2024 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 "2024 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 aabid@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 terminology 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 recognized 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:

Majority Voting

TMX Group, 2024 Proxy Circular, page 9

Majority voting

You can vote for, or withhold your vote, from each nominated director.

According to our director qualification policy, directors who receive more withheld votes than for votes in an uncontested election have not received the support of shareholders, and must resign.

The governance and regulatory oversight committee will review the resignation and, unless there are exceptional circumstances, recommend that the board accept the resignation. The board will announce its decision about accepting the resignation in a press release within 90 days following the meeting. The board will accept the resignation unless there are exceptional circumstances. If the board does not accept the resignation, it will explain why. The director will not participate in these discussions.

The board can appoint another suitable director, or choose not to fill the vacancy until the next annual meeting, as long as it meets the requirements of our recognition orders, and the corporate and securities laws that apply to us.

Discussion

As of August 31, 2022, companies incorporated under the Canada Business Corporations Act (CBCA) are 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.

Voting Results

Cogeco Communications Inc., 2024 Report of Voting Results

1. Election of Directors

Each of the nominees listed in the Information Circular was elected as a director of the Corporation. Individual director results are set out below:

Nominee	Votes For *(Aggregate)*	%	Votes Against *(Aggregate)*	%	Votes For *(Subordinate Voting Shares)*	%	Votes Against *(Subordinate Voting Shares)*	%
Colleen Abdoulah	169,245,258	99.89%	182,950	0.11%	12,334,258	98.54%	182,950	1.46%
Louis Audet	165,638,882	97.76%	3,789,325	2.24%	8,727,882	69.73%	3,789,325	30.27%
Arun Bajaj	169,355,240	99.96%	72,968	0.04%	12,444,240	99.42%	72,968	0.58%

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., 2024 Proxy Circular, page 22

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	☑		
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. Also, more than two thirds of the board is comprised of independent directors.

Director Interlocks

EQB Inc., 2024 Proxy Circular, page 52

Board interlocks and service on other boards

The Board has an interlock policy which states that no more than two of our directors shall 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	Rowan Saunders	President and CEO
	Michael Stramaglia	Chair, Risk Review Committee Member, Corporate Governance Committee

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

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, 2024 Proxy Circular, page 35

Director and Chair Independence

Ms. Sheppard, the Chair of the Board, is an independent Director. The Articles of Association of the Company ("Articles") require that the Chair of the Board and the President and CEO be separate individuals. The Chair of the Board may not be an employee of the Company or of any subsidiary or affiliate of the Company.

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 Chair and has appointed an independent Board Chair.

Thomson Reuters, 2024 Proxy Circular, page 36

Lead Independent Director

Michael E. Daniels is the Board's Lead Independent Director. Among other things, responsibilities of our Lead Independent Director include chairing meetings of the independent directors; in consultation with the 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, 2024 Proxy Circular, page 22

Alan J. Fohrer
Corporate Director

Profile:

+ Age: **73**
+ Residency: **California, US**
+ Director Since: **2013**
+ **Independent**

Top Four Relevant Competencies:

+ Accounting, Finance and Tax
+ Electric Energy/ Utility
+ Engineering and Technical
+ International Business

Relevant Skills and Qualifications

+ Former Chair and Chief Executive Officer of Southern California Edison Company, a subsidiary of Edison International ("Edison"), one of the largest electric utilities in the US.
+ Former President and Chief Executive Officer of Edison Mission Energy, a former subsidiary of Edison that owned and operated independent power facilities and restructured a number of international projects, which enhanced the value of the assets sold in subsequent years during his tenure at Edison Mission Energy.
+ Former Vice-President, Senior Vice-President, Executive Vice-President and Chief Financial Officer of both Edison and Southern California Edison from 1991 to 2000, and retired in 2010 after 37 years with Edison.
+ Independent member of the Board of Directors of PNM Resources, Inc., a publicly traded energy holding company.
+ A member of the Viterbi School of Engineering Board of Councilors for the University of Southern California and on the Board of the California Science Center Foundation.
+ Former director of the Institute of Nuclear Power Operations, the California Chamber of Commerce, Duratek, Inc., Osmose Utilities Services, Inc., MWH, Inc., Blue Shield of California and Synagro.
+ Master of Science in civil engineering from the University of Southern California, Los Angeles and Master of Business Administration from California State University in Los Angeles.

Mr. Fohrer brings to the Company and the Board experience in accounting, finance, dam safety and the power industry from both a regulated and unregulated market perspective. Accordingly, the Board recommends that Shareholders vote FOR Mr. Fohrer's re-election to the Board.

Prior Year's Voting Results: Voting Results of 2023 Annual and Special Meeting of Shareholders

Votes For: **148,745,934 (99.45%)** Votes Withheld: **817,738 (0.55%)**

Board/Committee Membership	Attendance	Attendance Total	Value of Compensation Received in 2023
Board of Directors	10 of 10	**100.0%**	$221,000
Audit, Finance and Risk Committee	8 of 8		
Governance, Safety and Sustainability Committee	4 of 4		

Securities Held as at December 31 of Respective Year

Year	Common Shares	Deferred Share Units	Total	Market Value(2)	Share Ownership Requirement(3)
2023	6,398	140,347	146,745	$1,587,781	**Meets**
2022	6,398	129,677	136,075	$1,710,463	
2021	6,398	120,352	126,750	$1,733,940	

Other Public Board Directorships and Committee Memberships

Company:	PNM Resources, Inc.
Committee:	Audit and Ethics (Chair); Nominating and Governance
Public Board Interlocks:	None

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. Each director's profile also clearly displays other useful information such as the director's share ownership, voting results, attendance, and other public board directorships.

Board Composition and Succession Planning

TELUS Corporation, 2024 Proxy Circular, page 54

Board renewal – 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 sufficient 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 areas of expertise according to the skills matrix. The objective is to have a sufficient range of skills, expertise and experience to ensure the Board can carry out its responsibilities effectively. The Board also strives to achieve a balance between the need for a depth of institutional experience and knowledge available from its members and the need for renewal and new perspectives. Board renewal, in line with these objectives, has been a focus of the Corporate Governance Committee and the Board in recent years. For more information, please refer to the Corporate Governance Committee report on page 67.

The Board does not have a mandatory age limit, but it does have a term limit policy that requires independent 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 performance assessment process that takes place under the leadership of the Corporate Governance Committee (see page 67 for further details). 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. [...]

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).

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.

Board Skills Matrix

Cameco Corporation, 2024 Proxy Circular, page 32

Skills and experience

Each director completes a self-assessment of their competencies annually to identify where they have significant or demonstrable experience.

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.

See the director profiles beginning on page 17 for a list of each nominee's key skills and experience.

BCE Inc., 2024 Proxy Circular, page 24

Competency requirements and other information

We maintain a "competency" matrix in which directors indicate their expertise level in areas we think are required on the Board for a company like ours. Each director has to indicate the degree to which the director possesses these competencies. The table below lists the top four competencies of our director nominees together with their age range, tenure on the BCE Board, languages mastered and region of residency.

	Age			Tenure		Language [1]			Region				Top four competencies [2]											
Name	< 60	60 – 69	≥ 70	≤ 7 Years	> 7 Years	English	French	Other	Ontario	Québec	Atlantic	Other	Accounting/Finance [3]	CEO/Senior management	Corporate Responsibility [4]	Governance	Government/Regulatory affairs	HR/Compensation	Investment banking/Mergers & acquisitions	Media/Content	Retail/Customer	Risk management	Technology	Telecommunications
M. Bibic	✓			✓		✓	✓		✓					✓			✓			✓				✓
R.P. Dexter			✓		✓	✓					✓					✓		✓			✓	✓		
K. Lee		✓			✓	✓			✓				✓	✓		✓						✓		
M.F. Leroux		✓			✓	✓	✓			✓			✓	✓	✓	✓								
S.A. Murray		✓		✓		✓			✓					✓		✓		✓	✓					
G.M. Nixon (Chair)		✓			✓	✓			✓					✓		✓		✓	✓					
L.P. Pagnutti		✓		✓		✓			✓				✓	✓		✓						✓		
C. Rovinescu		✓			✓	✓	✓		✓					✓				✓			✓	✓		
K. Sheriff		✓		✓		✓			✓					✓								✓	✓	✓
J. Tory		✓		✓		✓			✓					✓	✓			✓			✓			
L. Vachon		✓		✓		✓	✓			✓				✓				✓			✓	✓		
J. Wibergh [5]		✓		✓		✓		✓				✓		✓								✓	✓	✓
C. Wright	✓			✓		✓			✓						✓	✓	✓		✓					

(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 and climate related matters, and their relationship to the company's business and strategy, and experience in stakeholder expectations and the company's overall ESG obligations and overseeing material corporate responsibility, including climate related, disclosure
- 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.

(3) Each director who has Accounting/Finance as one of their top four competencies is also an "audit financial expert", with expertise as a chartered accountant, a certified public accountant, a former or current Chief Financial Officer of a public company or corporate controller of similar experience, a current or former partner of an audit company, or having similar demonstrably meaningful audit experience. Please see their bios on pages 11 and 13.

(4) For information regarding the climate expertise of M.F. Leroux, S.A. Murray and J. Tory, please see their bios on pages 11, 12 and 14.

(5) J. Wibergh is proficient in Swedish, and his region of residence is in Barbados.

Experience with corporate responsibility risks and opportunities, including ESG and climate related matters, is a core competency

Enerflex Ltd., 2024 Proxy Circular, page 23-24

Director Skills and Experiences	Assing	Cox	Dunn	Gouin	Hale	Reinhart	Rossiter	Tyree	Villegas	Weill
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.	⚫	🔴	⚫	⚪	⚪	⚫	⚫	⚫	⚫	⚫
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.	⚫	⚫	⚫	⚫	⚫	⚫	⚫	⚪	⚫	⚫
ESG Expertise – experience developing or managing ESG programs, including sustainability, workplace health & safety, diversity & inclusion, and social responsibility.	⚪	⚫	⚪	🔴	🔴	⚫	⚫	⚫	⚫	🔴
HR and Compensation Expertise – experience managing or overseeing compensation programs, succession planning, and talent management.	⚫	⚫	⚫	⚫	⚫	🔴	⚫	⚫	⚫	🔴
Technology and Systems Expertise – experience leading innovative technology programs with knowledge of IT general controls and cybersecurity.	⚪	⚪	⚪	⚪	⚫	⚫	⚫	⚪	⚪	🔴

⚫ Advanced degree of experience or expertise in specific area
🔴 General experience or expertise in specified area
⚪ Limited 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 consistent between directors.

Director Continuing Education

Brookfield Corporation, 2024 Proxy Circular, page 30

Director Education and Site Visits

BN provides regular continuing education for directors. Time is set aside at all regularly scheduled Board meetings for presentations on different areas of BN'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 BN in order to further educate the directors about BN and its business and activities. 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 BN'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 the next generation of executives and better enable the Board to assess BN's bench strength from a succession standpoint.

BN's quarterly Board materials include a general market report which incorporates detailed information on developed and emerging economies. 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 2023, sessions included the following topics to name a few, global labor markets and office trends, the disruption risks and opportunities presented by the evolution of artificial intelligence, residential infrastructure strategies, transport logistics infrastructure, updates on sustainability, which included updates to regulations and reporting, risk management, decarbonization and net-zero targets.

In addition, the Board has an established practice of undertaking off-site visits to BN'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 BN's major businesses by viewing the operations firsthand and meeting in person with local management. In June 2023, two directors visited the Vogtle Nuclear Generating Station in Georgia, U.S. where Westinghouse Electric Company ("WEC") is developing two new AP1000 nuclear reactors for Georgia Power. The Vogtle facility is owned by Georgia Power and includes four Westinghouse reactors. During the visit, directors met senior leaders from the Brookfield Renewable group and WEC, listened to an overview of WEC and its new plant offerings, went on a site tour focused on the construction site of one of the reactors, and had dinner with senior WEC engineers working on the project. In October 2023, the Board travelled to London, U.K. together with members of senior management. During this off-site, in addition to quarterly Board business, the Board attended presentations covering updates on the U.K. and Europe markets and key investments across the businesses and met with representatives from key investor, banking and strategic relationships in the region. The Board also attended site visits at Canary Wharf in London and the Harwell Science and Innovation Centre in Oxfordshire and interacted with Brookfield employees and portfolio company management in the region through a series of organized events.

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.

In addition to doing all of the above, Brookfield also periodically arranges off-site visits for members of its board to the organization's business operations in key markets outside of New York and Toronto, where board meetings are usually held. 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 directors to provide more effective oversight of the business.

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., 2024 Proxy Circular, pages 19-20

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 earned in 2023 for each non-executive Director.

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	$ 174,000	$ —	$ 174,000	$ 261,039	$ —	$ 435,039	$ —	$ 435,039
Farhad Ahrabi	$ 96,000	$ 6,000	$ 102,000	$ 153,036	$ —	$ 255,036	$ —	$ 255,036
Carol T. Banducci	$ 96,000	$ —	$ 96,000	$ 144,015	$ —	$ 240,015	$ —	$ 240,015

ARC Resources Ltd., 2024 Proxy Circular, page 21

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, 2023, 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	2023	170,000	419,802	589,802	$11,601,405	26	Yes
	2022	170,000	381,946	551,946	$10,073,095	23	Yes
Farhad Ahrabi	2023	—	109,044	109,044	$2,144,895	8	Yes
	2022	—	91,653	91,653	$1,672,667	7	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 2023 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., 2024 Proxy Circular, pages 39-40

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 on 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 Board members and is discussed at the NCGC. The Board considers the report, its findings and a set of priority actions for the year at a Directors-only session. Progress is then monitored throughout the year with oversight on that process by the NCGC.

The NCGC previously determined that while the traditional annual assessment process conducted by the Board 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.

In determining the 2023 Board and Director performance assessment process, the NCGC, in consultation with the Board Chair, agreed the Board Chair would continue to follow the same process as was used for the 2022 Board and Director performance assessment and that the support of a third-party consultant was not required. [...]

2023 Assessment Findings

The principal themes that came out of the 2023 Board and Director Performance Assessment related to strategy, organizational structure and capacity and Board effectiveness.

The Assessment's findings addressed topics that included the Company's strategic goals, leadership development and succession planning, risk management processes, ESG and safety, all of which the Directors find are being appropriately managed and which will remain in focus for continued assessment and discussion in 2024.

Directors believe that the Board values and continues to maintain high standards of corporate governance.

The Assessment determined that Directors view the Company as having an effective Board with diverse skills and perspectives. The Board is also keenly focused on Emera's stakeholders, including our customers and shareholders.

2024 Objectives

While performing the Board and Director performance assessments, Directors proposed areas of future focus as it relates to strategy and organizational structure and capacity. These included:

- At each Board meeting, continue to discuss and engage with management on the Company's strategy and optimal balance sheet to achieve the Company's strategic objectives;
- Continue to assess and advance how Emera approaches and participates in the energy transition and climate change for the benefit of our stakeholders;
- Continue to explore and identify innovative technologies, including artificial intelligence, that could affect Emera's businesses over the longer term;
- Strengthen executive talent across Emera's businesses by continuing to advance senior leadership development and succession planning;
- Continue to enhance the Company's strong risk management processes, including in the area of cybersecurity;
- Continue to advance improvement in safety performance across the business;
- Assess and address various administrative suggestions with the goal of enhancing the effectiveness of the Board and its Committees; and
- Continue to advance Board renewal in alignment with the Board's succession plan.

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 assessments that were conducted in previous years. Emera also provides commentary on major themes that emerged during the assessment process, as well as any objectives identified for the following year. This reiterates that Emera is committed to using the assessment process as a tool for continuous improvement throughout the organization.

Notably, Emera also periodically utilizes an external service provider to facilitate the director assessment process, and to provide additional insights.

Management Succession Planning

Intact Financial Corporation, 2024 Proxy Circular, pages 87-88

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. While there is succession planning in each of our core regions, we firmly believe in a global talent model allowing the organization to truly benefit from its best talent whether they are in Canada, the U.S. or the U.K., Ireland and Europe. [...]

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 certain other Senior Executives, sees to the assessment of certain Senior Executives and presents annual succession plans for certain Senior Executives. The HRC Committee advises Management in relation to its succession planning, including the appointment, development and monitoring of certain Senior Executives. [...]

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. Each year, the Chief Human Resources Officer reviews succession plans and prepares a succession plan report covering a number of critical positions, including certain 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 certain Senior Executive 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 meetings 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.

Discussion

As demonstrated by the above example taken from Intact Financial, a board should monitor 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.

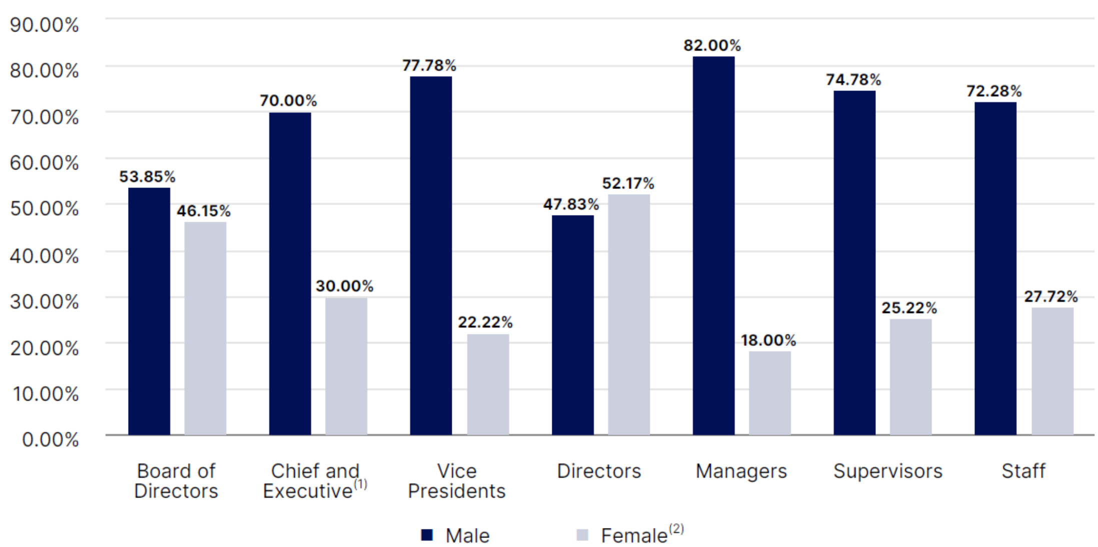
Board and Management Diversity

TransAlta Corporation, 2024 Proxy Circular, pages 55-58

> **Diversity**
>
> 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 for executive officers, the workforce target of 40 per cent women is expected to continue to result in women being well represented at all levels, including the executive level. The Board considers these gender targets to demonstrate the Company's commitment to diversity and inclusion and are expected to benefit the Company by expanding our pool of qualified employees and senior leaders, while also incorporating different perspectives and ways of thinking to 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 and visible minorities 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 58 per cent (seven male directors) and women will make up 42 per cent (five female directors) of the Board (excluding the Brookfield nominees, women nominees would constitute 50 per cent of the Board).
>
> As of March 15, 2024, 75 per cent (three out of four) of the committees of the Board are chaired by women. The director nominees also include one member (eight

percent) 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, as of March 15, 2024, we have 30 per cent women (three women), 70 per cent men (seven men) and no executive officers who self-identify as visible minorities, Indigenous or as having a disability.

In 2023, we continued with our 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 our 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. As of Dec. 31, 2023, women made up approximately 27 per cent of our total workforce, a one per cent increase over 2022 levels [...] See the table below for more details of diversity.



(1) As of March 15, 2024.

(2) The data in this table does not reflect gender 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.

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. TransAlta has set measurable objectives for enhancing gender diversity at the board and management levels and provides transparent data with respect to female representation in the workforce to support decision-making and demonstrate progress against objectives over time.

Strategic Planning Oversight

Emera Incorporated, 2024 Proxy Circular, pages 43-44

STRATEGIC OVERSIGHT

The Emera team shares a common purpose of energizing modern life and delivering a cleaner energy future for all. As the energy landscape continues to shift, our vision is to be the energy provider of choice for our customers, the employer of choice for our people, and a preferred choice for investors.

Driven by our Purpose and our Vision, Emera's strategy is focused on investing in the safe delivery of cleaner, affordable, reliable energy for our customers, which drives value and steady growth for our shareholders. Climate policy, customer demand and technology advancements are driving regulated rate base investment growth throughout our utility businesses, including cleaner energy resources, system hardening and reliability initiatives, digital and technology investments, in addition to the need to invest in system expansion to meet new customer growth and replace aging infrastructure.

Led by the President and CEO, the management team works with the Board to set the strategy agenda each year. The Board and management meet regularly to discuss strategy; 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 on strategy throughout the year.

Each year, at least one Board meeting is wholly dedicated to corporate strategy. In 2023, the Board's dedicated strategy session focused on the importance of balancing customer affordability, reliability and security of energy supply, and decarbonization through the energy transition. Discussion included potential investment opportunities arising from the energy transition and the impact of accelerative climate policies in the United States and in Canada. It also included an updated long-term scenarios and financial forecast, an overview of strategic signposts that management regularly monitors in its ongoing assessment and review, and updates on specific components of the Company's strategy.

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. Unlike many Canadian issuers that provide boilerplate commentary, Emera provides details on the board's involvement in the strategic planning process, including key topics considered during the most recent strategic planning session.

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, 2024 Proxy Circular, pages 48-49

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 2023, the board spent time discussing risks relating to the uranium market, including the market outlook, geopolitical events, supply chain disruption, and risks relating to our acquisition of a 49% interest in Westinghouse Electric Company. 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 2023, the enterprise risk management (ERM) group continued to focus on consistency and integration of our program, and enhanced our understanding of assurance activities that support the effectiveness of risk-mitigating processes and controls. Continuous improvement continues to be 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 impact or affect. Board committees are assigned oversight of these risks and receive updates on the effectiveness of the controls aimed at 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, depletion of our uranium reserves, increased competition, regulatory impedance, attraction and retention of a skilled and diverse workforce, global geopolitical uncertainty, and risks related to our culture and loss of stakeholder support for our operations.

The table below shows the allocation of tactical and functional risks among the five board committees. Risks related to our acquisition of a 49% interest in Westinghouse have been allocated to the board for oversight. You can read about the board committees beginning on page 38 and compensation risk management on page 67.

Committee risk oversight responsibilities

Audit and finance	Human resources and compensation	Nominating, corporate governance and risk	Safety, health and environment	Technical
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 risks related to our tailings facilities and climate-related risks	Oversees risks related to technological and technical matters including cyber security risks and the estimating of our mineral reserves

Our annual information form (AIF) and annual report include more information about the risks relating to Cameco. The 2023 AIF and the 2023 annual report are available on our website (*cameco.com*) and on SEDAR+ (*sedarplus.com*).

Thomson Reuters Corporation, 2024 Proxy Circular, pages 33-34

Risk Oversight

[...] Each year, the enterprise risk team conducts an enterprise top risk assessment exercise which involves risk identification workshops with all business segments and enabling functions throughout our company. The exercise includes focused interviews with each Board member to gather their inputs on the company's top and emerging risks. The risks identified through the exercise are subsequently assessed, prioritized and rolled up into an enterprise top risk profile. The ERM process owner presents the consolidated list of top enterprise risks to the management enterprise risk committee for endorsement. [...]

> While the Board discusses various enterprise risks throughout the year with management, the Risk Committee is primarily responsible for overseeing management's ERM process and progress with responding to top enterprise risks. [...]
>
> The table below reflects oversight responsibilities for each of the 2023 enterprise risks listed.

Enterprise Risk	Board of Directors	Risk Committee	HR Committee	Audit Committee
Macroeconomic environment	✓	✓		
Platform and product stability and resiliency	✓	✓		
Information security	✓	✓		
Data governance (including privacy)	✓	✓		
Acquisition, divestitures and integrations	✓	✓		
Competition, market and technology changes	✓	✓		
Talent retention	✓		✓	
Culture and productivity	✓		✓	
Compliance with laws and regulations	✓	✓	✓	✓
Dependency on relationship ecosystem	✓	✓		
Wellbeing, safety and security of personnel	✓	✓	✓	

Discussion

Unlike boilerplate commentary provided by many Canadian issuers in this area, Cameco and Thomson Reuters provide a good 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 discuss how certain risks are delegated to one or more board committee.

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., 2024 Proxy Circular, pages 59-60

Shareholder engagement

The Board of Directors has adopted a written policy regarding shareholder engagement as it believes that constructive engagement with the Company'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 2023, the Chair of the Board and the Chair of the Governance Committee met with four (4) significant shareholders of the Company in order to discuss relevant governance topics. Various subjects were discussed during these meetings, including board renewal and diversity, ESG plan and strategy including climate strategy, internal voting policies, shareholder proposals, 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 also provides details on topics that may be discussed during director-shareholder meetings.

CGI Inc., 2024 Proxy Circular, page 36

Shareholder Satisfaction Assessment Program

Since fiscal 2019, the Company includes a Shareholder Satisfaction Assessment Program ("SSAP") questionnaire as part of 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 as they are less likely to have a complete understanding of CGI's business, operations and functioning. The SSAP was provided to shareholders and other investors with whom SPMF meetings were held in fiscal 2023. The average SSAP score of the Company in fiscal 2023 was 8.9/10 and few concerns were raised by shareholders 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.

Air Canada, 2024 Proxy Circular, page 4

Dear fellow shareholders,

[...]

2023 | Building on our strengths and returning to our flight path

This year we returned to our flight path, carrying over 46 million passengers safely to their destination with care and class. We rotated toward the future and our ambitions, amid geopolitical issues and other challenges, strengthening our business, our operational depth and our financial position. These are important milestones for our shareholders, while also serving as a foundation for our customer-centric priorities and our growth plans to meet anticipated customer demand.

Our focused efforts led to better operational performance and more resiliency as we operated significantly more flights in 2023 than we did in 2022. Our financial results also improved, setting all-time records in some cases. At the same time, we improved our balance sheet by prepaying about $1.3 billion of debt, resulting in a materially lower leverage ratio than at the end of 2022.

Although our stock price is not immune to macroeconomic and other factors, our performance in 2023 shored up our foundation and has only given us more confidence in our strategy and capability to achieve growth over the long term and to execute our capital allocation priorities and choices.

Rising higher

Everyone at Air Canada has been resourceful and joined together with agility, skill and passion. We strengthened our culture and successfully met sustained demand for travel, bridging Canada with the world.

Even in a complex global environment, we are pushing forward together on our aim to deliver long-term sustainable value. Advancing our priorities in 2024 will take deliberate and thoughtful action. Here are the ways our Board and executive leadership are working closely to rise higher:

- We are focused on network and operational planning, operational agility and technology delivery, with customer centricity at the heart of all we do.

- We are adding destinations to our network, building traffic through our hubs and opening avenues for newcomers to Canada.

- We remain diversified through the agility of Air Canada Cargo, the strength of Air Canada Vacations and our transformed Aeroplan, which continues to perform strongly and to contribute to our core business.

- We are focused on cost control, improving productivity and managing our risks with a strong balance sheet, while delivering for our investors.

- We are partnering with others in more sustainable aviation, leading by renewing our fleet and encouraging the development of sustainable aviation fuels in Canada.

We want to reflect all of Canada, at its best, engaging with our employees, nurturing diversity, fostering a welcoming, inclusive culture where everyone belongs and proudly promoting our official languages. We care about contributing to the wellness of our communities, and we are proud of how the Air Canada Foundation supports them through in-kind contributions and donations and joins with our employees in tangible actions.

In everything we do, we dedicate ourselves to Safety First, Always, our overarching priority for ourselves and for our industry.

Shaping our company's future requires us to add and develop talent around our board table and within our executive team. The appointment of Claudette McGowan last year builds on the board's existing strengths and broadens its perspectives. We also saw an orderly and seamless transition of key members within our senior executive team, in line with our succession planning.

We are grateful to our customers for their loyalty and to our shareholders for their trust and investment in Air Canada.

Vagn Sørensen, Chair

Michael Rousseau, President and Chief Executive Officer

Discussion

Air Canada does a good job of using a letter from the board chair to summarize key developments and governance updates that the board wishes to relay to shareholders.

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, 2024 Proxy Circular, pages 26-27

Dual-Class Share Structure

Governance Considerations

In 2023, following shareholder approval, Teck implemented a six-year sunset period for the dual class share structure with the result that on May 12, 2029, the Class A Shares will automatically convert into Class B Subordinate Voting Shares, which will then be renamed common shares, on a one-for-one basis. Until that date, 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 Class B Subordinate Voting Shareholders, with the aim of ensuring fair treatment of Class B Subordinate Voting Shareholders in the event of a take-over bid that is accepted by holders of a majority of 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 Class A Shares is modest when compared to that of the Class B Subordinate Voting Shares, there are no restrictions on an investor purchasing 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, as the principal Class A Shareholders have been committed long-term investors with a deep knowledge of Teck's business and its industry, which is expected to continue during the sunset. 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 Class A Shareholders and Class B Subordinate Voting Shareholders could diverge.

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

• only 2 of 10 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 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 Class B Subordinate Voting Shares or share units linked to the price of Class B Subordinate Voting Shares only;

• equity-linked compensation for directors and officers is tied to the 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 Class A Shareholders to take any corporate action unilaterally. All decisions of 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.

Subordinate Voting Shareholder Protection

The Class B Subordinate Voting Share rights contain so-called "Coattail Provisions" providing that if an offer (an "Exclusionary Offer") to purchase Class A Shares is not made concurrently with an offer to purchase Class B Subordinate Voting Shares on identical terms, then each Class B Subordinate Voting Share will be convertible into one Class A Share at the holder's option, provided that any converted Class A Shares are deposited to the Exclusionary Offer. Any shares so converted will automatically convert back if they are withdrawn from the Exclusionary Offer or not otherwise ultimately taken up and paid for by the offeror.

The Class B Subordinate Voting Shares will not be convertible if holders of a majority of the Class A Shares (excluding shares held by the offeror) certify to Teck that they will not, among other things, tender their Class A Shares to the Exclusionary Offer. The Coattail Provisions will not apply if an offer to purchase Class A Shares does not constitute a "take-over bid" under applicable securities legislation or stock exchange requirements or is otherwise exempt from any requirement that the offer be made to all or substantially all holders of Class A Shares.

The above is a summary only and reference should be made to the full text of the Coattail Provisions in Teck's articles, which are available on our website at www.teck.com.

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

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

ARC Resources Ltd., 2024 Proxy Circular, pages 31-33

2023 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 Scorecard provides the Board with a structured framework to assess performance against defined performance metrics and targets, while also applying necessary judgement to arrive at the final performance assessment.

The HRC Committee, with input from other Committee Chairs and the full Board, assessed the 2023 STI accomplishments against the performance targets established for the year, as indicated in the chart below. [...]

Strategic Area: High-quality Assets & Operational Excellence

High-quality Assets & Operational Excellence was assessed at an overall rating of Outperform +. ARC achieved record production in a year that faced several operational complexities. Project execution across ARC's asset base was outstanding with operating expenses lower than target. Management leveraged development planning expertise to sanction Attachie Phase I, continuously improved well design and optimization initiatives and achieved record reserves performance while introducing several innovative solutions using technological advancements in its operations to reduce costs.

Category overall score: 1.75 out of 2.0

Performance Metric Weighting STI - 40% / LTI - 20%	Target	Result	Key Performance Highlights
Production (boe/day) (STI/LTI)	340,000 – 350,000	Outperform 351,954 boe/ day	• Delivered record average annual production of 351,954 boe/day, which is a two per cent increase from 2022, during a challenging year due to unplanned third-party maintenance downtime, pipeline and infrastructure outages.
Operating Expenses ($/boe) (STI/LTI)	$4.60 – $5.10	Outstanding $4.59/ boe	• Operating costs lower than the target range. Proactively managed costs in controllable areas. Efficiently managed turnarounds and maintenance activities.
Quality of Execution (STI/LTI)	Safe, on budget, on schedule, aligned with operations objectives	Outperform $1.8 billion Projects on time/on budget	• Safe execution of a $1.8 billion capital program, which included investment at Attachie Phase I development, drilling 148 wells and completing 151 wells primarily focused in Attachie, Kakwa, and the Greater Dawson areas. Other key projects included the completion of the Sunrise facility expansion and the electrification of Dawson Phase III and IV facilities.

Strategic Area: Financial Sustainability & Return on Investment

Financial Sustainability & Return on Investment was assessed at an overall rating of Outperform +. Proactive initiatives by Management enabled the execution of ARC's capital allocation strategy including safe and efficient investment in ARC's business, a 13 per cent quarterly dividend increase to $0.17 cents per share and continuation of the share repurchases through ARC's Normal Course Issuer Bids ("NCIB") to deliver value to shareholders. Net Debt to Funds from Operations levels were maintained, and ARC delivered top quartile shareholder returns.

Category overall score: 1.8 out of 2.0

Performance Metric Weighting: STI - 25% / LTI - 50%	Target	Result	Key Performance Highlights
Net Debt to Funds from Operations (STI)	≤ 1.5 times	Outperform 0.5 times	• Proactive management of net debt levels to $1.3 billion[1] and net debt to funds from operations of 0.5 times
Funds From Operations per Share (STI)	Internal performance range with normalized pricing	Outperform	• Generated funds from operations of $2.6 billion ($4.32 per share) and free funds flow of $790 million ($1.29 per share). • Distributed 110 per cent (96 per cent net of proceeds from divestitures) of free funds flow to shareholders through the base dividend and share repurchases.
Relative TSR vs. Peer Group (LTI)	Top-quartile performance	Measured at the end of the three-year period	• 2023 total relative shareholder return was 11.7 per cent[2] which was top quartile compared to our peers.

Strategic Area: People & ESG Leadership

People & ESG Leadership was assessed at an overall rating of Outperform +. Environmental performance was strong and exceeded targets. Significant progress on key safety initiatives and strong safety performance results achieved with a significant increase in activity levels. Continued advancement of several employee engagement, development, and retention initiatives in alignment with ARC's strong culture.

Category overall score: 1.8 out of 2.0

Performance Metric Weighting: STI - 20% / LTI - 15%	Target	Result	Key Performance Highlights
Environmental Indicators (STI)	Internal target and assessment of severity spills and prevention initiatives	Outstanding	• Exceeded targets in terms of number of significant spill events in the year. • The result was achieved through implementation of proactive asset integrity and operations management initiatives, such as chemical program review and sand management.
Safety Indicators (STI)	TRIF[3] - 0.42 LTIF[4] - 0.04 PH3+F[5] - 0.05 Prevention initiatives	Outperform TRIF - 0.36 LTIF - 0.05 PH3+F - 0.05	• Strong overall safety performance, with best TRIF ("Total Recordable Injury Frequency") performance in ARC's history that demonstrated a 16 per cent improvement from the prior year. • Exceeded all leading indicators which supports a strong culture of safety and team engagement. • Advanced key safety initiatives, such as "Together Preventing Harm" and "Process Safety Improvement Initiative" to reinforce our long-term safety strategy.
Greenhouse gas ("GHG") Emissions (LTI)	Reduce Scope 1 and Scope 2 GHG emissions intensity by 20% Reduce absolute emissions by a minimum of 70,000 tCO2E) by 2025	Measured at the end of the three-year period	• Achieved Equitable Origin's ("EO") EO 100TM Standard for Responsible Energy Development for all ARC's production. • Electrification of our Dawson III and IV facilities, which was a major progress toward our long-term GHG and methane emission targets.

Discussion

ARC Resources' circular notes that to determine the value of executive compensation, the board assesses the company's performance relative to its strategic priorities. The circular provides a comprehensive overview of performance accomplishments, the corresponding 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 objectives. 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., 2024 Proxy Circular, pages 76-77

Compensation risk management

The HRC Committee plays a critical governance role related to enterprise risk. In carrying out this accountability, the HRC Committee employs a number of risk mitigation practices to ensure that Enbridge's compensation programs are designed in a manner that does not encourage individuals to take inappropriate or excessive risks that could have material adverse impact on Enbridge.

Compensation risk mitigation practices

Enbridge uses the following compensation practices to mitigate risk:

[...]

• 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 financial performance and also operational metrics in areas such as safety, growth, and sustainability performance that support a balanced perspective and are a mix of both leading (proactive/preventative) and lagging (incident-based) indicators;

• 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;

• performance thresholds that include both minimum and maximum payouts;

• stock award programs that vest over multiple years and are aligned with overall stock price appreciation 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

• two incentive compensation clawback policies: one policy that allows Enbridge to recoup, from covered members of senior management, certain overpayments of incentive compensation made to individuals engaged in fraud or willful misconduct; and a new policy that requires Enbridge to recover erroneously awarded incentive-based compensation received by covered executive officers in the event that Enbridge is required to prepare a qualifying accounting restatement (subject to certain exceptions).

[…]

Prohibition on hedging

Enbridge's Insider Trading and Reporting Guidelines, among other things, prohibit directors, officers, employees and contractors (of Enbridge and its subsidiaries) from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by such directors, officers, employees and contactors (including the NEOs), as such positions weaken the link between the intended alignment of director and employee interests with shareholder interests. The following activities are specifically prohibited:

• speculating in securities of Enbridge and its reporting issuer subsidiaries;

• "short-selling" securities of Enbridge and its reporting issuer subsidiaries (i.e. selling securities that the individual does not own);

• purchasing or selling call or put options or other derivatives relating to securities of Enbridge and its reporting issuer subsidiaries; and

• entering into any other financial transaction that is designed to hedge or offset any decrease in the market value of the securities of Enbridge and its reporting issuer subsidiaries.

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 several distinct mechanisms which are used to mitigate inappropriate or excessive risk taking.

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 extremely important tool utilized by companies to discourage management teams from hedging or monetizing their economic interests.

Imperial Oil Limited, 2024 Proxy Circular, page 65

> **Long-term award program**
>
> Through long restriction periods, Imperial executives are incentivized to take a long-term view in decision making.
>
> Restricted stock units represent over 50 percent of total direct compensation, and are intended to link executive pay to the returns of long-term shareholders and encourage a long-term view through the commodity price cycle.
>
> Restricted stock units granted to the CEO vest 50 percent in 5 years and 50 percent in 10 years. Restricted stock units granted to all other executives vest 50 percent in 3 years and 50 percent in 7 years.

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 Imperial Oil.

Restricted stock units 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 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.

Canadian National Railway, 2024 Proxy Circular, pages 66-67

Performance Share Units: 2023 Award

The objective of the PSUs is to enhance the Company's ability to attract and retain talented employees and to provide alignment of interests between such employees and the shareholders of the Company.

PSUs vest after three years and the grant date fair value of the PSUs awarded to each NEO in 2023 is included in the "Summary Compensation Table in Canadian Dollars" on page 75, under the Share- Based Awards column. The vesting of PSUs is subject to the achievement of performance measures defined at the beginning of the cycle and the vesting multiplier can range from 0% to 200%. At the end of the performance cycle, the number of PSUs will be adjusted based on the achievement of the performance conditions detailed below. PSUs will be settled in CN common shares purchased on the open market.

PSUs awarded in 2023 are subject to the following two performance measures:

1. ROIC PSUs

Sixty percent (60%) of the PSU award value is subject to the achievement of a target related to the Company's average three-year PSU-ROIC over the plan period and the payment will be conditional upon meeting a minimum average closing share price during the last three months of 2025. The PSU-ROIC for each of the applicable plan years is generally calculated as net income before interest expense, divided by the total of the Company's average net indebtedness and the average shareholders' equity, and may, in certain instances, be adjusted for certain items as determined by the Committee. ROIC measures the Company's efficiency in the use of its capital funds and is viewed as a key measure of long-term value generation to its shareholders. PSU-ROIC performance objectives are based on CN's business plan.

2. Relative TSR PSUs

Forty percent (40%) of the PSU award value is subject to CN's Relative TSR measured against two equally-weighted comparator groups: (i) selected Class I railroads, and (ii) S&P/TSX 60 companies. Relative TSR performance measures CN's share price appreciation, inclusive of dividends, over the three-year plan period against the companies within each comparator group.

Relative TSR PSUs awarded in 2023 to NEOs and other designated employees are subject to the attainment of the performance measures.

Performance Share Units: 2021 Award Payout

The Committee reviewed the vesting of the 2021 PSU award against the performance targets for each measure: ROIC PSUs and Relative TSR PSUs.

ROIC PSUs: The Company achieved a three-year average PSU-ROIC to December 31, 2023, of 15.4%. In accordance with the plan rules and considering the achievement of the minimum average closing share price condition, a performance vesting factor of 190.0% was applied for the ROIC PSUs awarded in 2021.

Relative TSR PSUs: The Company delivered a TSR of 22.4% over the period from January 1, 2021 to December 31, 2023, resulting in an overall performance vesting factor of 119.2%, reflecting the weighted average performance vesting factor of both measures (150.0% for Class I railroads and 88.5% for S&P/TSX 60).

PSUs were settled on February 26, 2024 in CN common shares purchased on the open market to encourage share ownership among participants, subject to compliance with the other conditions of the award agreements.

Discussion

CN Rail's PSU plan is noteworthy because:

1. It provides full disclosure of goals set under the PSU plan and describes why return on invested capital (ROIC) is used to determine a major component of the award: ROIC measures the Company's efficiency in the use of its capital funds and is viewed as a key measure of long-term value generation to its shareholders.

2. There is a possibility that, following an assessment of the company's future performance, no PSUs vest. Therefore, CN Rail's PSUs are truly at-risk.

3. ROIC and TSR (total shareholder return) 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.

4. PSUs are settled in common shares (purchased on the open market) 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, 2024 Proxy Circular, page 161

2. Financial results	Optimize financial performance and deliver value for shareholders, measured through earnings per common share.	$4.33 in comparable EPS	$4.52	1.5	40%	0.6	Exceeded financial targets.
3. Strategic Priorities	Sanction new growth projects, strengthen balance sheet and deliver Focus Project outcomes.	Various targets	Exceeded	1.5	30%	0.5	• Sanctioned approximately $2.3 billion of growth projects with a 10% average IRR. • Delivered on the $5+ billion divestiture program with the completion of the sale of a 40% equity interest in Columbia Gas and Columbia Gulf. • Achieved deleveraging target. • Exceeded cost saving targets.
Overall corporate factor					**100%**	**1.3**	

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. We calculate *comparable EPS* based on the weighted average number of our common shares outstanding 1,030 million in 2023.
- *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 *Non-GAAP Measures* in this Circular for additional information and to the *About this document – Non-GAAP measures* section of the TC Energy Annual 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 TC Energy Annual MD&A is incorporated by reference herein. The specific reconciliation for *comparable* EPS can be found on page 23 in the TC Energy Annual MD&A.

TC Energy Corporation, 2024 Proxy Circular, page H-38

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

• legal, contractual, bankruptcy and other settlements

• impairment of plant, property and equipment, equity investments and other assets

• acquisition, integration and restructuring costs.

We exclude from comparable measures the unrealized gains and losses from changes in the fair value of derivatives related to commodity price risk management activities. These derivatives generally provide effective economic hedges but do not meet the criteria for hedge accounting. 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.

In third quarter 2023, TC Energy announced plans to separate into two independent, investment-grade, publicly listed companies through the spinoff Transaction. Separation costs related to the spinoff Transaction recognized in our results primarily include internal costs and external fees related to separation activities. These items have been excluded from comparable measures as we do not consider them reflective of our ongoing underlying operations. […]

Comparable Earnings

Comparable earnings represents Net income attributable to controlling interests, adjusted for specific items. Comparable earnings is comprised of earnings (losses), Interest expense, Interest income and other, Income tax (expense) recovery and Net (income) loss attributable to redeemable non-controlling interest, adjusted for specific items. Refer to the *About Our Business – 2023 Financial Highlights* section of this MD&A for reconciliations to Net income attributable to controlling interests.

Discussion

TC Energy 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;

- The circular briefly notes adjustments (specific items) that may be made to GAAP measures, and clarifies that such items are still subject to scrutiny (careful consideration); 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, 2024 Proxy Circular, page 82

2023 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 timing of fuel and storm cost recoveries had significant impacts on the Company's Compensation Cash Flow metric in the Emera corporate scorecard as well as the 2021 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 2023 Compensation Cash Flow results have been adjusted to neutralize the impact of timing differences between when the fuel and storm costs are incurred and when they will be recovered. The table that follows shows the reconciliation between the reported and adjusted figures used in the Emera corporate scorecard. Adjustments in respect of the 2021 PSU grant are disclosed on page 88.

Compensation net income reconciliation (in millions $)	2023
Reported net income attributable to common shareholders	**978**
Less: Mark-to-market gain, after tax [(1)]	(169)
Add: Adjustment to translate USD earnings to budgeted foreign exchange rate	(22)
Compensation net income	**787**

Compensation cash flow reconciliation (in millions $)	2023
Reported operating cash flow	**2,241**
Add: Changes in non-cash working capital	95
Add: Adjustment to translate USD earnings to budgeted foreign exchange rate	(70)
Add: Adjustment for extraordinary fuel costs to be recovered in subsequent years	127
Add: Adjustment for extraordinary storm costs to be recovered in subsequent years	55
Compensation cash flow	**2,448**

(1) Net of income tax expense of $68 million.

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, 2024 Proxy Circular, page 69

Look back analysis

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

On a weighted average basis over the cumulative period of 2016 to 2023, the President & CEO has realized 71% more than the expected value of the compensation that the committee awarded (labeled Awarded compensation) while the shareholder's investment has increased by 72%.

Year	CEO	Targeted compensation(1)	Awarded compensation(2)	Actual compensation value as of December 31, 2023(3)	Value of $100 Period	CEO(4)	Shareholder(5)
2016	B. Vaasjo	$2,449,511	$2,558,959	$3,664,378	2016JAN01 to 2023DEC31	$425	$353
2017	B. Vaasjo	$2,480,957	$2,654,631	$11,285,642	2017JAN01 to 2023DEC31	$202	$251
2018	B. Vaasjo	$2,521,693	$2,598,416	$6,401,718	2018JAN01 to 2023DEC31	$187	$219
2019	B. Vaasjo	$2,676,254	$3,036,978	$7,176,027	2019JAN01 to 2023DEC31	$129	$189
2020	B. Vaasjo	$2,692,107	$3,040,325	$5,133,028	2020JAN01 to 2023DEC31	$196	$138
2021	B. Vaasjo	$3,032,329	$3,339,988	$6,552,154	2021JAN01 to 2023DEC31	$139	$127
2022	B. Vaasjo	$3,579,719	$3,984,199	$6,379,596	2022JAN01 to 2023DEC31	$118	$107
2023	A. Dey	$3,611,090	$4,105,410	$5,653,355	2023JAN01 to 2023DEC31	$68	$87
					Weighted average(6)	$171	$172

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 a meaningful common share interest 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, 2024 Proxy Circular, pages 111-112

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.

The following table summarizes our share ownership requirements for TELUS' CEO and ELT:

	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. [...]

Executive shareholdings and total equity summary

The following table lists the number and value of shares and total equity (shares, EPSUs and RSUs, but excluding options) held by each NEO at December 31, 2023. It also summarizes total shareholdings as a multiple of the individual's annualized year-end base salary, relative to share ownership requirements.

Name	2023 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	799,209	$18,845,348	11.8x	1,007,256	$23,751,096	1,806,465	$42,596,445	26.6
Doug French	$800,000	121,784	$2,871,667	3.6x	238,448	$5,622,604	360,232	$8,494,271	10.6
Tony Geheran	$800,000	196,096	$4,623,944	5.8x	238,430	$5,622,179	434,526	$10,246,123	12.8
Navin Arora	$750,000	194,438	$4,584,848	6.1x	240,873	$5,679,785	435,311	$10,264,633	13.7
Zainul Mawji	$750,000	152,656	$3,599,628	4.8x	243,043	$5,730,954	395,699	$9,330,562	12.4

1 TELUS' TSX closing share price on December 31, 2023 was $23.58.
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, 2024 Proxy Circular, pages 118-119

Share Ownership Policy and Restrictions on Trading

The HRC Committee has adopted a share ownership policy applicable to Senior Executives including the NEOs. Under this policy, 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. 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 are expected to satisfy the requirements within five (5) years of their date of appointment as Senior Executives and they cannot sell any shares until they have met the target ownership.

[...]

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 Canadian and U.S. Senior Executives, and since 2022, U.K.&I Senior Executives receive awards composed entirely of PSUs under the LTIP. **Since January 1, 2023, the NEOs, no longer hold RSUs and as such, only Common Shares are considered in their share ownership requirement**.

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 and U.S. Senior Executives, as well as the U.K.&I CEO and U.K.&I CFO, are required to comply with the share ownership policy for one (1) year following voluntary termination or retirement. The objective of post-termination ownership requirements is to further align the interests of the CEO and Senior Executives, with those of shareholders.

All NEOs comply with the share ownership policies since the implementation of the requirements, and they have already met their target ownership level except for Mr. Norgrove who is building his share ownership following the RSA Acquisition. Below is a table representing the NEOs share ownership as a multiple of salary and their participation status, as of December 31, 2023.

	Target ownership	Shareholdings as at December 31, 2023						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	14.00	18,200,000	78,268,378	0	78,268,378	383,932	60.21	Met
Louis Marcotte	4.00	2,664,816	6,604,860	0	6,604,860	32,399	9.91	Met
T. Michael Miller[2]	9.34	9,993,216	26,012,740	0	26,012,740	127,601	24.31	Met
Louis Gagnon	6.00	5,400,000	14,201,091	0	14,201,091	69,661	15.78	Met
Ken Norgrove[3]	3.2	3,412,543	3,491	572,643	576,134	2,826[4]	0.54	Not Met

Based on Intact Financial Corporation's December 29, 2023 closing share price of $203.86.

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 total compensation, 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 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., 2024 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.

Benefits on Termination and Change of Control for Our NEOs

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 • Two times (2x) the annual base salary existing as at the termination date, plus • Two times (2x) the CEO's Historical STI Amount[(3)] in the case of the CEO. For all other NEOs, the payment is • One times (1x) the annual base salary existing as at the termination date, plus • One times (1x) the NEO's Historical STI Amount	Unpaid salary earned to the termination date, together with a payment equal to • Two times (2x) the annual base salary existing as at the termination date, plus • Two times (2x) the CEO's Historical STI Amount[(3)] in the case of the CEO. For all other NEOs, the payment is One times (1x) the annual base salary existing as at the termination date, plus One times (1x) the NEO's Historical STI Amount	None

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, 2023:

Name	Termination Payout on a Without-Cause Termination ($)	Termination Payout on a Change in Control ($)
Gord Johnston	6,316,673	6,316,673
Theresa Jang	1,435,426	1,435,426
Stu Lerner	1,385,725	1,385,725
Cath Schefer	1,135,224	1,135,224
Steve Fleck	1,086,020	1,086,020

(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., 2024 Proxy Circular, page 74

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.

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 2023, a total of 54,712 shares were issued from treasury at prices per share between $15.48 and $20.63.

Benefits and Perquisites

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

Pembina Pipeline Corporation, 2024 Proxy Circular, pages 96-97

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).

Liabilities under the supplementary plan are unsecured.

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] ($)		Present value of defined benefit obligation as at January 1, 2023 ($)	Compensatory change[3] ($)	Non-compensatory change[4] ($)	Present value of defined benefit obligation as at December 31, 2023 ($)
		at year end	at age 65				
Scott Burrows[1]	9.0	133,064	526,458	1,477,278	120,139	405,125	2,002,542
Cameron Goldade[1]	6.5	41,200	205,689	409,481	104,656	125,673	639,810
Jaret Sprott	9.0	67,900	244,572	659,482	184,139	197,234	1,040,855
Stuart Taylor	14.5	118,699	140,389	1,585,230	52,695	188,868	1,826,793
Janet Loduca	3.2	21,325	91,000	188,614	95,181	57,654	341,449

1 Mr. Burrows became eligible for the defined benefit pension plan on January 1, 2015. He is also entitled to benefits under the defined contribution plan in the amount of $100,128. Mr. Goldade became eligible for the defined benefit pension plan on July 1, 2017 and is also entitled to benefits under the defined contribution plan in the amount of $53,502.
2 Annual benefits payable represents the estimated annual pension, excluding any applicable early retirement reductions that would be received by the named executive based on years of credited service and actual executive earnings as at December 31, 2023.
3 The compensatory change is the increase or decrease in the pension obligation for 2023, which includes the annual service cost, differences between actual and estimated compensation and the impact of plan changes, if any. Compensatory changes may fluctuate year-to-year as changes in compensation impact the pension obligation for all years of credited service.
4 The non-compensatory change is the increase or decrease in our accrued obligation for reasons not related to the compensatory change. It includes interest on accrued obligations at December 31, 2023 and changes to mortality rate tables and discount rates.

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 Canadian-based employees (including Canadian NEOs) supplemental retirement benefits; instead, Canadian-based 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, 2024 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. The 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 People and Compensation Committee will review the 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 People and Compensation Committee to discuss their specific concerns.

> Following the review by the People and Compensation Committee, the 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. The 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. Approximately 80% 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, 2024 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. 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 2023 confirmed that Meridian's work has not raised any conflicts of interest.

The table below shows the total fees paid to our external consultant in the last two years:

Year Ended as of December 31		2022		2023
Executive compensation-related fees (HRCC)	$	161,738	$	192,290
All other fees (pension and benefits consulting)	$	-	$	-
Total fees	**$**	**161,738**	**$**	**192,290**

Precision Drilling Corporation, 2024 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 aim to align base salaries and total direct compensation aligned with or near 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, has been carefully selected based on 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 2023, 52% of our revenue was from our U.S. and international operations, and 48% was from our operations in Canada. 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. If compensation data for equivalent executive positions is not publicly available, we use 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.

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.

2023 Compensation Peer Group We benchmarked compensation levels for 2023 against the following 15 companies.

▪ CES Energy Solutions Corp. ▪ Ensign Energy Services Inc. ▪ Forum Energy Technologies, Inc. ▪ Helmerich & Payne, Inc. ▪ Liberty Oilfield Services, Inc. ▪ Mattr Corp. ▪ 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. ▪ TETRA Technologies, Inc.

> With our operations spanning across Canada, the U.S. and the Middle East, the HRCC is confident that our Compensation Peer Group is appropriate. Aligned with our philosophy of targeting the median for setting compensation, we also aim to be positioned near the median for the relevant metrics of size and operational complexity we compare. Among the metrics used to determine comparability are revenue (41st percentile), EBITDA (58th percentile), assets (53rd percentile), market capitalization (47th percentile), enterprise value (55th percentile), employee count (70th percentile), geographic footprint and complexity of service offerings. Of the financial factors listed, in 2023, Precision was on average at the 57th percentile of our Compensation Peer Group.

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.

Precision Drilling also highlights the company's positioning relative to peers included in the company's compensation peer group.