares.

Where relevant, we also ask issuers to differentiate between an officer's common share ownership and any share-based awards included in the computation of share ownership such that investors can see whether an NEO meets their share ownership requirement by virtue of common shares alone.

**Intact Financial Corporation, 2023 Proxy Circular, pages 106-107**

**Share Ownership Policy and Restrictions on Trading**

The HRC Committee has adopted a share ownership policy applicable to Executives and Senior Executives including the NEOs. Under this policy, Executives and Senior Executives are expected to accumulate and own IFC shares over time. This practice, designed to more closely align Management's and shareholders' interests, is common for public companies and consistent with good corporate governance practices and the principles of the Canadian Coalition for Good Governance, among others.

Canadian and U.S. Executives and Senior Executives are expected to accumulate two (2) times their annual LTIP target in IFC shares. There are prescribed conditions to satisfy the share ownership policy:

- Senior Executives and certain Executives are expected to satisfy the requirements within five (5) years of their date of appointment as Senior Executives or Executives and they cannot sell any shares until they have met the target ownership; and
- there is no specific time frame for other Executives to satisfy the requirements; however, they must retain a minimum of 50% of their after-tax LTIP gains at each delivery in IFC shares until they reach their target ownership.

[...] following approval by the HRC Committee and effective since April 2018, a two (2) year post-vesting restriction period applies to, among others, (i) the CEO and the Canadian direct reports of the CEO, (ii) the Oversight Functions and (iii) the Vice Chairmen located in Canada.

IFC shares for purposes of the share ownership policy include shares currently owned, as well as non-vested RSUs granted under the LTIP and Common Shares subject to the two-year post-vesting restriction period. Unvested PSUs and PSO grants are not included in the ownership calculation [...] Since 2021, all Senior Executives and certain Executives receive awards composed entirely of PSUs under the LTIP. On January 1, 2023, the RSUs awarded under the 2020-2022 LTIP cycle vested. The CEO and other NEOs, except Mr. Norgrove, no longer hold RSUs and as such, only Common Shares are considered in their share ownership requirement since January 1, 2023.

[...] The CEO is required to comply with the share ownership policy applicable to him and with the additional retention period that continues for two (2) years following voluntary termination or retirement. All other Canadian, U.S. and UK&I Senior Executives and certain Canadian and U.S. Executives are required to comply with the share ownership policy for one (1) year following voluntary termination or retirement.

| | Target Ownership | Shareholdings as at December 31, 2022 | | | | | | Status | |
|---|---|---|---|---|---|---|---|---|---|
| Named Executive Officer | Multiple of salary (#) | Multiple of salary ($) | Common Shares ($) | Unvested RSUs ($) | Total Holdings ($) | Total Holdings (#)[1] | Total Holdings as a Multiple of salary | Share Ownership Requirement (SOR) | |
| Charles Brindamour | 12.50 | 16,250,000 | 72,754,056 | 2,895,778 | 75,649,834 | 388,127 | 58.19 | Met | |
| Louis Marcotte | 4.00 | 2,587,200 | 5,136,853 | 401,904 | 5,538,757 | 28,417 | 8.56 | Met | |
| T. Michael Miller[2] | 9.34 | 10,211,936 | 13,117,053 | 2,248,482 | 25,280,607[3] | 129,704 | 23.12 | Met | |
| Ken Norgrove[4] | 2.50 | 2,496,196 | 194 | – | 194 | 1[5] | 0.00 | Not Met | |
| Louis Gagnon | 5.70 | 4,674,000 | 18,221,941 | 861,112 | 19,083,053 | 97,907 | 23.27 | Met | |

Based on Intact Financial Corporation's December 30, 2022 closing share price of $194.91.

### Discussion

Intact's share ownership policy is also noteworthy as ownership requirements are expressed as a multiple of an NEO's annual LTIP target, as opposed to the common practice of using base salary. In many cases, base salary is the smallest component of total direct compensation (TDC). If the purpose of the threshold requirement is to define an ownership stake that is meaningful in the context of an NEO's economic circumstances, CCGG is of the view that benchmarking ownership relative to TDC (or annual LTIP target, in the case of Intact) offers a more meaningful reference point. It is also noteworthy that, since 2023, senior officers of Intact including the CEO may only receive credit for common shares held by them to satisfy their share ownership requirements.

Lastly, CCGG supports the practice of valuing equity ownership at fair market value (our preference) *or* acquisition cost. This is opposed to the common practice of using the *higher* of market value or acquisition price, which gives officers the benefit of a floor value in the event that share prices fall, while at the same time giving officers the opportunity to enjoy any upside when prices increase.

## Termination and Change of Control Benefits

To understand the employment arrangements between an issuer and its NEOs, CCGG looks for compensation disclosure to answer the following questions:

- Does the company have employment agreements with its NEOs? What are the material terms of the agreements?
- What payment, if any, is awarded…
  - …if a NEO resigns?
  - …if a NEO is terminated without cause?
  - …if a NEO is terminated without cause after a change of control occurs?
  - …if a change of control occurs but a NEO is not terminated?
- How is a change of control defined and are vesting provisions upon a change of control based on a "double-trigger"?

- What payments would be made to NEOs under each scenario if their employment had been terminated at year-end?

### Stantec Inc., 2023 Proxy Circular, pages 68-69

**Benefits on Termination and Change of Control**

The following table summarizes the payments due to each NEO upon termination of employment or upon a change of control followed by a termination of employment without cause or a resignation by the executive for good reason.

| Name | Resignation | Termination without Cause | Change of Control and "Double Trigger" Conditions Fulfilled[1] | Retirement[2] |
|---|---|---|---|---|
| Short-Term Incentive | None | None other than what may be calculated in the severance payment (described below) | None other than what may be calculated in the severance payment (described below) | None |
| Vested Stock Options | Must be exercised within 90 days of resignation date; options remaining unexercised after that date are cancelled | Must be exercised within 90 days of termination date; options remaining unexercised after that date are cancelled | Must be exercised within 90 days of termination date; options remaining unexercised after that date are cancelled | Remain outstanding and exercisable in accordance with the original life of the option |
| Unvested Stock Options | Cancelled | Cancelled | All options immediately vest and must be exercised within 90 days of termination date; options remaining unexercised after that date are cancelled | Remain outstanding and vest in accordance with their original vesting schedule |
| Restricted Share Units (RSUs) | Cancelled | Cancelled | All RSUs immediately vest and are paid out within two and one-half (2 ½) months following the termination date | Remain outstanding and vest in accordance with their original vesting schedule |
| Performance Share Units (PSUs) | Cancelled | Cancelled | All PSUs vest based on the actual performance of the Company between the grant date and termination date; paid out within 60 days of termination date | Remain outstanding, vest and pay out in accordance with the performance objectives actually achieved during the life of the unit on the settlement date originally scheduled |
| Other Benefits, including the Group RRSP and the ESPP | None other than payout of vested benefits | None other than payout of vested benefits | None other than payout of vested benefits | None other than payout of vested benefits |

| Name | Resignation | Termination without Cause | Change of Control and "Double Trigger" Conditions Fulfilled[(1)] | Retirement[(2)] |
|---|---|---|---|---|
| Severance Payment | None | Unpaid salary earned to the termination date, together with a payment equal to<br>• Two times (2x) the annual base salary existing as at the termination date, plus<br>• Two times (2x) the CEO's Historical STI Amount[(3)]<br>in the case of the CEO. For all other NEOs, the payment is<br>• One times (1x) the annual base salary existing as at the termination date, plus<br>• One times (1x) the NEO's Historical STI Amount | Unpaid salary earned to the termination date, together with a payment equal to<br>• Two times (2x) the annual base salary existing as at the termination date, plus<br>• Two times (2x) the CEO's Historical STI Amount[(3)]<br>in the case of the CEO. For all other NEOs, the payment is<br>One times (1x) the annual base salary existing as at the termination date, plus<br>One times (1x) the NEO's Historical STI Amount | None |

(1) The "double trigger" provisions are fulfilled if a change of control occurs and within 12 months following the change of control, (a) the executive's employment is terminated without cause or (b) the executive terminates his or her employment with good reason. For the purpose of each executive's employment agreement, a change of control would occur when (a) a person acquires more than 50% of Stantec's common shares, (b) the nominees of a person holding at least 30% of Stantec's common shares are elected as directors and comprise a majority of Stantec's board, or (c) all or substantially all of Stantec's assets are sold to a third party. For the purpose of each executive's employment agreement, "good reason" means the executive's salary, authority, duties, or responsibility is materially diminished or a material change is made to the geographic location where the executive must perform his or her services.

(2) Retirement means a termination of employment after attaining age 60 with at least 10 years of service with the Company, if mutually agreed by the executive and the Company.

(3) For the purpose of each executive's employment agreement, "Historical STI Amount" means the average amount of the last three short-term incentive cash payments paid to the executive. In the case of Ms. Schefer, the "Historical STI Amount" means the greater of: (a) the average amount of the last three short-term incentive cash payments paid to her, and (b) her current STI Target (being 70% of base salary).

**Termination Payment Calculation**

The following table presents the incremental payments we would have to make to each NEO if a triggering event— a termination without cause or a change of control payment trigger—occurred on the last business day of Stantec's most recently completed fiscal year, in this case, 2022:

| Name | Termination Payout on a Without-Cause Termination ($) | Termination Payout on a Change in Control ($) |
|---|---|---|
| Gord Johnston | 5,028,353 | 5,028,353 |
| Theresa Jang | 1,210,050 | 1,210,050 |
| Stu Lerner | 1,076,969 | 1,076,969 |
| Cath Schefer | 929,369 | 929,369 |
| Steve Fleck | 978,889 | 978,889 |

(1) On a termination without cause or a termination following a change of control (assuming double-trigger conditions are satisfied), all unvested long-term incentives (RSUs and PSUs) are forfeited. The amounts in the table above reflect the severance payment required in the event of a termination without cause or change of control with a double-trigger event.

## Discussion

Stantec's circular includes all of the information discussed above.

## Retirement Benefits and Perquisites

In reviewing executive perquisites and retirement benefits, CCGG looks for compensation disclosure to answer the following questions:

- Has the company granted a NEO bonus years of pension service beyond those years actually worked? Does the company have a policy on whether it will do so in the future?
- Does the company have caps, either hard-dollar or otherwise, on pension benefits?
- Does the company have any policies governing the use of perquisites for executives, particularly for controversial perquisites such as personal use of corporate aircraft or tax-gross ups?

### Vermilion Energy Inc., 2023 Proxy Circular, page 71

**Savings Plan**

The purpose of our Savings Plan is to help employees enhance their financial well-being. We do not have a pension plan for any Canadian-based employees, nor do we offer any deferred benefits. Eligible employees, including executives, can contribute up to 7% of their base earnings to our savings plan through regular payroll deductions. We match employees' contributions 1.5 times to a maximum of 10.5%.

Employees can choose to invest their personal contributions in Vermilion shares, cash, tax-free savings account, registered retirement savings plan or other investments. Employer contributions are made through Vermilion shares issued from treasury, acquired on the open market or a combination of both (as decided by the Board).

The employer match helps increase employee ownership in Vermilion. Under our Omnibus Incentive Plan, the employer contribution by issuance of shares from treasury is limited to 25% of the total contribution. In 2022, a total of 86,343 shares were issued from treasury at prices per share between $18.35 and $28.17.

**Benefits and Perquisites (Perks)**

Our Canadian benefit plans provide all employees with extended health and dental coverage, life insurance, an employee assistance program and disability insurance. Benefits provided to employees vary depending on the country where employees are located.

We limit the use of perks – special benefits – for our executives. We do not think perks should be a significant element of compensation, but we understand that some are appropriate to keep us competitive. The GHRC regularly reviews perks to ensure they are market competitive.

### Pembina Pipeline Corporation, 2023 Proxy Circular, pages 93-94

**Defined contribution plan**

Employees are not allowed to contribute to the defined contribution plan, and employees choose how they want to invest the money. We contribute to the defined contribution plan for employees not otherwise eligible for the defined benefit plan as follows:

- 5% of the employee's base earnings semi-monthly for employees with less than 40 points; and
- 10% of the employee's base earnings semi-monthly for employees greater than 40 points.

**Defined benefit plan**

Employees are not allowed to contribute to the defined benefit plan. The basic benefit is 1.4% of the employee's highest three-year average base salary in the final 120 months of employment multiplied by the employee's defined benefit pensionable service. If the employee retires early, the pension benefit is reduced by 0.25% for each month before the employee turns 62. […]

**Supplementary retirement plan**

Eligible employees can also earn supplementary benefits under our supplementary retirement plan. This plan is designed to provide benefits to employees beyond the limitations imposed by the Income Tax Act (Canada). […]

**Annual pension benefits payable**

The table below shows the total estimated annual benefits payable to each named executive under the defined benefit and supplementary retirement plans, and the present value of our accrued obligation.

| | Years of credited service | Annual benefits payable[2] ($) | | Present value of defined benefit obligation as at January 1, 2022 ($) | Compensatory change[3] ($) | Non-compensatory change[4] ($) | Present value of defined benefit obligation as at December 31, 2022 ($) |
|---|---|---|---|---|---|---|---|
| | | at year end | at age 65 | | | | |
| Scott Burrows[1] | 8 | 93,701 | 525,000 | 1,172,048 | 1,208,425 | (903,195) | 1,477,278 |

## Discussion

Vermilion clearly discloses in its proxy circular the types and value (in its summary compensation table) of benefits and perquisites offered to executive officers. Of note, Vermilion does not offer its NEOs supplemental retirement benefits; instead NEOs participate under the company's employee savings plan which promotes share ownership.

Certain issuers such as Pembina Pipeline offer their NEOs retirement plans that supplement those available to other employees. In some instances, supplemental retirement benefits may be difficult to avoid for competitive reasons. We encourage issuers to limit such supplemental benefits, however, and to not grant extra years of service or special benefits such as higher than normal accrual rates.

## Say on Pay

### First Capital Real Estate Investment Trust, 2023 Proxy Circular, pages 25-26

**Say-on-Pay Non-Binding Advisory Vote**

[…] This non-binding, advisory vote, commonly known as "Say-on-Pay", gives unitholders an opportunity to either endorse or not endorse First Capital REIT's approach to its executive compensation programs and policies. […]

The purpose of the Say-on-Pay Resolution is to provide appropriate trustee accountability to unitholders of First Capital REIT for the Board's compensation decisions by giving unitholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves, for the past, current and future fiscal years. While unitholders will provide their collective advisory vote, the trustees remain fully responsible for their compensation decision and are not relieved of these responsibilities by a positive advisory vote by unitholders.

Approval of the Say-on-Pay Resolution will require an affirmative vote of a majority of the votes cast at the Meeting. As this is an advisory vote, the results will not be binding upon the Board. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with unitholders of First Capital REIT on compensation and related matters. First Capital REIT will disclose the voting results of the Say-on-Pay Resolution as a part of its report on voting results for the Meeting. In addition, in the event that the Say-on-Pay Resolution does not receive sufficient support of at least 80% of the votes cast, the Board will consult with the unitholders, particularly those who are known to have voted against it, in order to better understand their concerns. The Compensation Committee will review First Capital REIT's approach to compensation in the context of those concerns. Unitholders who have voted against the Say-on-Pay Resolution will be encouraged to contact the Compensation Committee to discuss their specific concerns.

> Following the review by the Compensation Committee, First Capital REIT will disclose to its unitholders as soon as is practicable, a summary of the significant comments relating to compensation received from unitholders in the process, a description of the process undertaken and a description of any resulting changes to executive compensation or why no changes will be made. First Capital REIT will endeavor to provide this disclosure within six months of voting on the Say-on-Pay Resolution, and no later than in the management information circular for the next annual meeting of unitholders.

### Discussion

Offering shareholders a 'Say on Pay' vote is a meaningful tool that is used by boards to assess shareholders' acceptance of the corporation's approach to executive compensation. More than 70% of the issuers in the S&P/TSX composite index now offer their shareholders a 'Say on Pay' vote.

First Capital REIT offers its shareholders a 'Say on Pay' vote and discloses in the circular that, in the event that less than 80% of the votes cast are in support of the advisory resolution, the board will oversee a shareholder consultation process, particularly with those who voted against the resolution, to understand shareholder concerns. Following these consultations, the board will disclose to all shareholders a summary of the feedback received and any action taken.

## Compensation Peer Groups

Boards commonly benchmark compensation against peers to ensure the company pays in a manner that is competitive. We caution that the practice of benchmarking against peers should not be overly relied upon at the expense of a robust, independent analysis. Absent extenuating circumstances, the quantum of compensation awarded should be determined within the context of the organization and should be justified primarily by performance.

When external consultants are retained by the board, the board should ensure that the consultant is independent of management. In any event, while the input received from independent compensation consultants may provide valuable assistance to the board, following a consultant's recommendation does not reduce a board's responsibility to ensure that compensation decisions are appropriate.

Boards should disclose answers to the following questions:

- Does the compensation committee make use of an independent compensation consultant?
- If management retains the same compensation consultant as the committee, must the committee first give its approval? If so, what portion of the consultant's total fees was attributable to work done for management?
- To the extent peer group benchmarking is used, does it serve solely to inform the board or does the board target a specific range or percentile level for compensation relative to its chosen peer group?
- What companies comprise the peer benchmarking group and what is the rationale for their inclusion?

## Precision Drilling Corporation, 2023 Proxy Circular, page 52

**Role of the Independent Compensation Consultant**

Since 2019, the HRCC has engaged Meridian Compensation Partners (Meridian) as its independent advisor for research and analysis on executive compensation matters for Precision. Meridian provides insights on general compensation issues, competitiveness of pay levels, risks relating to compensation design, insights into market trends, and advice about technical matters. The HRCC takes this information into account but ultimately makes its own recommendations and decisions.

The HRCC and management regularly assess the independence of the compensation consultant, and in 2022 confirmed that Meridian's work has not raised any conflicts of interest.

| Year Ended as of December 31 | 2021 | 2022 |
|---|---|---|
| Executive compensation-related fees (HRCC) | $108,769 | $161,738 |
| All other fees (pension and benefits consulting) | — | — |
| **Total fees** | **$108,769** | **$161,738** |

## Precision Drilling Corporation, 2023 Proxy Circular, page 54-55

**Benchmarking**

We benchmark executive compensation with the aim to attract, engage, and retain global talent and remain competitive in markets where we operate. The HRCC works with Meridian and our human resources group to review market data and establish a peer group of public companies that we compete with for executive talent. We also look at these companies to assess compensation trends and market practices.

Total compensation for each executive is based on several factors, including individual performance, leadership, global responsibilities, collaboration, experience, education, succession planning considerations, competitive pressures and internal equity.

We set our targets for base salaries and total direct compensation at or slightly below the median (50th percentile) of our Compensation Peer Group.

**Compensation Peer Group**

Our Compensation Peer Group, which includes contract drilling, well servicing, and offshore drilling companies, have been carefully selected based on their comparability to Precision – comparable business lines and similarity in size, complexity, operating regions and style of operation. Our Compensation Peer Group also includes companies from the broader oilfield services sector that we compete with for global talent, market share and customers.

Our growth over the last several years, as well as our future growth plans, are primarily focused in the U.S. and our international regions. In fiscal 2022, 55% of our revenue was from our U.S. and International operations, and 45% was from our operations in Canada. In 2023, the majority of our capital expenditures are expected to be focused on U.S. and International operations. Our leadership team is centralized in Houston, Texas and we compensate them in U.S. dollars. With assistance from Meridian, we review the companies included in our Compensation Peer Group annually and include both Canadian and U.S. based companies. Establishing a peer group that consists of a mix of Canadian and U.S.-based companies reinforces our strategy of attracting and retaining the best talent in the drilling services market to drive value to shareholders over the long term.

The HRCC works with Meridian on the peer group analysis, examining eight metrics that provide a reasonable assessment of comparability to establish a peer group of companies that is relevant and appropriate.

- revenue
- EBITDA
- assets
- total employees
- market capitalization
- enterprise value
- geographic footprint
- complexity of service offerings

We use a different peer group to assess our relative TSR performance under our PSU plan. This group consists of companies we compete with for investors (see page 64 for details).

For benchmarking purposes, a review is performed of the proxy materials of peer companies, third party compensation survey data, and relevant information from other companies in the energy services sector that have revenue of a similar size, as well as similar operational makeup, if compensation data for equivalent executive positions is not publicly available.

The HRCC reviews our Compensation Peer Group every year (more frequently if there are mergers, acquisitions or other industry developments) to ensure the group is appropriate for compensation planning purposes.

**2022 Compensation Peer Group**

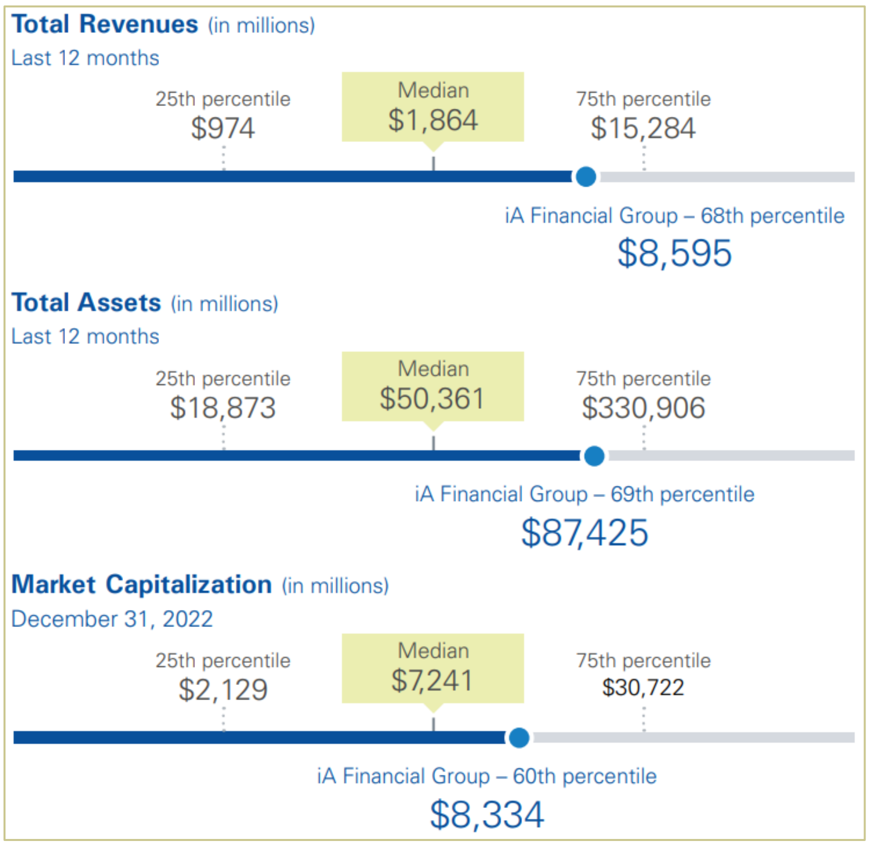
We benchmarked compensation levels for 2022 against the following 15 companies.

- CES Energy Solutions Corp.
- Ensign Energy Services Inc.
- Forum Energy Technologies, Inc.
- Helmerich & Payne, Inc.
- Liberty Oilfield Services, Inc.
- Nabors Industries Ltd.
- NexTier Oilfield Solutions, Inc.
- Noble Corp.
- Oil States International, Inc.
- Pason Systems
- Patterson-UTI Energy, Inc.
- RPC, Inc.
- Secure Energy Services Inc.
- Shawcor Ltd.
- TETRA Technologies, Inc.

### iA Financial Corporation, 2023 Proxy Circular, page 86

**Where do we stand in relation to our comparison group?**

The graph below shows our rank relative to our comparison group. We compare our total assets, market capitalization and total revenues with those of the comparator group based on the most recent data. The graph below illustrates the relevance of using this group for compensation comparison purposes.




## Discussion

Precision Drilling explains its approach to setting executive compensation which, among other things, includes the use of a compensation peer group. The method used to select compensation peers is also explained. Under its Performance Share Unit plan, Precision uses a different peer group to assess the company's relative performance and describes why it does so.

iA Financial provides an analysis regarding the company's positioning relative to peers included in the company's compensation comparison group.