



**CCGG**

Canadian Coalition  
for Good Governance

THE VOICE OF THE INVESTOR

**BOARD ENGAGEMENT  
PROGRAM:**  
**Annual Report on 2025  
Engagement Season**

JANUARY 2026

3304-20 Queen St, Toronto, ON, M5H 3R3

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## CHIEF EXECUTIVE OFFICER'S NOTE

CCGG's engagement program focuses on the board's role in overseeing material corporate governance and sustainability matters on behalf of shareholders. We approach individual engagements from this perspective. By focusing on engaging with independent board members we seek to communicate and amplify to directors the importance institutional investors place on the adoption of good governance practices as well as on disclosure that is clear and decision-useful.

Our engagement approach directly supports our Member organizations in the discharge of their stewardship responsibilities. In addition to collaboration with other institutional investors, good investor stewardship also requires engaging with companies at the appropriate level given the issue to be discussed. Board engagements are the appropriate forum to discuss a company's governance practices, including shareholder rights, board composition, executive compensation, and board oversight of corporate strategy & material business risks.

Thank you for your interest in CCGG's engagement program.

Sincerely,

Catherine McCall  
Chief Executive Officer

## REPORT INTRODUCTION FROM THE RESEARCH & ENGAGEMENT TEAM

Since 2009, CCGG has engaged directly with the boards of public companies in Canada on behalf of its institutional investor Members. Over the years, CCGG has established and maintained direct dialogue with the boards of the vast majority of companies included in the S&P/TSX Composite Index, emphasizing the governance and disclosure expectations and priorities of investors.

We are pleased to present our annual report on CCGG's board engagement program. This document is broken down into three sections that collectively address: (I) the objectives of our engagement program, (II) topics discussed and recommendations made during our recently concluded 2025 engagement season, and (III) our assessment of the ongoing impact of CCGG's engagement program.

### Focus of engagement dialogue

Fundamental governance considerations, such as board composition and succession, board governance policies, scope and substance of board risk and strategy oversight, and related disclosure have always been an important part of CCGG's engagement discussions. Furthermore, we continue to focus on the structural elements of executive compensation programs; in 2025, we discussed the importance of tools which boards may utilize in order to reduce risks associated with certain elements of the executive compensation scheme such as stock options. Executive share ownership and share ownership policies were also an important focus in 2025.

During the year, our discussions on risk oversight and strategy covered issues such as tariff-related risks and opportunities, employee safety, capital allocation and dividend policy, government and local stakeholder relationship management, climate-related risks and opportunities, reputational and supply chain-related risks, as well as oversight of risks emanating from a material business acquisition. You can learn more about the range of topics discussed during our 2025 engagement season by reviewing pages 8 to 10 of this report.

### Impact

CCGG's engagement and ongoing dialogue with public boards includes recommendations for improvements in policy, practice, and corporate disclosure. Beginning in 2018, CCGG established a process for assessing, on an annual basis, the extent to which boards have adopted the recommendations provided. The process involves reviewing the company's subsequent disclosures (primarily, the Management Information Circular) for any changes in the recommended areas. This review is done on a "lagged" basis (i.e., 18 to 24 months following the meeting), in order to allow boards time to consider and potentially implement changes. We are pleased to advise that our annual assessments have typically shown that approximately 75% of the boards we engage with end up adopting at least one of CCGG's suggested changes to their policies, practices, or disclosure within two years of meeting with CCGG.

# ANNUAL REPORT ON 2025 ENGAGEMENT SEASON

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CCGG's most recent impact assessment indicated that approximately 60% of the boards with whom CCGG engaged in 2023 made at least one material positive change to their policies, practices, or disclosure by 2025. It is noteworthy that, during 2025, we observed improvements in executive share ownership policies in line with institutional investor preferences that are set out in our 2023 paper on effective management equity ownership policies. Please refer to page 13 for additional details on the historical impact of CCGG's engagement program.

Thank you for your interest in CCGG's engagement program. We invite you to contact any member of our team, if you have questions or feedback on this report.

Sincerely,

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## PURPOSE, OBJECTIVES AND PROCESS

CCGG's Members are Canadian institutional investors who collectively manage approximately \$6 trillion in assets on behalf of pension funds, mutual fund unit holders and other institutional and individual investors.

Each year, CCGG meets with the boards of approximately 30 of Canada's leading public companies. The discussion is focused on governance matters that are of primary importance to investors. Our board engagement meetings provide a private forum for dialogue and exchange of views between independent directors and institutional investors on publicly available information. The meetings also provide an efficient means for boards to communicate with many of the company's largest shareholders. These meetings have proven to be mutually beneficial and provide corporate directors an opportunity to communicate their views on important governance matters to current and prospective investors.

CCGG has historically considered various factors in identifying candidates for engagement, including:

- The company's prior meeting history with CCGG,
- CCGG Member common share ownership in the company,
- The company's market capitalization, and
- Input provided by the CCGG Board of Directors and Member organizations.

Prior to each engagement meeting, CCGG staff complete a comprehensive review of the engagement candidate's public filings, including the latest proxy circular and other relevant documents such as annual information forms and sustainability reports, and any other recent developments at the company. In advance of each meeting CCGG attendees prepare a list of potential topics to raise with the company. Discussion topics are unique to each company's situation and usually serve one or more of the following objectives:

- Gather information and perspectives from board members which, in turn, provide CCGG Members with a better understanding of a company's governance practices and informs their voting or investment decisions;
- Encourage boards to alter their governance practices to better align with shareholder expectations;
- Encourage boards to enhance disclosure in one or more key areas; and/or
- Provide an informed perspective on governance best practice and investor topics of interest.

While topics are tailored to each company, the agenda of our meetings is limited to matters that are within a board's purview, such as:

- Executive compensation,
- Board composition, skills, and succession planning,
- Talent management and succession planning,
- Board oversight of business strategy or material business risks, and
- Director-shareholder engagement.

Following each engagement meeting, CCGG staff prepare a written summary of the meeting for our Members. Meeting summaries are provided to the company's board for internal use and are shared exclusively with CCGG's Members on a confidential basis. In all cases, the company's board has an opportunity to comment on a draft summary for accuracy before it is made available to CCGG Members.

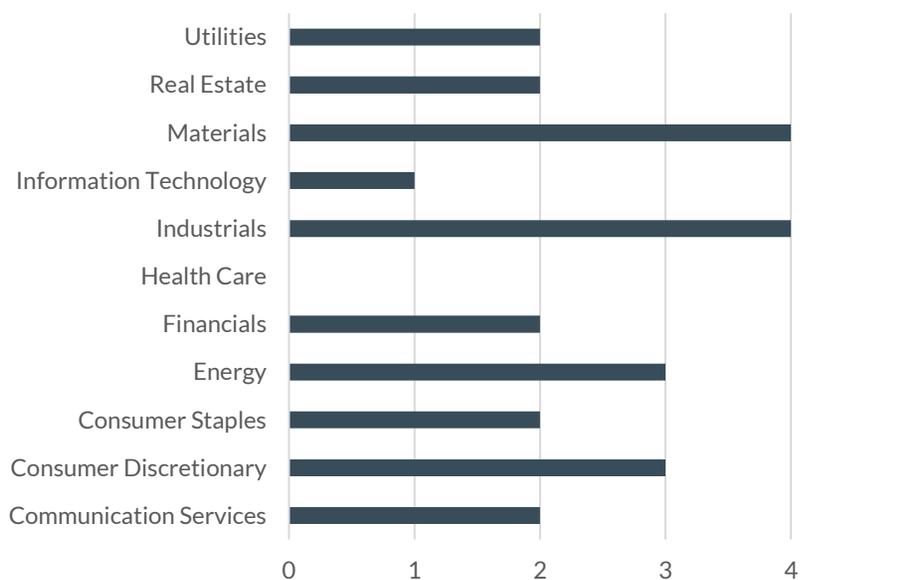
## 2025 ENGAGEMENTS

In 2025, CCGG completed 25 meetings with the boards of 25 different TSX-listed issuers. Out of these 25 meetings, 4 represented CCGG’s first meeting with the company’s board.

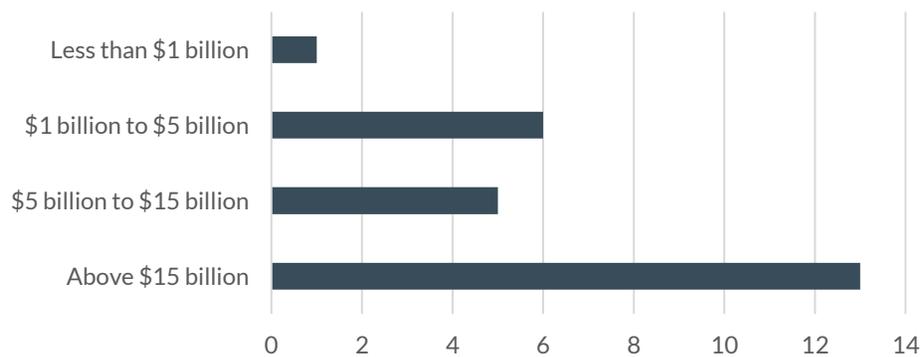
### Sector and market capitalization breakdown

The 25 TSX-listed issuers we engaged with in 2025 represented ten of the eleven sectors that make up the TSX Composite Index. The group of 25 had a median market capitalization equal to approximately \$15 billion.

2025 Engagements  
(sector breakdown)



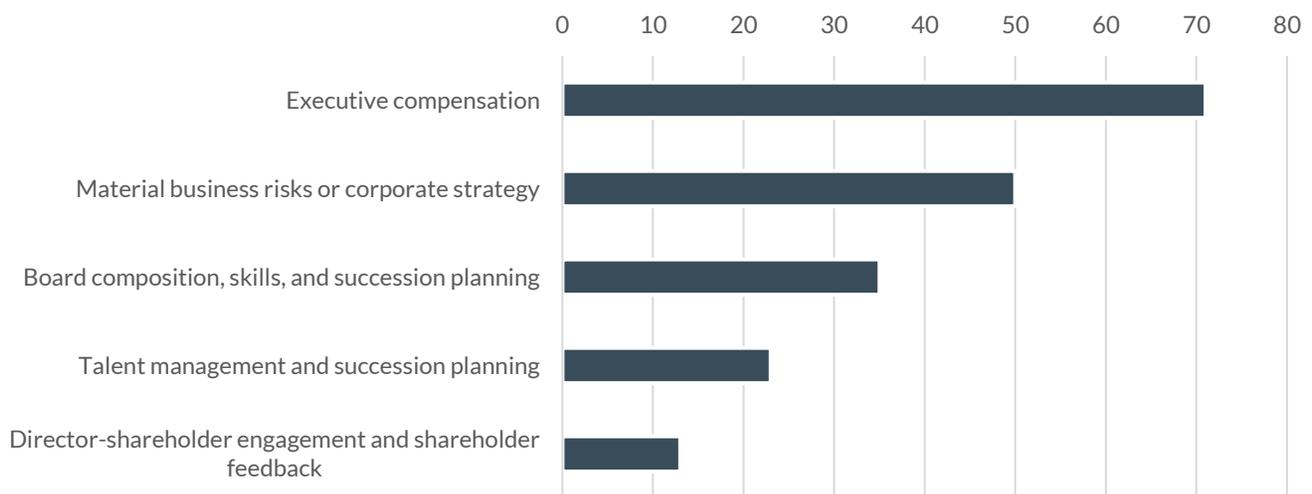
2025 Engagements  
(market cap breakdown)



## Topics discussed

In 2025, we engaged on 192 topics with the above 25 public companies. These 192 topics may be broadly classified under the following five themes. For a more detailed breakdown please refer to Appendix A.

2025 Engagements  
(topics discussed)



## Executive compensation

In 2025, discussions on executive compensation represented over 35% of all topics covered at our meetings. The following four topics collectively made up almost 80% of all executive compensation and related topics we covered with the above 25 companies in 2025:

- Executive share ownership:** Executive officers, particularly the CEO and other members of the c-suite, should hold a meaningful common share interest in the companies they manage. In our view, one of the best ways to reduce governance risk is by aligning the economic interest of managers running a business to that of shareholders. While investors may, at times, disagree on the best performance metrics to include in compensation schemes, the vast majority expect senior officers to build significant common share ownership during their tenure at the company. Where executive officer share ownership was low relative to an officer's total compensation or relative to an officer's tenure at the company, we asked boards to promote share ownership by implementing one or more recommendations set out in CCGG's [position paper](#) on effective management share ownership policies.
- Stock options:** Executive compensation is often granted in the form of long-term, equity-linked or share-based instruments such as stock options, performance share units (PSUs) and restricted share units (RSUs). CCGG Members generally prefer the inclusion of full-value awards such as RSUs and PSUs within compensation structures over stock options. In 2025, in cases where stock options were a

major component of compensation and where the company operated in an industry in which share prices are frequently and significantly impacted by factors beyond management's control (e.g., commodity prices), we asked boards to explain their rationale for emphasizing stock options within the compensation structure. We also inquired how boards limit stock option awards (particularly during depressions in commodity or business cycles) to manage shareholder dilution and avoid the risk of unduly excessive compensation being awarded to management teams based on factors beyond their control. Furthermore, in line with our newly issued [Executive and Director Compensation Guidebook](#), during our engagement meetings we highlighted tools that boards may utilize in order to reduce risks associated with stock option use including, for example utilizing high watermark features within stock option plans.

- **Target compensation levels and peer groups used to benchmark executive compensation:** Care should be taken to avoid the unjustified inclusion of peer companies from industries or from countries where compensation levels tend to be higher. In 2025, in line with our newly issued Guidebook (referenced above), we encouraged boards of directors (and compensation committees) to give considerable thought to and take an active role in selecting the organizations that comprise the defined peer groups which are used for sourcing executive talent and setting target compensation.
- **Performance measures used and target-setting:** CCGG does not typically recommend specific performance metrics to be used within a company's compensation structure. We do, however, encourage boards to link compensation outcomes to performance measures that are within management's control or influence, and which incentivize long-term value creation. No compensation metric or measure is perfect; therefore, we expect boards to regularly review the most significant performance measures driving compensation outcomes and consider whether these measures are driving the right behaviours. Where relevant, in 2025, we also discussed with boards their target setting process for key performance metrics driving compensation outcomes.

## Material business risks or corporate strategy

In 2025, over 25% of the topics we engaged on dealt with board oversight of a material business risk or board oversight of a material strategic issue. In 2025, discussions on risk oversight and strategy covered issues such as tariff-related risks and opportunities, employee safety, capital allocation and dividend policy, government and local stakeholder relationship management, climate-related risks and opportunities, reputational and supply chain-related risks, as well as oversight of risks emanating from a material business acquisition. Risks and opportunities related to the adoption of generative artificial intelligence tools were also discussed during the year.

## Board composition, skills, and succession planning

In 2025, discussions on board composition, skills and succession planning represented almost 20% of all topics covered at our meetings.

- **Director skills and experiences:** One of the key skillsets we look for on a board is industry-specific expertise among independent board members. When a board's collective skillset did not appear to match the needs of the business, we asked boards to discuss how they plan to address this gap over time. Where relevant, we encouraged boards to utilize a more focussed director skills matrix which limits each director to check off his or her top four or five skills or one that differentiates between directors who are subject matter experts in each area versus those who are not.

## Talent management and succession planning

In 2025, approximately 10% of all topics covered during our engagements related to talent management, succession planning and other related items.

- **Management succession planning:** During the year, we discussed board oversight of management, including CEO, succession planning when circumstances warranted such a discussion including, for example: (a) when an external appointment was made for an important c-suite role particularly in cases where the appointed individual appeared to possess little to no directly relevant industry experience, (b) following the unplanned departure of a CEO or another important member of the c-suite, (c) when a CEO was nearing retirement age particularly in cases where proxy disclosure on the CEO's succession plan was limited or where the CEO was one of the company's founders, and (d) where a CEO was compensated at, what appeared to be, significantly higher levels relative to common industry practices and relative to other members of the c-suite.

## Director-shareholder engagement & shareholder feedback

Finally, through our engagement program we continue to encourage boards to directly engage with shareholders on a regular basis. When a significant proportion of shareholders oppose the election of a director or the approval of a management resolution, we inquire whether boards have taken steps to understand and potentially address shareholder concerns.

- **Shareholder meeting format:** Where relevant, we asked companies to transition from a virtual-only format to a meeting format that gives shareholders the option to attend the meeting in person. Our preference for a hybrid meeting – i.e., a meeting that enables both virtual and in-person attendance was communicated to boards of directors where a board had been pursuing a virtual-only meeting of shareholders. Our position on the format of shareholder meetings is available on our [website](#).

## Recommendations

In 2025, we made 54 recommendations to either: (I) introduce or modify a governance policy or practice, or (II) enhance disclosure.

The vast majority (over 90%) of our recommendations to introduce or modify a policy or practice related to the modification of an executive compensation or related policy or practice.

A more detailed breakdown of recommendations made during the 2025 engagement season is provided in Appendix A.

### 2025 Engagements (recommendations)



## 2026 ENGAGEMENT PLAN

In 2026, we will select engagement candidates primarily based on the following criteria:

- The company's prior meeting history with CCGG, and
- Input provided by the CCGG Board of Directors and Member organizations.

We will continue to select engagement candidates primarily from the TSX Composite Index and, to the extent possible, will try to include a company from every major sector within the Composite Index.

We will continue to tailor our engagement meeting discussions to each company's governance practices and disclosure; however, we anticipate that the following six items will continue to represent a significant part of our meeting agendas:

- Executive compensation and management share ownership,
- Board composition, skills, and succession planning,
- Talent management and succession planning,
- Board oversight of material business risks,
- Board oversight of business strategy, and
- Director-shareholder engagement & shareholder feedback.

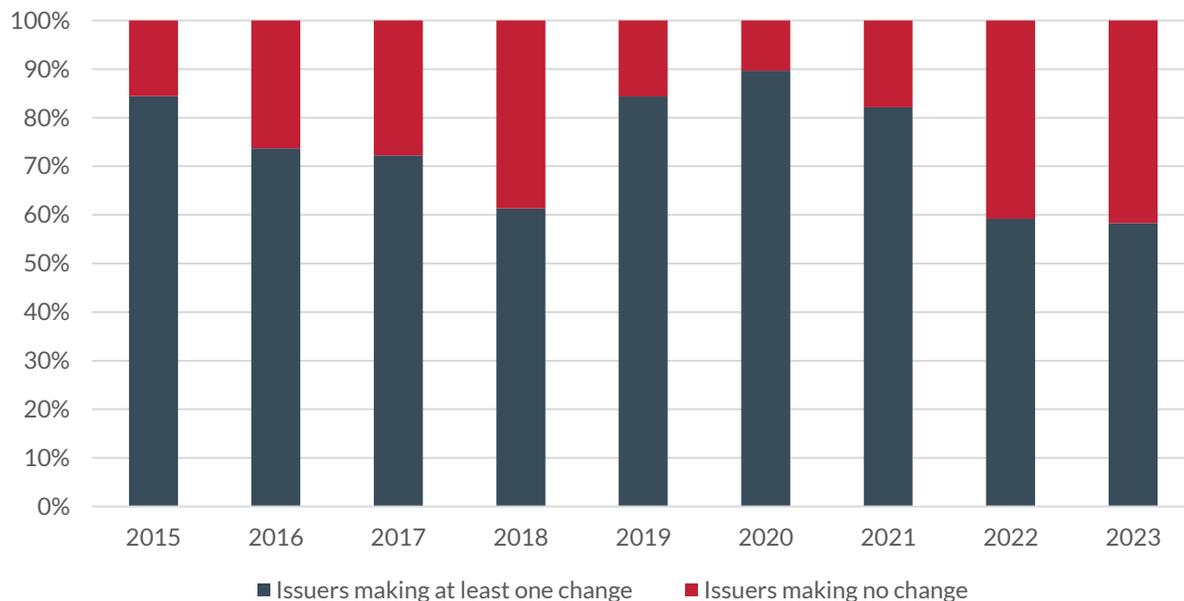
We also anticipate that, where relevant, environmental issues, including climate-related topics, and social issues, including diversity, employee health & safety, local community relationship management, and cybersecurity, will continue to be a part of our conversations on board & management composition, risk oversight, corporate strategy, and executive compensation. Furthermore, where relevant, we will continue to encourage boards to enhance company disclosure to better align with one or more of SASB's industry-specific recommendations or TCFD recommendations as incorporated into global and domestic sustainability standards (e.g. International Sustainability Standards Boards S1 and S2 and the Canadian Sustainability Standards Board CSDS 1 and 2).

Additionally, we will continue to engage with companies to discuss the importance of providing shareholders an option to attend annual meetings in person.

## ENGAGEMENT OUTCOMES AND RESULTS

Since 2018, CCGG has undertaken an annual internal review of engagement meetings held in prior years to assess the impact CCGG has had on policies, practices, and disclosure of public companies with whom we engage. Our annual assessments have typically shown that approximately 75% of the boards we engage with end up making at least one material positive change to their policies, practices, or disclosure within two years of meeting with CCGG.

chart one - % of issuers implementing at least one CCGG recommendation (2015 to 2023 meetings)



### 2025 assessment

For each individual issuer with whom CCGG had engaged in 2023, the review process consisted of:

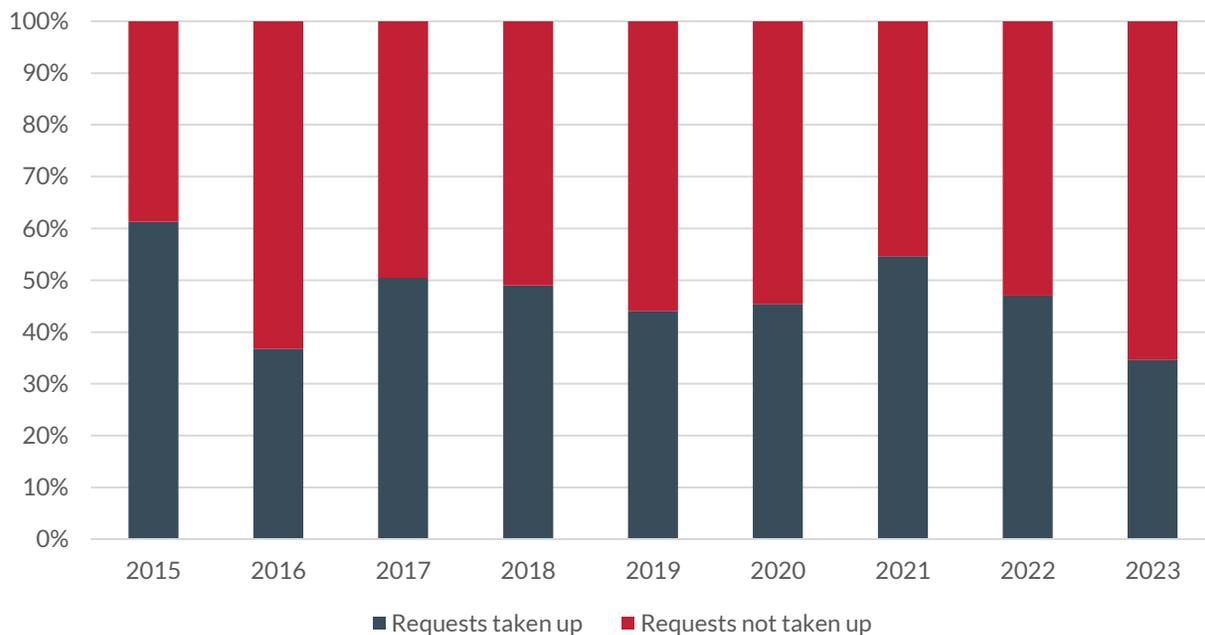
1. A review of the post-meeting summary report (available in the [Members' Area](#) of the CCGG website) to identify whether any specific recommendations were made in one of the following areas:
  - **Policy or practice introduction or amendment, or**
  - **Disclosure enhancement.**
2. A review of each issuer's management information circular or other public documents issued in 2025 to determine the extent to which CCGG's recommendations had subsequently been taken up by the issuer approximately two (2) years after the meeting took place.

## 2025 findings

CCGG met with the boards of 34 companies in 2023. Of the 34 companies with whom we engaged, data gathered from 24 meetings<sup>1</sup> was analyzed to assess CCGG’s impact on company policies, practices, and disclosure.

We tracked a total of 49 specific recommendations that were communicated to 24 issuer boards. Based on our review of 2025 information circulars, 14 of the 24 issuers (about 60%) had made at least one material positive change to their policies, practices, or disclosure (see chart one on the previous page), and 17 out of 49 recommendations to either improve disclosure or to amend a policy or practice were taken up (see chart two below).

chart two - % of CCGG recommendations implemented (2015 to 2023 meetings)



<sup>1</sup> No specific requests for change were made at 5 of the 34 engagement meetings in 2023 and no changes were tracked at another 5 companies given that these companies were acquired or privatized prior to 2025.

## APPENDIX A: 2025 ENGAGEMENT TOPICS AND RECOMMENDATIONS

Engagement topics (2025 engagements)	Number of occurrences
<b>Executive compensation &amp; related</b>	<b>71</b>
Executive share ownership	22
Stock options	13
Target compensation levels and benchmarking peer groups	11
Performance measures used in compensation	10
Special compensation rationale	3
Non-GAAP performance measures	2
Non-standard employment contract	2
Perks	2
Other miscellaneous	6
<b>Business strategy and material business risks</b>	<b>50</b>
Board oversight of a material business risk	39
Board oversight of a material strategic issue	11
<b>Board composition, skills, and succession planning</b>	<b>35</b>
Board succession planning	21
Director skills and experiences	14
<b>Talent management and succession planning</b>	<b>23</b>
Management succession planning	19
Management diversity	3
CEO and executive chair responsibilities split	1
<b>Director-shareholder engagement and shareholder feedback</b>	<b>13</b>
Shareholder feedback received through proxy voting	9
Annual shareholder meeting format	4
<b>Grand Total</b>	<b>192</b>

# ANNUAL REPORT ON 2025 ENGAGEMENT SEASON

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Recommendations (2025 engagements)	Number of occurrences
<b>Introduce or modify policy or practice</b>	<b>36</b>
Executive share ownership policy	22
Stock option structure	6
PSU plan (floor vesting)	2
Perks (executive)	1
Shareholder engagement	1
Clawback policy	1
Shareholder meeting format	1
Say on Pay adoption	1
PSU plan (settlement)	1
<b>Enhance disclosure</b>	<b>18</b>
Performance measures, targets and results	3
Management succession planning	3
E&S reporting	2
Executive share ownership	2
Perks (executive)	1
Financial reporting	1
Target compensation / peer group selection	1
Director compensation	1
Risk oversight	1
Board priorities	1
Director skills and experiences	1
Director independence	1
<b>Grand Total</b>	<b>54</b>