2025 Canadian Corporate Governance and Incentive Design Survey

October 2025

MERIDIAN
COMPENSATION PARTNERS

Contents

Executive Summary

Meridian's 2025 Canadian Corporate Governance and Incentive Design Survey offers comprehensive insights into key executive compensation program design and related corporate governance topics to provide additional context for boardroom discussions on these important matters.

Meridian reviewed the corporate governance and incentive design practices at the S&P/TSX60 (the largest publicly traded companies in Canada by market cap, reflecting sector weight) with median revenues of $16.1B and median market capitalizations of $36.9B.

Overall, S&P/TSX60 companies continue to enhance governance transparency and maintain a strong focus on profitability-driven, performance-based incentive design.

Highlights of the 2025 Canadian Corporate Governance & Incentive Design Survey[1]

Governance Practices and Company Policies

Board diversity disclosures are more common than executive diversity disclosures – 77% of the S&P/TSX60 disclose gender and/or ethnic diversity targets for the Board, while 40% disclose diversity targets for management. Board gender diversity targets are more common, but for Management, 63% of companies that disclose targets include both gender and ethnic diversity targets.

60% of companies disclose mandatory director retirement age policies or mandatory term limits – 45% disclose a mandatory term limit, with 12 years being the most common and 37% disclose a mandatory retirement age, with the most common age being 72 or 75. 22% disclose both a mandatory term limit and a mandatory retirement age.

Independent Board Chair is the most prevalent leadership structure – 80% of the S&P/TSX60 have separate Board Chair and CEO roles, and approximately one-third of the S&P/TSX60 have a Lead Director (alongside either an Executive or a non-independent Non-Executive Chair).

Nearly all companies have clawback policies and a majority have a standalone misconduct provision – 98% of the S&P/TSX60 disclose a clawback policy for executive officers (current and former). 85% of companies have a financial restatement trigger and 58% have a standalone misconduct trigger, 47% of companies have both triggers. The prevalence of standalone misconduct triggers increased by 5 points year over year.

Proxy Disclosures

Over half of the S&P/TSX60 include voluntary realized or realizable pay disclosure – Consistent with last year's results, a majority of companies disclose both realized and realizable pay analysis, most often comparing pay to Summary Compensation Table values. This provides companies with the opportunity to address any perceived pay and performance disconnect. Historically, we have seen investors and proxy advisors respond positively to this voluntary disclosure.

Almost half of the S&P/TSX60 disclose a cost of management ratio – With an increase of 5 points over last year, 45% of companies disclose a cost of management ratio, most commonly compared to net income (44%) and revenue (22%). Once primarily a "bank practice", this form of disclosure is now prevalent outside financial services.

Annual Incentive Plan Design Practices

Earnings-based financial metrics drive annual incentives – When included in an annual incentive plan, the average weighting is 48% to Net Income/EPS, 45% to Operating Income/EBIT/EBITDA, and 30% to Revenue

Operating and Earnings metrics remain core to annual incentive design– Operating Income/EBIT/EBITDA remain the most prevalent annual incentive metric, used by about half of S&P/TSX60 companies, followed by Net Income/EPS (34%). "Other Financial" metrics remain common but represent a mixed group of secondary measures with slightly lower weightings year over year. Overall, companies continue to emphasize income statement-based profitability metrics over financial return- or TSR-based measures.

Non-financial measures are also common; types of measures vary widely – Similar to last year, 75% of companies include non-financial measures in the annual incentive plan. Of the companies that use non-financial measures, 70% include environmental, social or governance metrics, and 55% include other operational or strategic corporate goals.

Less than ½ of companies have a CEO individual performance metric – 48% of companies do not include an individual performance metric for the CEO.

Long-Term Incentive Plan Design Practices

Performance awards are the main LTI vehicle – 90% of S&P/TSX60 companies include performance-based vehicles (typically performance share units—PSUs) in the long-term incentive plan. On average, performance awards represent 57% of CEOs' annual target LTI value. However, for companies that do not include stock options in their LTI mix, the weighting to PSUs has increased to 72% of total LTI

Standard performance period: 3 years – Similar to last year, the vast majority (87%) of S&P/TSX60 companies assess performance over a three-year measurement period. Typically, goals are set over a three-year cumulative period, rather than as annual goals.

Relative TSR remains the predominant metric – 75% of companies include a relative TSR measure in performance awards, on average, accounting for 60% of the overall plan weighting. Similar to last year, most companies (85%) incorporate relative TSR as a weighted measure, rather than a modifier, and 82% pair TSR with at least one other performance measure.

[1] *Prevalence statistics may not add to 100% due to rounding.*

Corporate Governance Practices

Mandatory Board Renewal

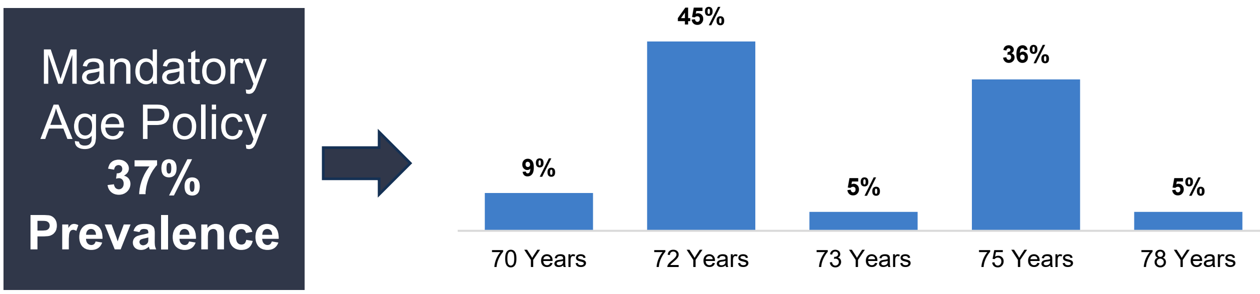
Meridian Comment

Companies with a mandatory retirement policy generally set the retirement age at 72 or 75 years.

Though board refreshment has become a focus, it is still not a majority practice with 45% of the S&P/TSX60 disclosing mandatory term limits for directors, 37% disclosing a mandatory retirement age and 36% of companies disclosing both term limits and a retirement age.

Mandatory Retirement Age

Less than half of the S&P/TSX60 (37%) disclose a mandatory retirement age policy for board members.

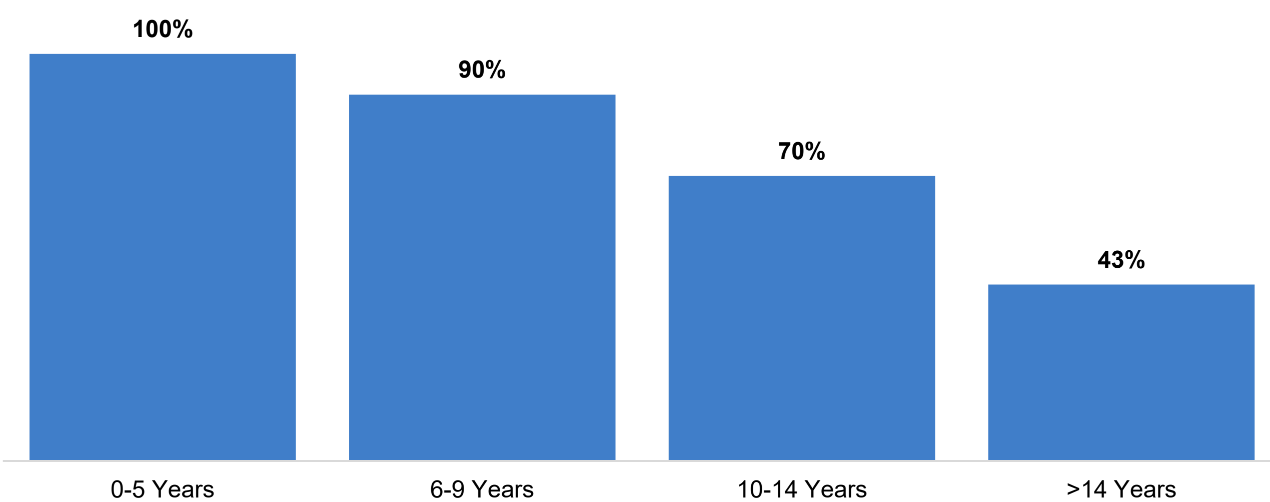


Director Tenure

The tenure of S&P/TSX60 independent directors is shown below.

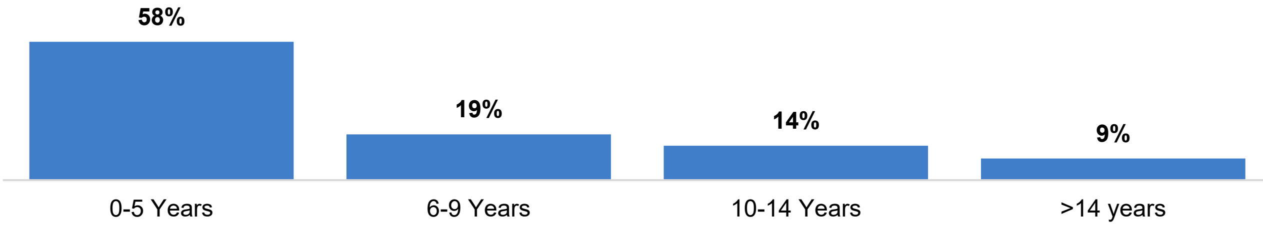
Tenure Prevalence

At the S&P/TSX60, the most prevalent tenure for directors is 0 to 5 years of service (all companies), followed by 6 to 9 years of service. More than half of companies have directors with service between 10 to 14 years.



Average Tenure Comprising Boards

The majority of directors (58%) have 0-5 years of tenure, with less than 25% of directors with 6-9 years of tenure.



Consistent with last year's results, just under half of companies disclose mandatory term limits for directors.

Diversity

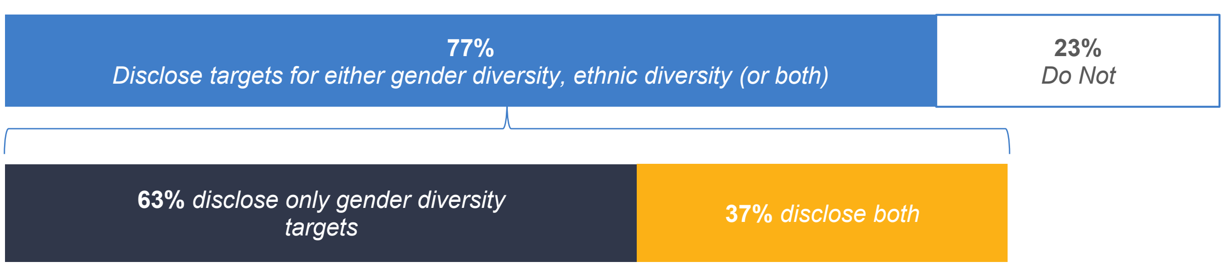
Meridian Comment

Boards have enhanced their processes and strategies to expand their talent pools for directors. When recruiting new directors, many boards consider multiple facets of diversity, including race, ethnicity, gender, skills, age, geographical location and experiences, to improve their performance and effectiveness.

Board member gender and ethnic diversity remains a critical focal point with proxy advisory firms and institutional investors in the Canadian market. Absent mitigating factors, one of the main proxy advisory firms, ISS, typically recommends a WITHHOLD vote for the chair of the nominating/governance committee at companies that i) do not have a minimum of 30% female directors or ii) have no apparent ethnically diverse members serving on the board. Notably, ISS's U.S. policy on board diversity has diverged from its Canadian policy in the last year.

Board Level

Meridian reviewed Board diversity targets of the S&P/TSX60 and found that a majority of companies (77%) disclose targets for either gender diversity, ethnic diversity or both. This is a decrease relative to last year's results of 82% prevalence.

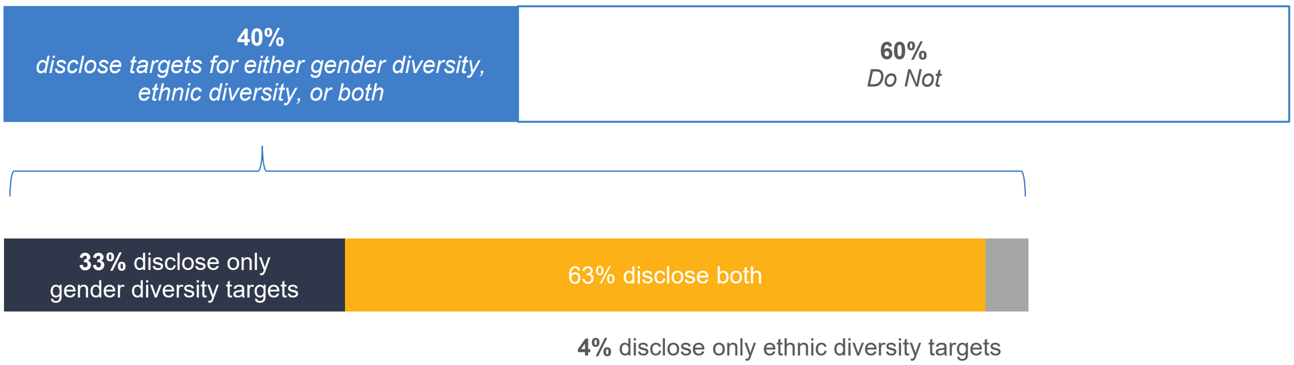


Sum may not add to 100% due to rounding.

Of the 77% of companies that disclose diversity targets, 63% disclose only gender diversity targets while 37% of these companies disclose both gender and diversity targets. Unlike last year, no companies disclose only ethnic diversity targets.

Management Level

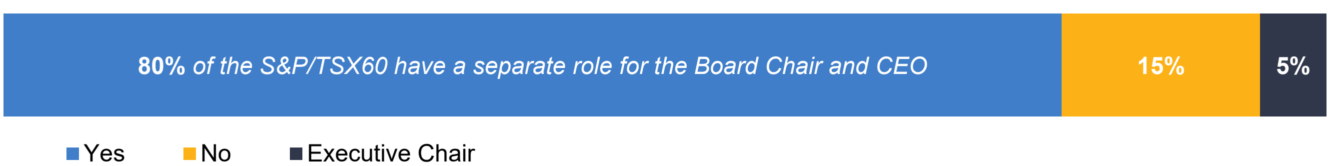
Less than half of S&P/TSX60 companies (40%) disclose targets for either gender diversity, ethnic diversity or both for management employees, a slight decrease relative to last year's 42% prevalence.



Of the 40% of companies that disclose diversity targets, 33% disclose only gender diversity targets while a minority of companies (4%) only disclose ethnic diversity targets. 63% of these companies disclose both gender and diversity targets. This represents a shift from last year's results where 24% of companies disclosed only gender diversity targets, a minority of companies (4%) only disclosed ethnic diversity targets and 72% disclosed both gender and diversity targets.

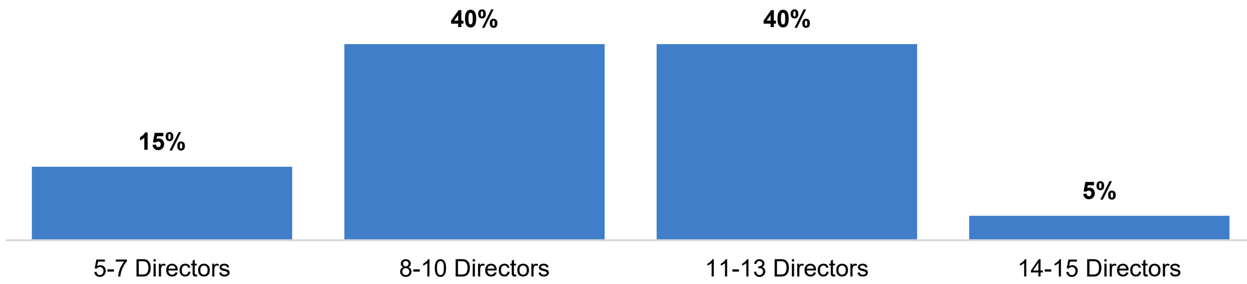
Board Leadership

Meridian reviewed the Board leadership structure at the S&P/TSX60 and found that the majority of companies (80%) have a separate role for the Board Chair and CEO, while only 5% currently have an Executive Chair. Approximately one-third of the S&P/TSX60 currently have a Lead Director, either in addition to an Executive Chair or with a Non-Executive Chair, typically to support governance where the chair is not independent. Year-over-year, separation of Chair/CEO roles increased slightly (78% to 80%), while use of an Executive Chair declined (17% to 5%) and combined Chair/CEO structures rose (5% to 15%).



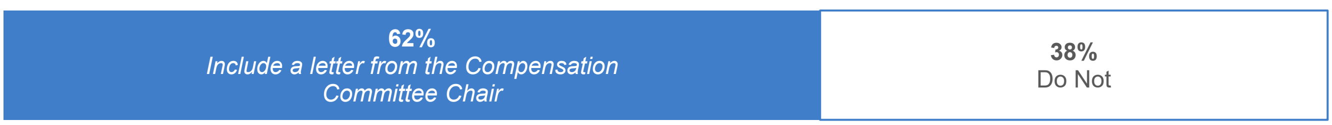
Board Size

The most prevalent Board sizes at the S&P/TSX60 are 8 to 10 directors and 11 to 13 directors, equally prevalent at 40% of companies.



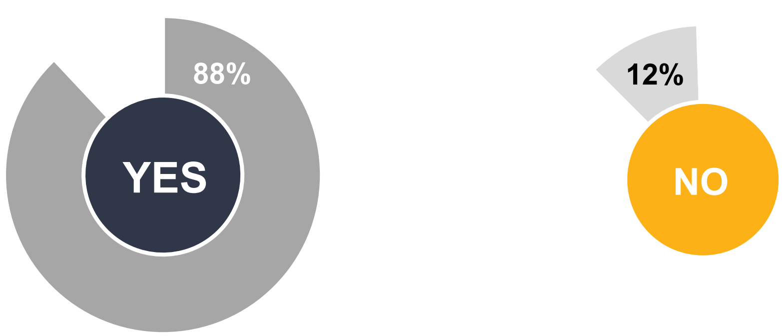
Letter from the Compensation Committee Chair

More than half of the S&P/TSX60 (62%) included a letter from the Compensation Committee Chair providing key highlights on company performance, compensation outcomes for the year and forward-looking compensation programs changes, a slight increase from last year's prevalence of 60%.



Say on Pay Votes

Consistent with last year's results, a significant majority of S&P/TSX60 companies (88%) held a Say on Pay vote in 2024. All companies with a Say on Pay vote have this vote on an annual basis.



Company Policies

Stock Ownership Guidelines

Meridian Comment

Approximately one-third of companies count unearned performance shares/units toward achievement of the ownership guideline requirements (32%). Increasingly, proxy advisors and other governance observers expect that unvested PSUs be excluded when determining share ownership levels. Only 11% of the S&P/TSX60 require executives to hold a specified portion of ownership in common shares, with the most prevalent level being 50% of ownership, an increase in prevalence from 7% last year.

Executive Stock Ownership Guidelines

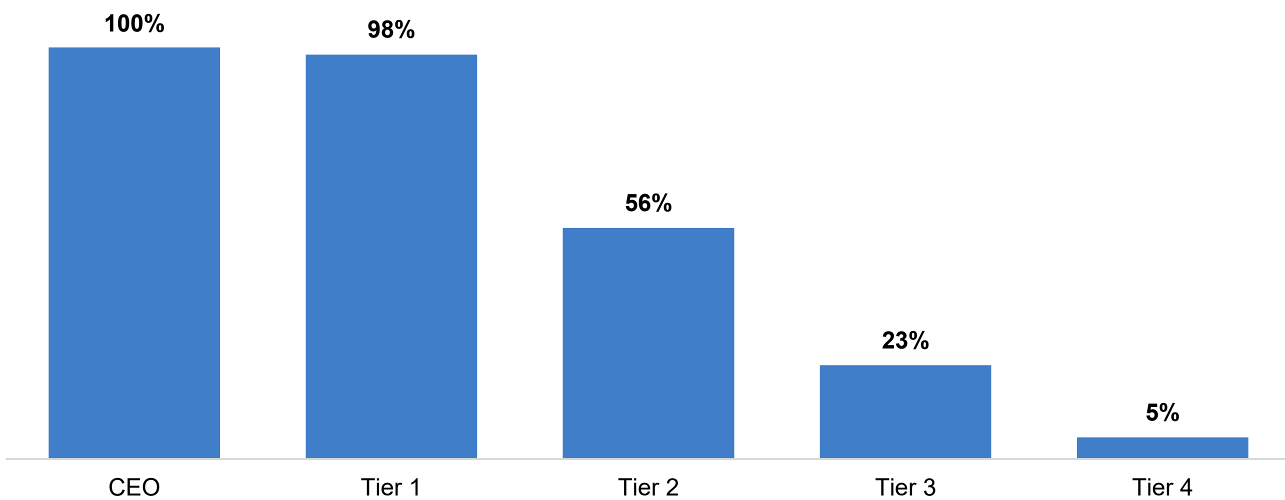
Almost all S&P/TSX60 companies (95%) have stock ownership guidelines for their Named Executive Officers (NEOs), with the "multiple of salary" structure being the most common approach, and with compliance to be achieved within 5 years.

Stock Ownership Guidelines Structure	Prevalence
Multiple of Base Salary	89%
Fixed # of Shares	2%
Fixed $ Value	4%
Other	5%

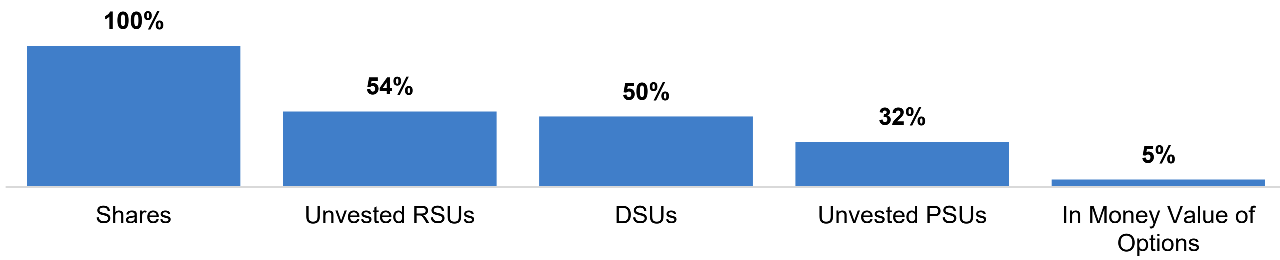
The average CEO multiple is 5.7x base salary and the most prevalent multiple is 5.0x base salary. The most prevalent multiple for the Highest and Lowest Paid non-CEO NEO is 3.0x and 1.0x of base salary, respectively. The table below sets out the average and most prevalent multiple of salary among the S&P/TSX60.

Multiple of Salary Level	CEO	Highest NEO Multiple	Lowest NEO Multiple
Average	5.7x	3.5x	1.4x
Most Prevalent	5.0x	3.0x	1.0x

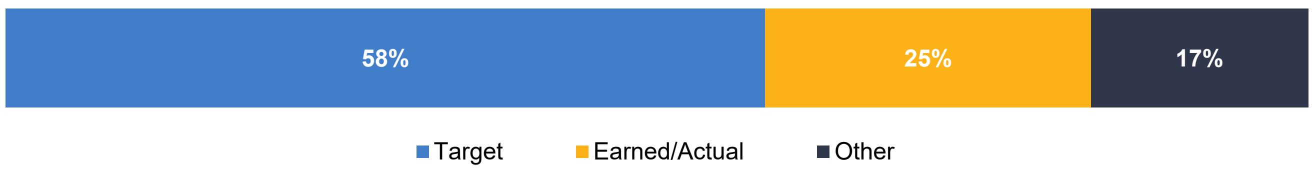
All S&P/TSX60 companies have guidelines in place for the CEO, with almost all companies having different guidelines for one tier below the CEO (98%) and ~55% incorporating guidelines for a second tier of executives below the CEO. Fewer than a quarter of companies disclose guidelines for 3 tiers below the CEO.



The following are defined as “stock” for purposes of achieving stock ownership guideline requirements. *(Prevalence only includes companies that disclose a definition of “stock.”)*

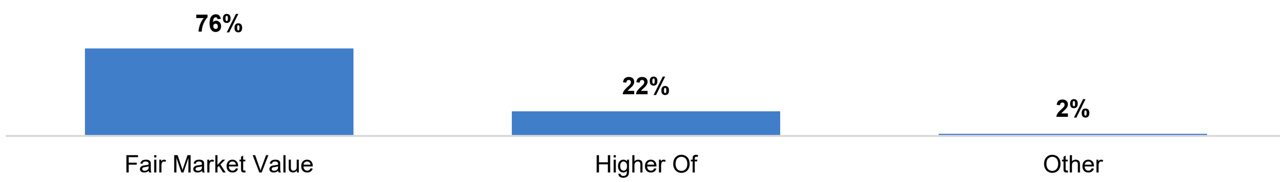


Among the minority of companies that include PSUs in some form, 58% measure unvested PSUs at target, while a minority of peers value unvested PSUs at earned or actual values.



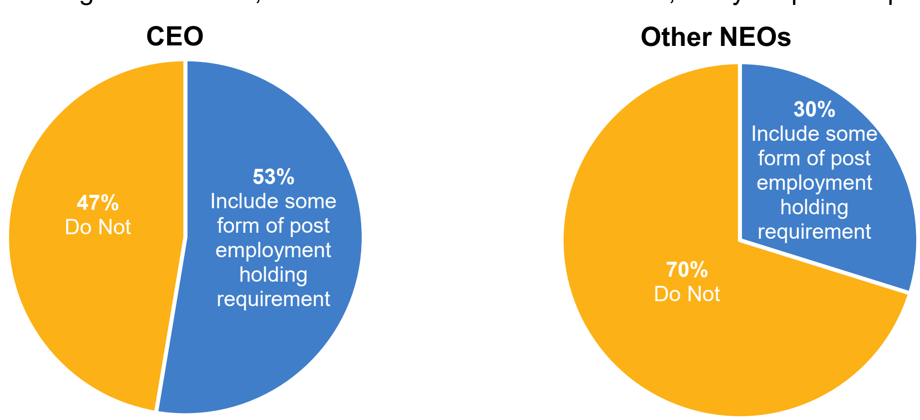
Sum may not add to 100% due to rounding.

The most common valuation method for determining ownership compliance is Fair Market Value (76% of S&P/TSX60 companies), followed by *Higher of Cost or Fair Market Value*. Last year, we observed Fair Market Value with a 70% prevalence at the S&P/TSX60. This is a shift from historical Canadian practice which had favoured the “higher of” approach.

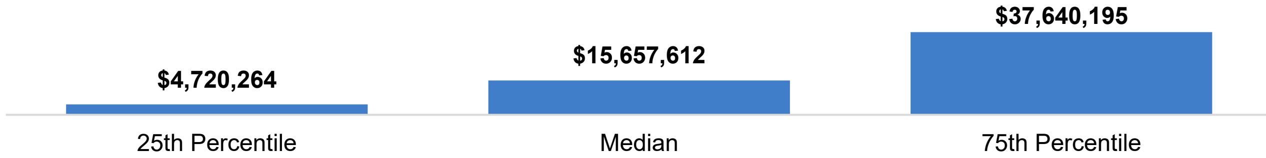


Post Employment Holding Requirement

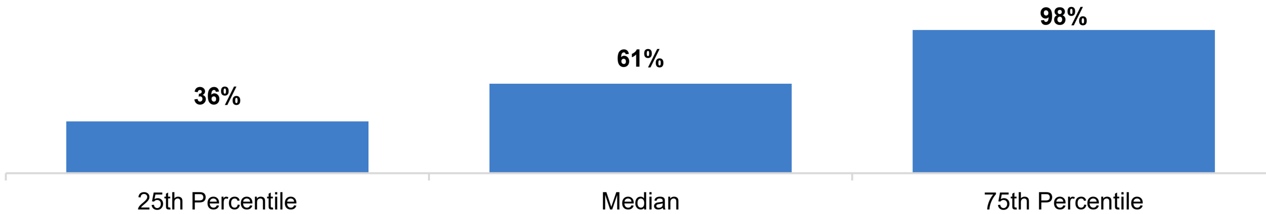
A slight majority of companies require CEOs to continue to hold shares after they cease to be employed. This year, there is a slight increase, with 53% of companies requiring CEO post-employment holding. For Other NEOs, 30% of the S&P/TSX60 require some form of post-employment share ownership. Where in effect, the most prevalent and the average time to hold, for both the CEO and other NEOs, is 1 year post-employment.



Value of Common Shares Held by CEOs



Percentage of Total Ownership Held as Common Shares by CEOs



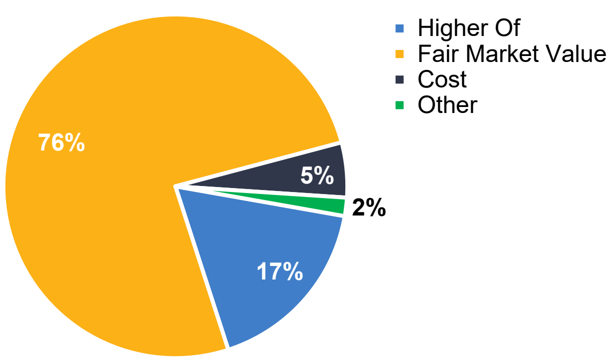
Director Stock Ownership Guidelines

Meridian Comment

Guidelines calculated based on a multiple of Cash + Equity Retainer are the most common approach in Canada, contrasted with the U.S. where we typically see higher multiples. Companies in the U.S. frequently apply a larger multiple (e.g., 5x). In Canada, median guideline values have increased due principally to increases in retainers.

Almost all S&P/TSX60 companies (98%) have stock ownership guidelines for Directors, with the multiple of "Cash & Equity" retainer structure being the most common approach, with compliance to be achieved within 5 years.

Stock Ownership Guidelines Structure	Prevalence
Multiple of Cash & Equity Retainer	61%
Multiple of Cash Retainer	22%
Fixed Dollar Amount	7%
Fixed Number of Shares	5%
Multiple of Equity Retainer	2%
Other	2%



Ownership guidelines are most commonly valued at fair market value (e.g., the record date or end of fiscal year before proxy publication); a "higher of" market value or cost is used by about one-fifth of TSX 60 companies while valuing at "cost" is a minority practice

Dollar Value Requirement of Share Ownership Levels

Percentile	$
75th Percentile	$1,049,474
Median	$817,500
25th Percentile	$618,750

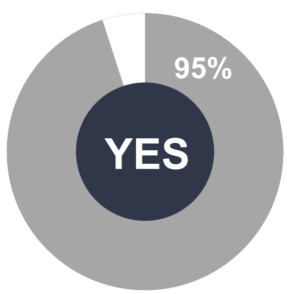
Post Service Holding Requirements for Directors

7% of the S&P/TSX60 impose a post-service holding requirement, requiring directors to retain their vested equity or common shares from 3 months to 2 years after leaving the Board

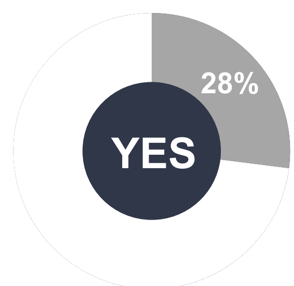
Anti-Hedging and Anti-Pledging Policies

95% of the S&P/TSX60 companies disclose an anti-hedging policy, while less than a third (28%) disclose an anti-pledging policy. Anti-pledging policies are much more common in the U.S. than in Canada.

Anti-Hedging



Anti-Pledging



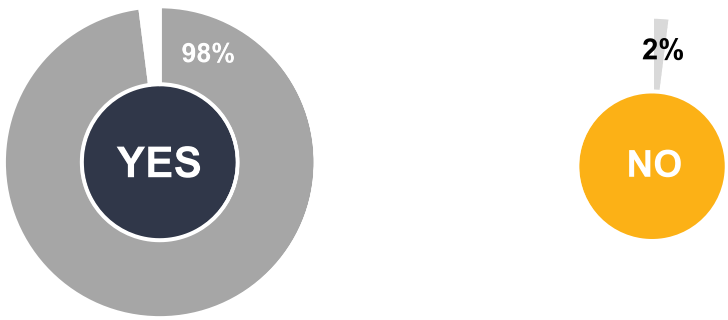
Recoupment (Clawback) Policies

Meridian Comment

In October 2022, the SEC finalized clawback rules under the Dodd-Frank Act, requiring NYSE- and Nasdaq-listed companies (including Canadian foreign private issuers) to adopt policies to recover excess incentive pay in the event of a financial restatement. The rules took effect October 2, 2023, with companies required to have compliant clawback policies in place by December 1, 2023.

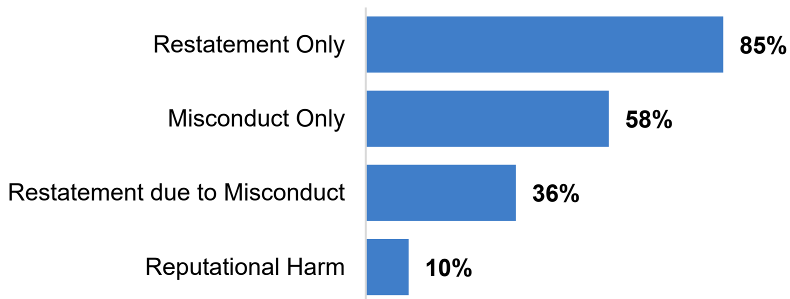
We continue to see a shift in clawback policies in North America to include both Dodd Frank style clawback triggers for a restatement of financials (but on a non-mandatory basis for Canadian companies not subject to the U.S. rules) and overpayment of incentives, and standalone “misconduct” triggers that do not require a financial restatement.

98% of the S&P/TSX60 companies disclose a clawback policy for executive officers (current and former). 88% of companies disclose the policy as a standalone policy, while a minority disclose the policy as part of the equity or incentive plans or as part of other policies.



Similar to last year, the most prevalent triggers are Restatement Only and Misconduct Only, present at 85% and 58% of companies respectivley, followed by Restatement due to Misconduct (36% prevalence) while a minoirty of companies include a Reputational Harm trigger. Approximately 75% of S&P/TSX60 companies are cross-listed on the NYSE or Nasdaq, and therefore must comply with Dodd-Frank requirements. For the purposes of this survey, both 'Restatement Only' and 'Dodd-Frank Restatement Only' triggers have been classified as Restatement Only.

58% of companies include a definition of misconduct ranging from narrow to broad definitions



Peer Groups

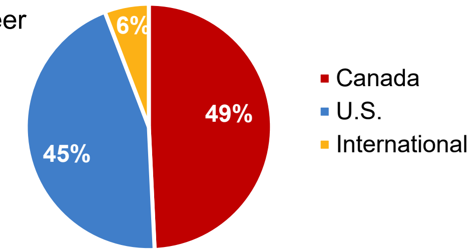
Meridian Comment

Companies typically select peer groups based on a range of criteria, including size (e.g., revenue, assets, market capitalization), industry segment, complexity, geographic reach, performance, and competition for talent / investors. Peer groups are frequently used to benchmark executive and director compensation, program design, and share utilization. Additionally, many companies use custom peer groups for assessing relative performance either through a formal relative TSR metric, other relative performance measures or to calibrate performance and performance targets. Compensation committees and external observers closely scrutinize peer groups due to their significant impact on a company's pay practices and levels. We advise companies to review peer groups annually or biennially, to ensure their continued appropriateness.

Compensation Peer Group Composition

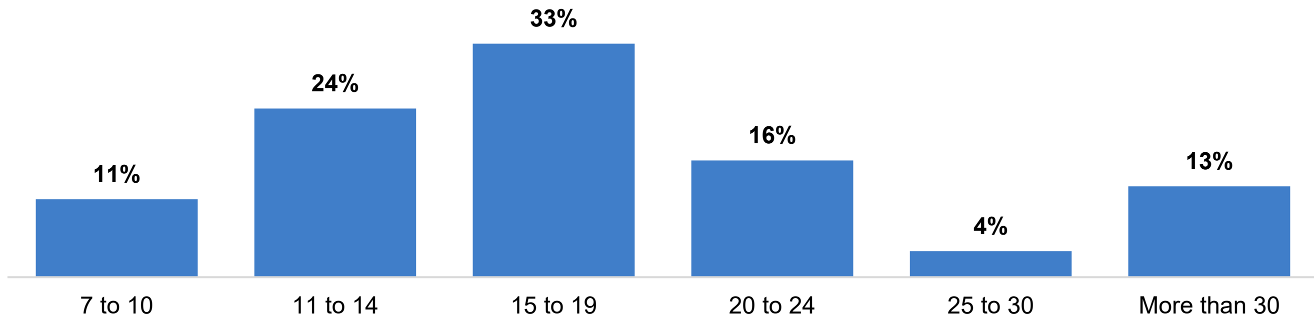
92% of the S&P/TSX60 disclose at least one custom benchmarking peer group. Of the companies that disclose a separate benchmarking peer group, 89% include some U.S. companies in their peer group, while fewer (38%) include international companies in their peer group.

The average geographic mix is provided at right: Canadian companies comprise slightly less than half of peers, on average.



Compensation Peer Group Size

It is considered good governance for companies to have a robust peer group, generally comprised of 10-25 companies. The graph below displays the total number of companies used in custom compensation benchmarking peer group(s).



Performance Peer Groups

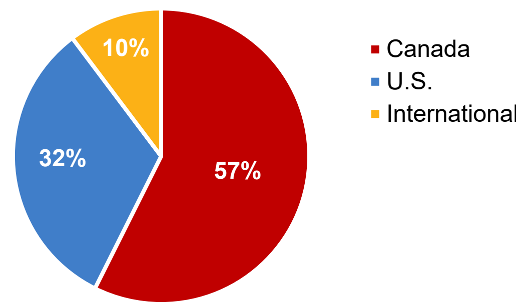
Meridian Comment

Last year, S&P/TSX60 companies included a higher proportion of international peers in performance peer groups (15%) than in compensation peer groups (5%). This year, the weighting of international peers decreased slightly in performance peer groups (10%) and increased modestly in compensation peer groups (6%). Slightly less than a third of companies include 15 to 19 performance peers in groups. The majority of companies that use an index (67%) use one index to measure relative performance. 95% of companies measure relative performance against a different peer group or an index, than they use to benchmark compensation.

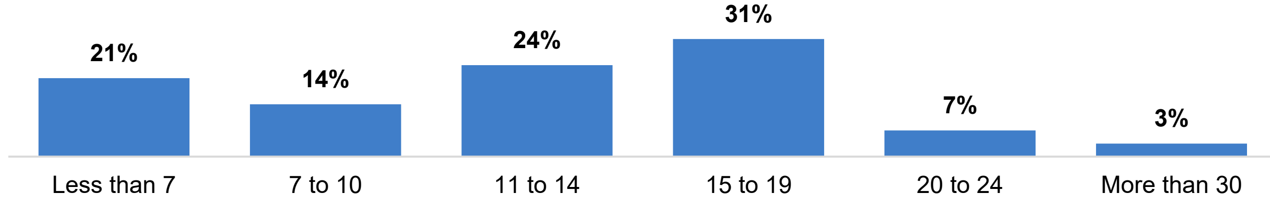
67% of the S&P/TSX60 disclose the use of at least one performance peer group (either a custom group or index).

Number of Peer Groups	Prevalence
Performance Peer Group	63%
Index	28%
Performance Peer Group and Index	10%

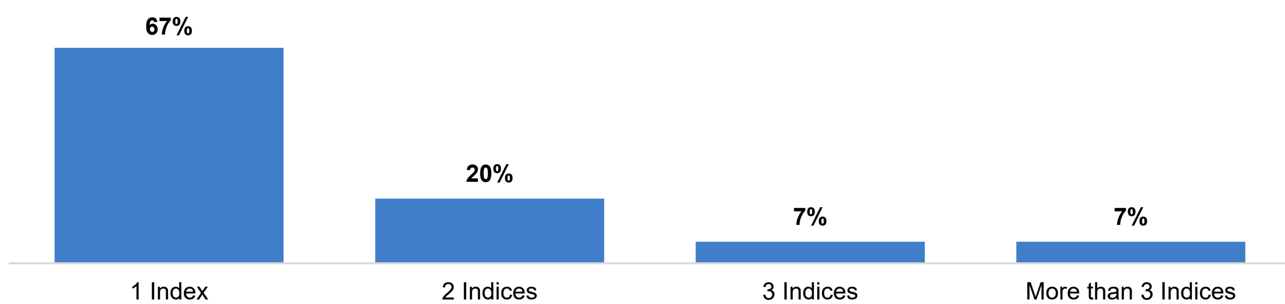
Approximately one-third of S&P/TSX60 companies include U.S. peers in their performance peer groups, while fewer (10%) include international peers in performance peer group. The average geographic mix is provided at right. Canadian companies comprise more than half of peers, on average.



Peer Group Size

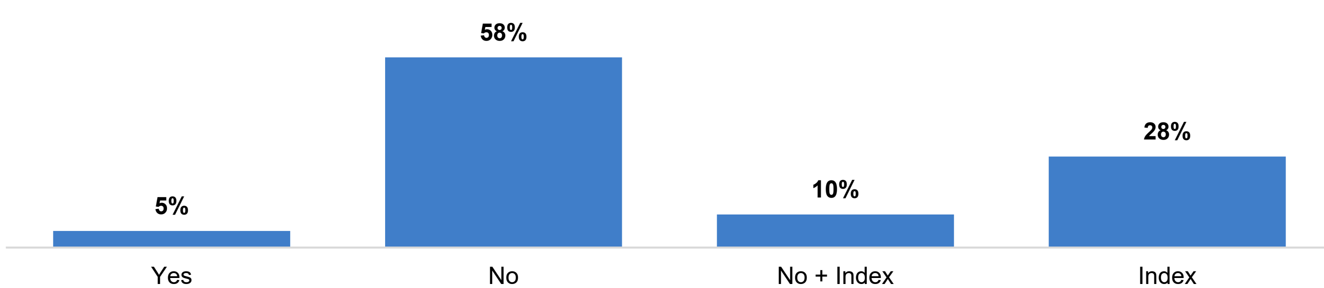


Number of Indices Used



Do Companies Use the Same Groups for Compensation and Performance Peers?

Of the 40 companies that include relative metrics or disclose performance peers, most companies use a different peer group or an index to measure performance. Only 5% of companies use the same group to benchmark compensation and to assess performance while 28% measure performance relative to an index. These results are aligned with last year's findings.



Executive Compensation

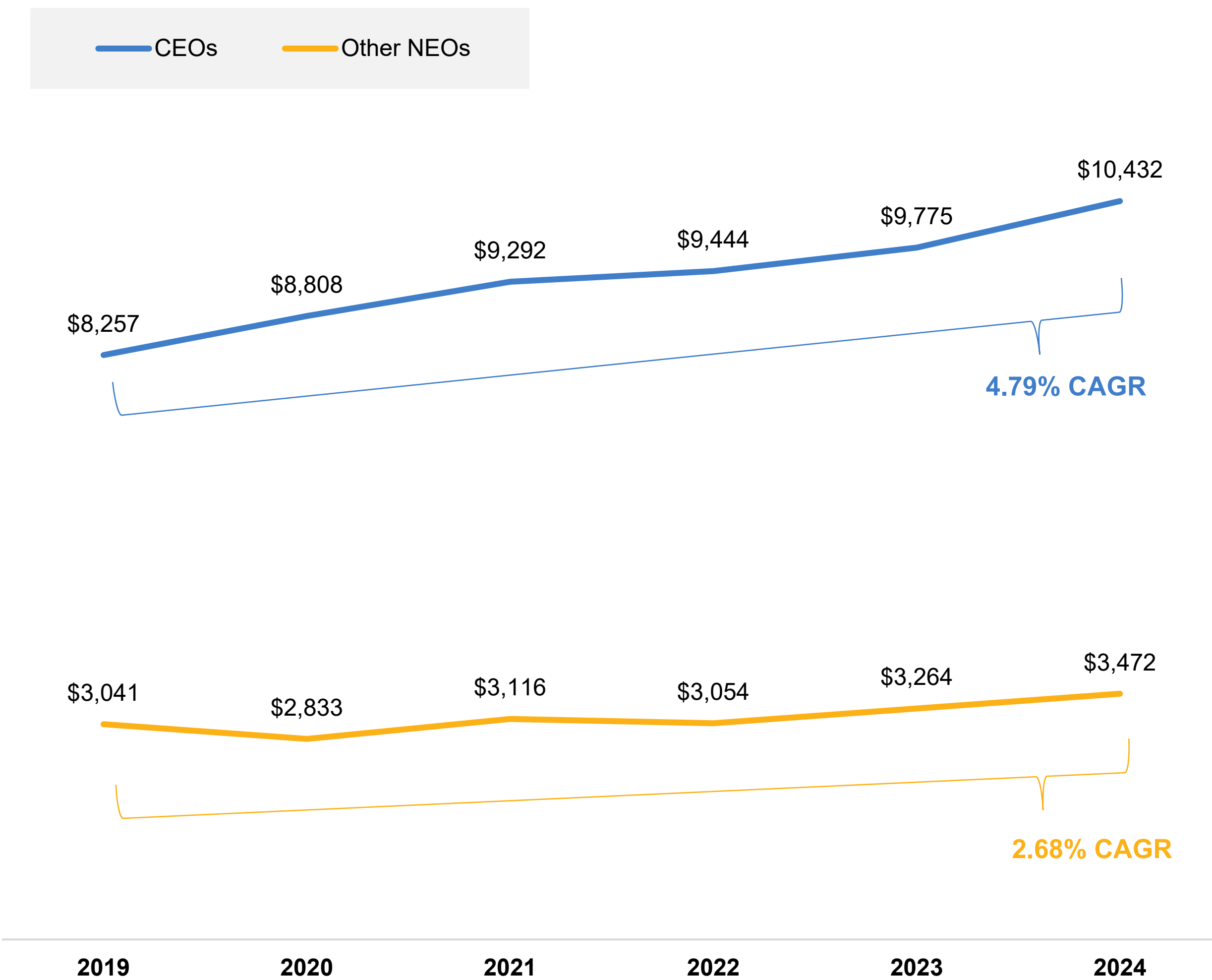
Meridian Comment

To contextualize the governance and incentive design practices and findings at the S&P/TSX60, we have provided some high level observations on executive pay levels observed.

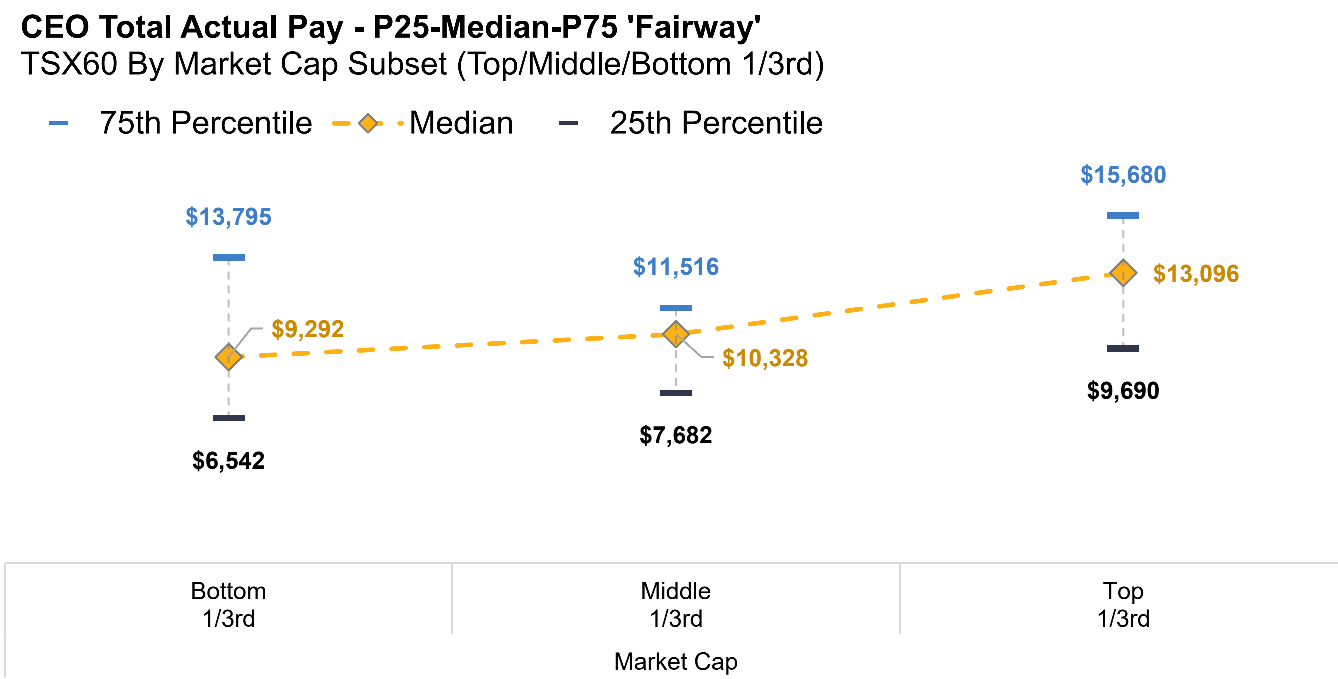
At the S&P/TSX60, median CEO actual total pay increased by approximately ~4.8% CAGR over the past 5 years, while median actual pay for other NEOs increased more slowly, at a CAGR of ~2.7% since 2019.

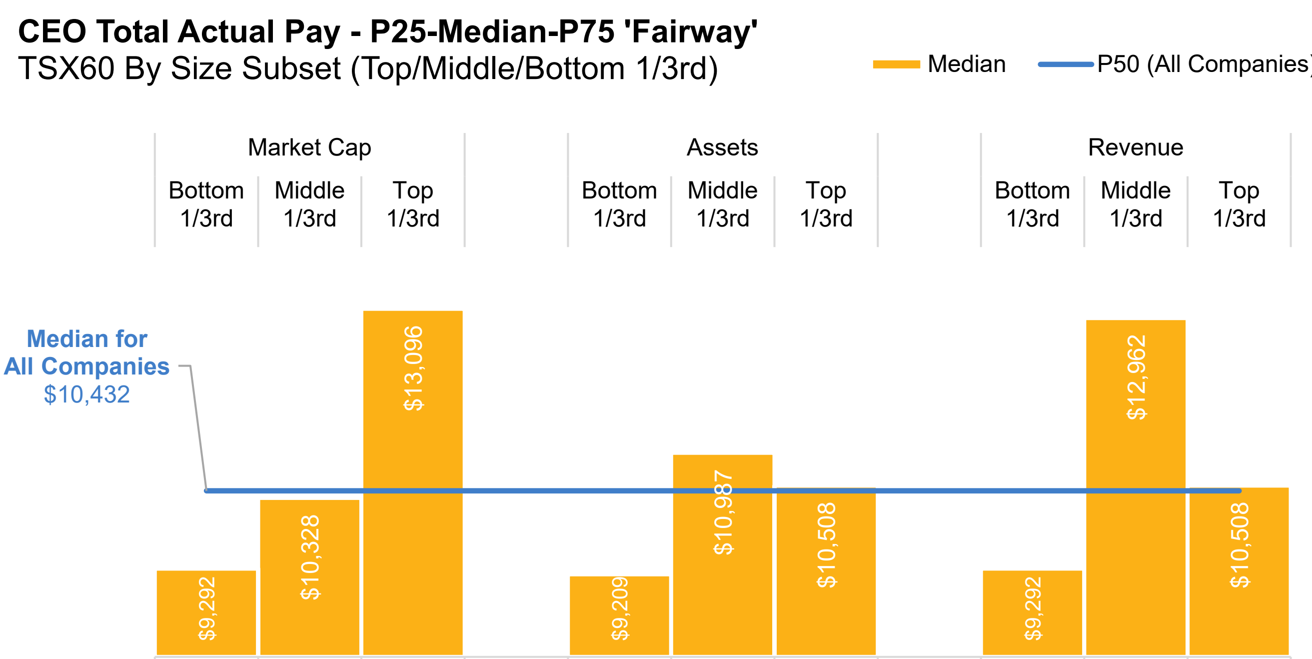
Median CEO pay is higher within the financial services sector than other industries, and S&P/TSX60 CEO pay correlates with market cap.

Median Total Actual Pay (CEO + Other NEOs)



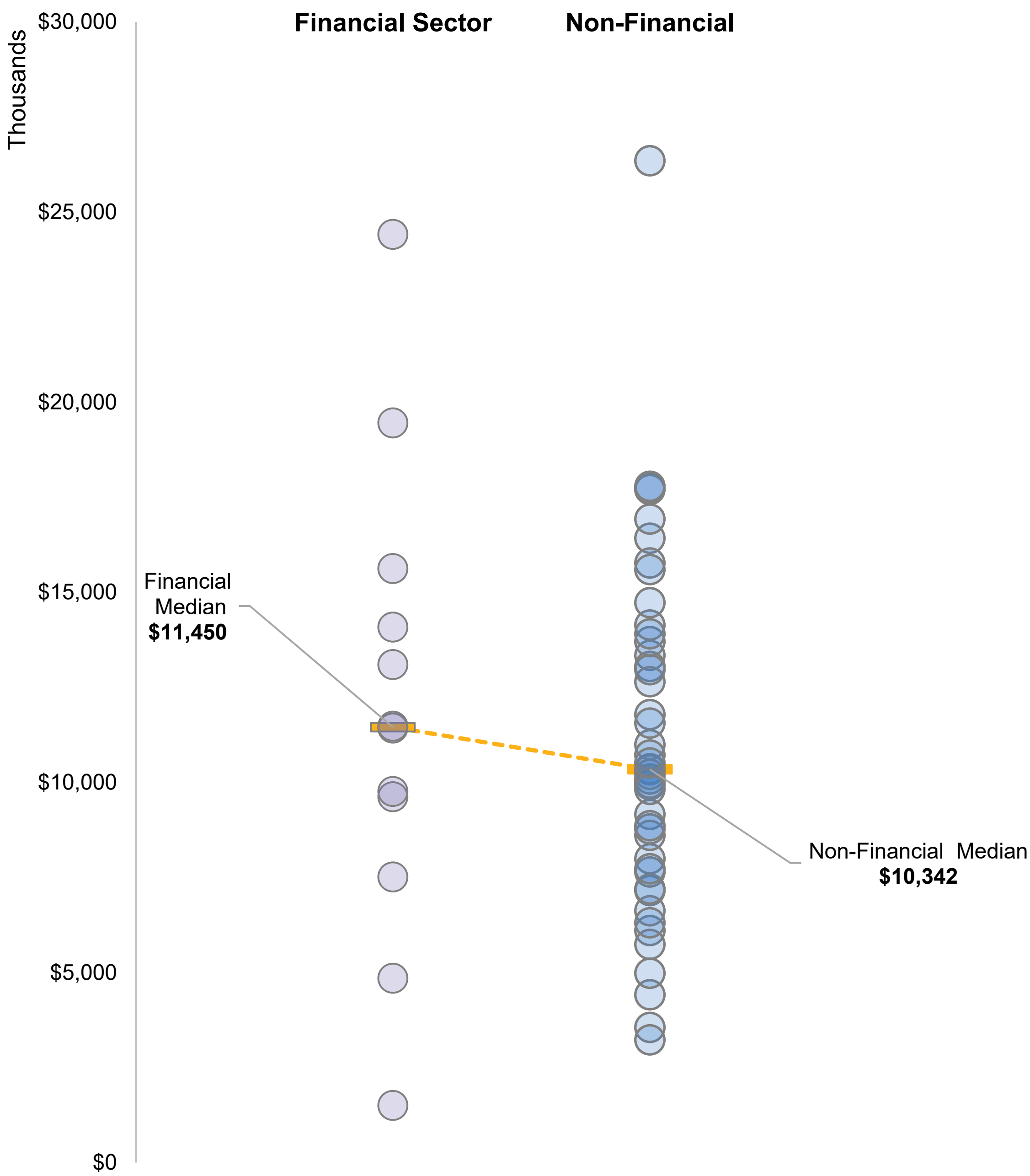
Median CEO Actual Total Pay by Market Capitalization





Median CEO Actual Total Pay by Industry Sector

Distribution of Total Actual CEO Pay
Financials vs. Non-Financials



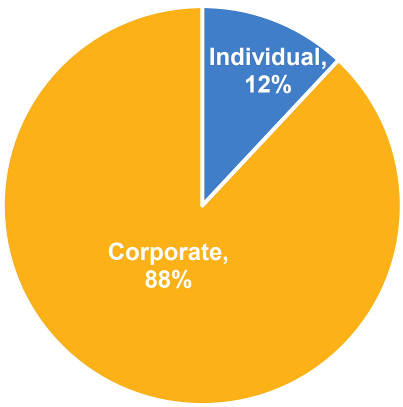
Annual Incentive Plan Design Practices

Annual Incentive Plan Individual vs. Corporate Weightings

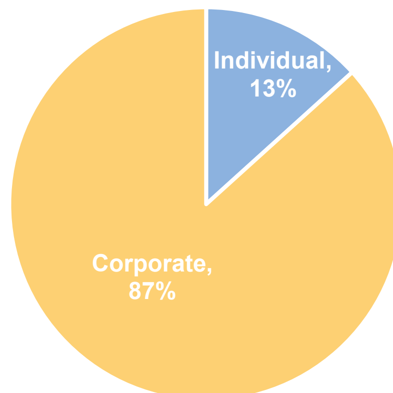
Meridian Comment

CEOs typically have a lower weighting to individual performance than other NEOs given their responsibility and accountability for enterprise-wide company performance. As a practical matter, there are challenges in disclosing in the proxy circular an individual performance factor for the CEO that is significantly different than the corporate result. We are seeing a trend to eliminating the individual performance factor for CEOs with 52% of S&P/TSX60 companies evaluating CEO performance based solely on company performance.

CEO Individual vs. Corporate Weighting

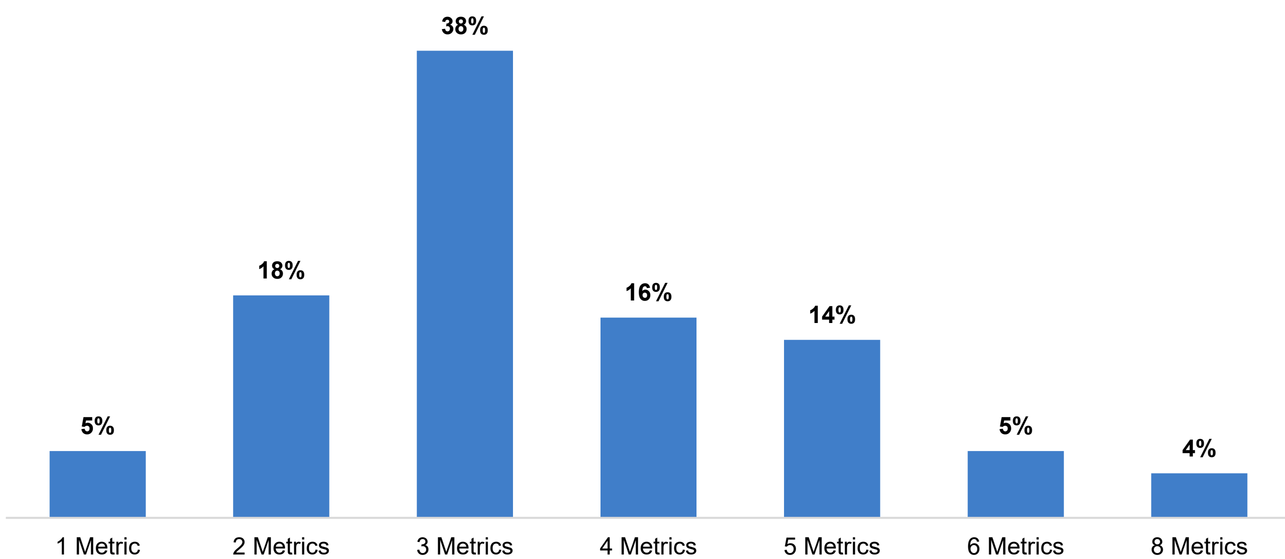


Other NEO Average Individual vs. Corporate Weightings



Number of Metrics Included

The most prevalent number of metrics in S&P/TSX60 annual incentive plans is 3 metrics, with 39% of companies using a balanced scorecard approach (4 or more metrics), a slight decrease from the 41% observed last year.



MERIDIAN COMPENSATION PARTNERS

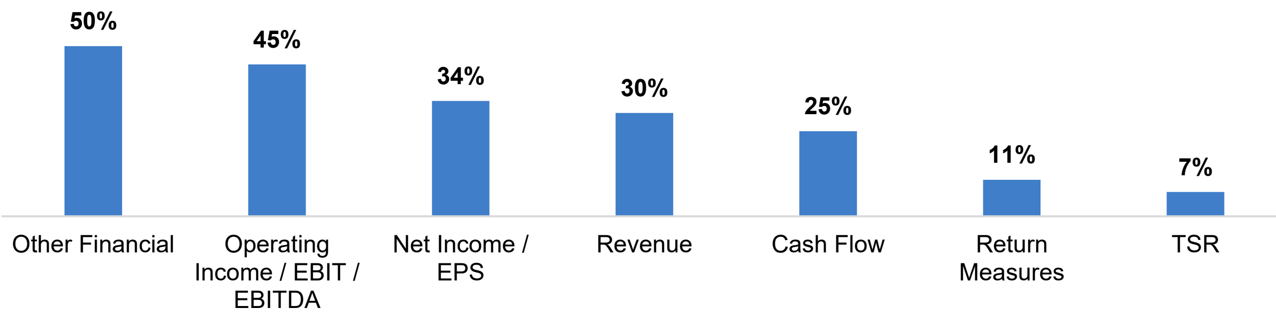
Financial Metrics

Meridian Comment

Operating Income/EBIT/EBITDA is the most prevalent annual incentive metric among S&P/TSX60 companies, used by approximately half of the index, followed by bottom-line earnings measures such as Net Income/EPS (34%). “Other Financial” metrics (which represent a broad basket of financial measures not captured by the primary categories above) are also common.

Across annual incentive plans, on average, Other Financial metrics are weighted 29% of the overall plan, with Operating Income/EBIT/EBITDA metrics weighted 45% and Net Income/EPS metrics weighted 48%. These results are directionally consistent with last year, although the average weighting on Other Financial metrics has decreased. Typically, companies include three financial metrics in the annual incentive plan.

Financial Metrics Used to Determine Annual Incentive Plan Payouts



***Note**: Sum of prevalence percentages exceeds 100% due to companies that include multiple types of non-financial metrics.*

[1] “Other” includes metrics such as: balance sheet goals, funds from operations, etc.

Metric	Median Weighting	Average Weighting
Other Financial	23%	29%
Operating Income/EBIT/EBITDA	38%	45%
Net Income/EPS	50%	48%
Revenue	27%	30%
Cash Flow	24%	22%
Return Measures	18%	19%
TSR	10%	15%

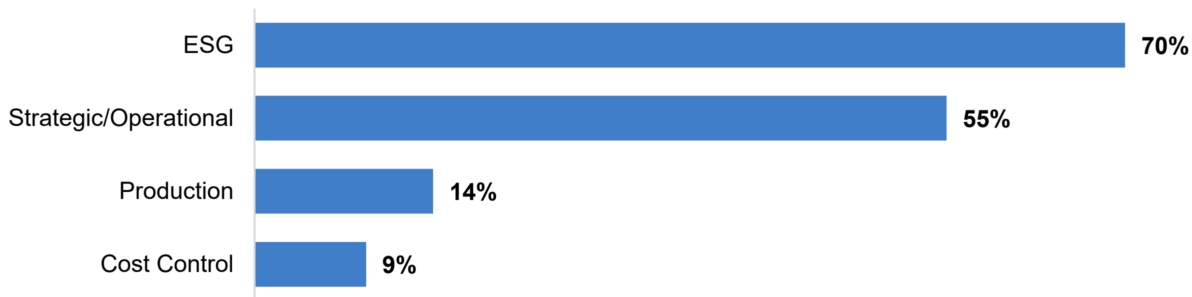
***Note**: Weighting statistics only consider companies that use the metric in the annual incentive plan and define a weighting (i.e., excludes instances of 0% weighting and modifiers).*

Non-Financial Metrics

Meridian Comment

Most companies include non-financial goals in the annual incentive plan. Similar to last year, 70% of S&P/TSX60 companies incorporate an annual incentive plan metric from an ESG category.

Most companies (75%) also incorporate ESG, Strategic/Operational goals, Cost Control and/or Production performance objectives in their annual incentive plans, typically as supplements to the financial metrics.

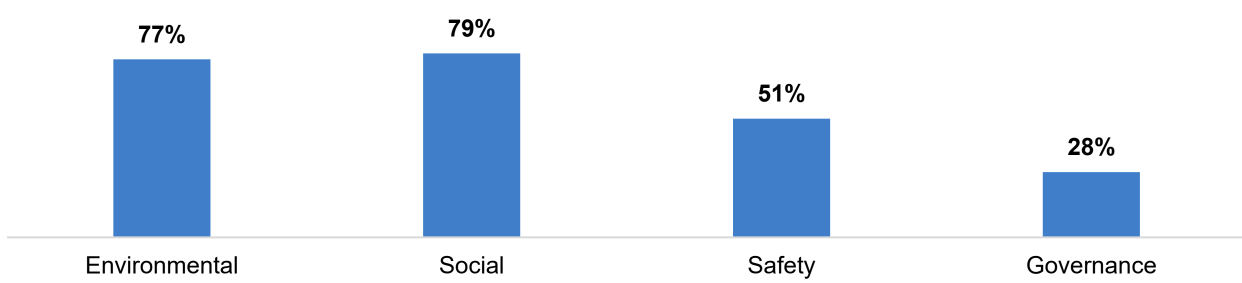


***Note**: Sum of prevalence percentages exceeds 100% due to companies that include multiple types of non-financial metrics.*

Metric	Median Weighting	Average Weighting
ESG	20%	23%
Strategic/Operational	25%	26%
Production	18%	21%
Cost Control	18%	20%

***Note**: Weighting statistics only consider companies that use the metric in the annual incentive plan and define a weighting (i.e., excludes instances of 0% weighting and modifiers).*

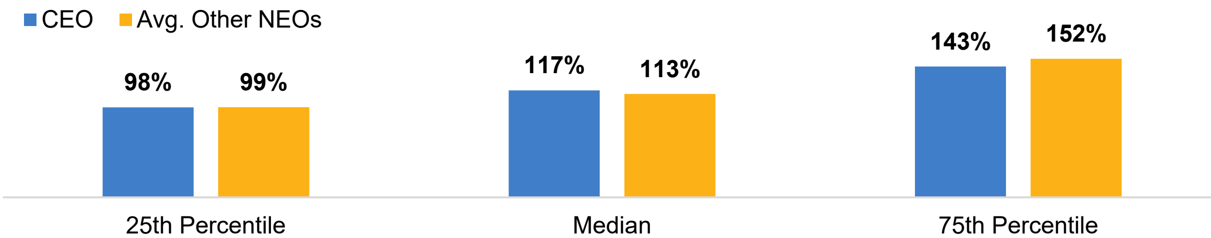
97% of companies include ESG as a discrete, weighted metric while a minority of peers (3%) include ESG as both a discrete metric and a modifier. Environmental and Social metrics are the most prevalent ESG metrics included in annual incentive plans. Relative to last year, Environmental and Social metrics have somewhat decreased in prevalence (from 82% each), accompanied by a decline in Governance metrics (from 37%). By contrast, Safety metrics (a subset of Social metrics) have increased in prevalence, from 45% last year.



Multiplicative vs. Additive Plan Structure

A majority of S&P/TSX60 companies (77%) use an additive annual incentive plan structure, with each metric weighted and added to determine final payouts.

Actual STIP Payout for Most Recently Completed Fiscal Year



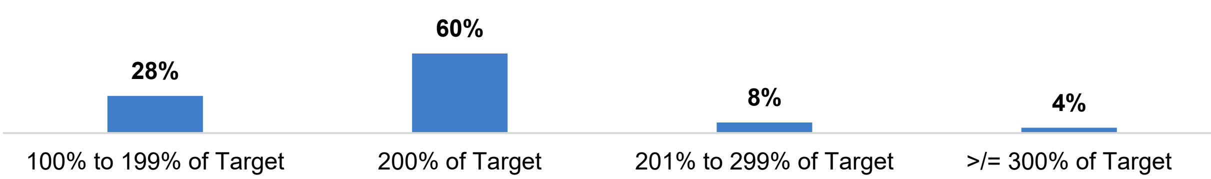
Payout Curves (Leverage)

Meridian Comment

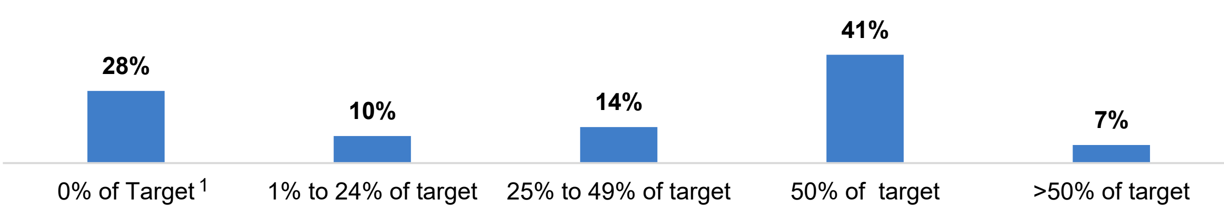
The most prevalent maximum annual incentive payout opportunity is 200% of target (60% of companies) and nearly all S&P/TSX60 companies (93%) set a threshold payout opportunity at or below 50% of target. A 200% payout for maximum performance was prevalent at 55% of companies, representing a 5% increase in prevalence year-over-year.

Exact threshold payout opportunities vary. A minority of companies (28%) interpolate payouts all the way down to 0% (i.e., performance just above threshold earns a $1 payout). Most companies, however, set the overall plan payout threshold above 0% of target. It is most common to set the threshold payout at 50% of target performance.

Maximum Potential Payout (as a Percent of Target)



Threshold Payout (as a Percent of Target)



[1] *Payouts start at $0 for threshold level performance.*

Annual Incentive Performance Curves

Meridian Comment

Typically, these threshold and maximum goals are associated with a 50% of target and 200% of target payout, respectively.

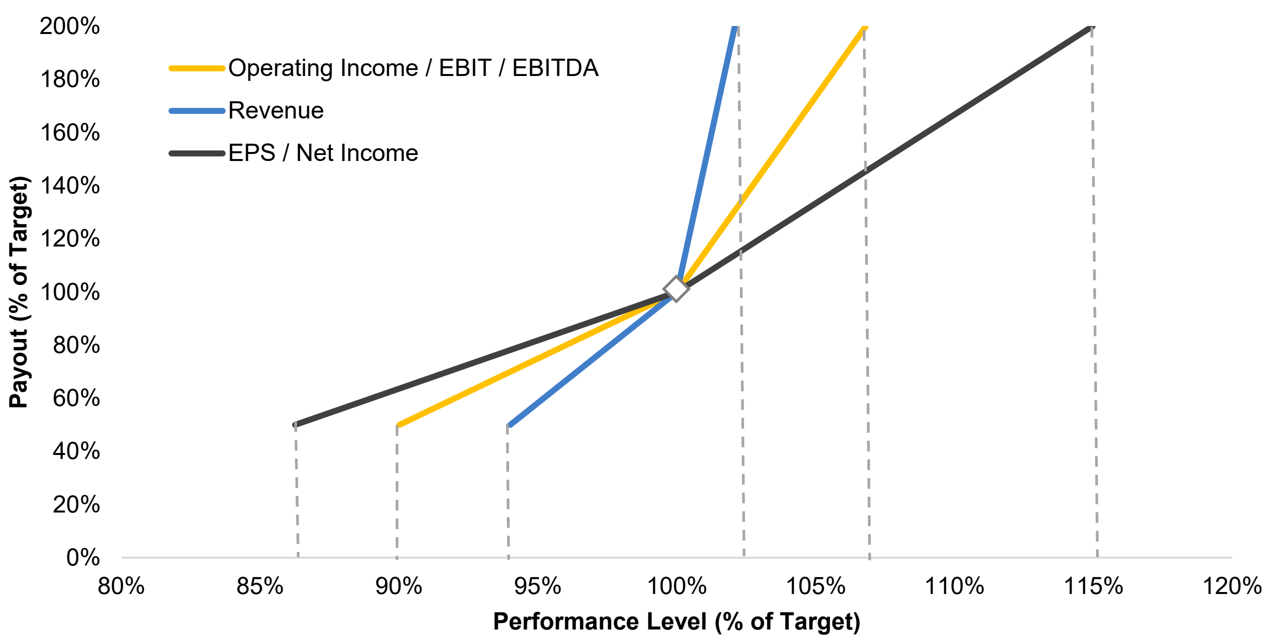
When establishing these goals, S&P/TSX60 companies tend to set narrower performance ranges for revenue goals than for other financial metrics, reflecting better line of sight for management to achieving performance goals that are further up the income statement. Although market results provide useful insights, other factors play a significant role in shaping the structure of performance goal ranges. These factors include internal budget and performance expectations, investor demands, and company-specific elements such as pay philosophy, capital structure, overall performance and volatility.

The median threshold and maximum performance requirements (as a percentage of the target goal) for companies using three common financial metrics are provided below.

Financial Metrics	Median Threshold Performance Goal as a Percent of Target	Median Maximum Performance Goal as a Percent of Target
Operating Income / EBIT / EBITDA	90%	107%
Revenue	94%	102%
Net Income / EPS	86%	115%

Typical performance curves are depicted graphically below. Most often, companies set the threshold *payout* opportunity at 50% of target and the maximum *payout* opportunity at 200% of target.

S&P/TSX60 Performance Curves by Metric Type (Median)



Long-Term Incentive Plan Design Practices

Vehicle Use and Mix

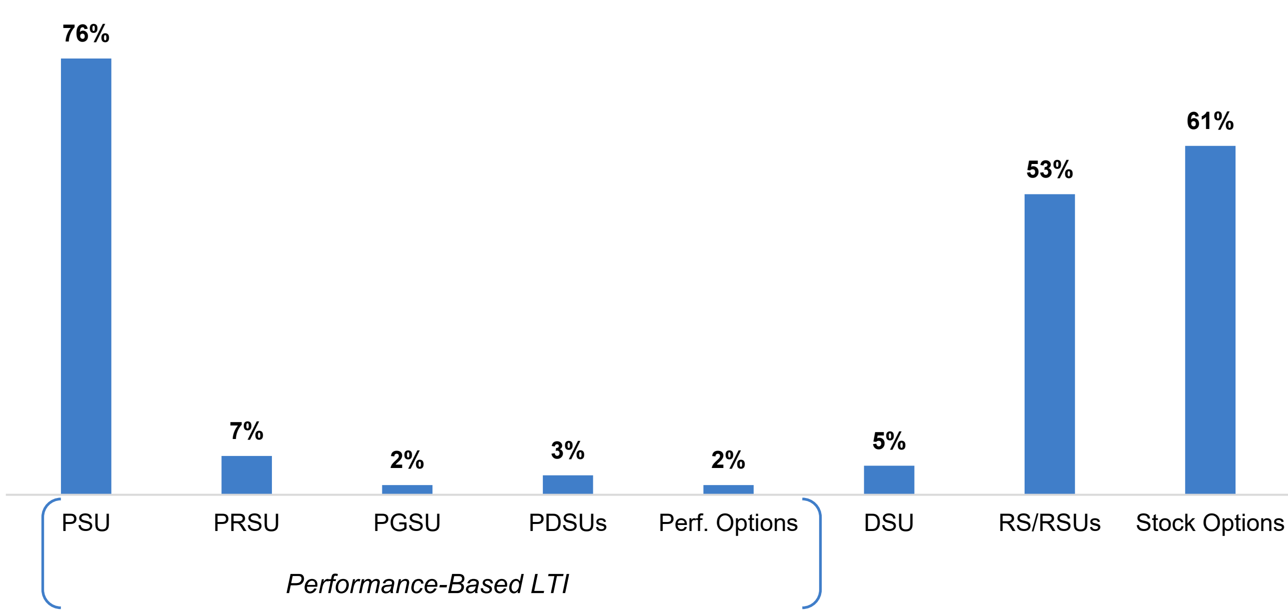
Meridian Comment

The majority of companies (56% for CEOs and 58% for Other NEOs) use two LTI vehicles annually. 25% of companies use three LTI vehicles for the CEO and 27% for Other NEOs, while fewer companies rely on a single LTI vehicle.

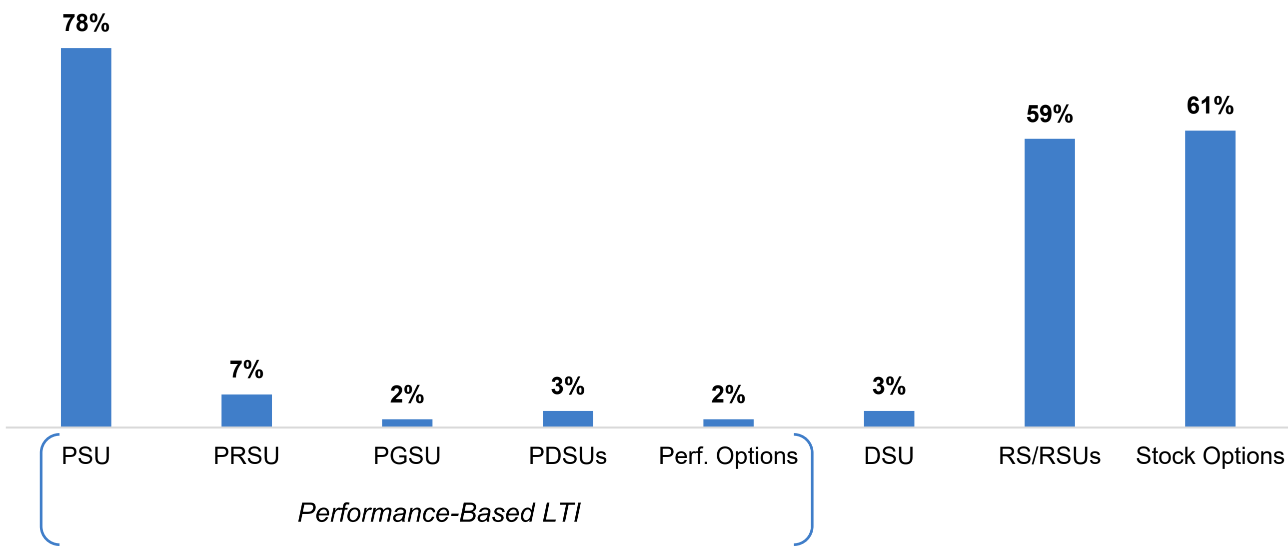
90% and 92% of S&P/TSX60 companies grant performance share units (or equivalent) to the CEO and Other NEOs, respectively, as this approach underscores their commitment to a pay-for-performance approach to executive pay. Restricted stock units (or equivalent) are used by 53% of companies for the CEO's LTI mix, while 59% use this vehicle for Other NEO's LTI mix. 61% of companies provide Stock Options to CEOs and Other NEOs. Between 2024 and 2025, performance-based LTI held steady as the dominant vehicle, while RS/RSUs gained prevalence at both CEO and NEO levels. Stock options declined modestly year-over-year, suggesting a gradual rebalancing from options toward time-based RSUs, though overall design continues to emphasize performance-based equity.

Legend	
PSU	Performance Share Unit
PRSU	Performance Restricted Share Unit
PGSU	Performance Granted Share Unit
PDSU	Performance Deferred Share Unit
DSU	Deferred Share Unit
RS/RSU	Restricted Share Unit

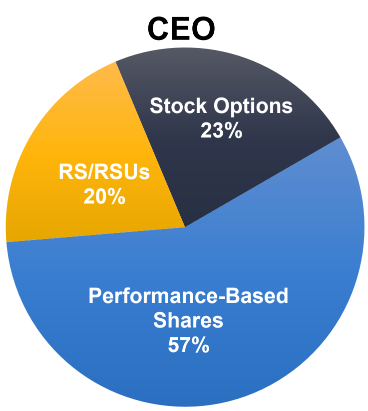
Prevalence of LTI Vehicles at the CEO Level

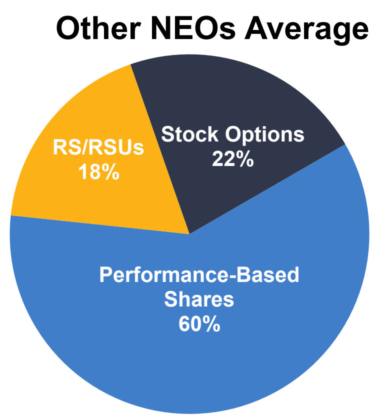


Prevalence of LTI Vehicles at the NEO Level



Stated LTI Mix (Based on Value)





Note: *Performance-Based Shares include PSU, Performance Restricted Share/Stock Units, Performance Granted Restricted Stock/Share Unit, Restricted Performance Share/Stock Units, Performance Options and Performance DSUs*

Number of Vehicles	Prevalence
1 Vehicle	19%
2 Vehicles	56%
3 Vehicles	25%

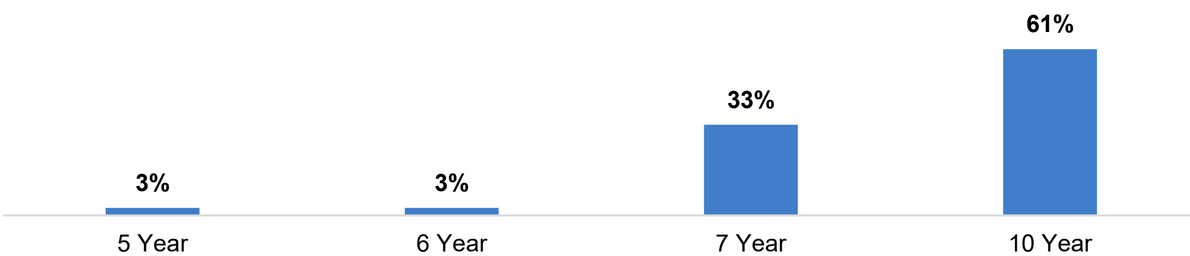
Number of Vehicles	Prevalence
1 Vehicle	15%
2 Vehicles	58%
3 Vehicles	27%

For most companies (82%), the disclosed LTI mix is the same for the CEO and Other NEOs.

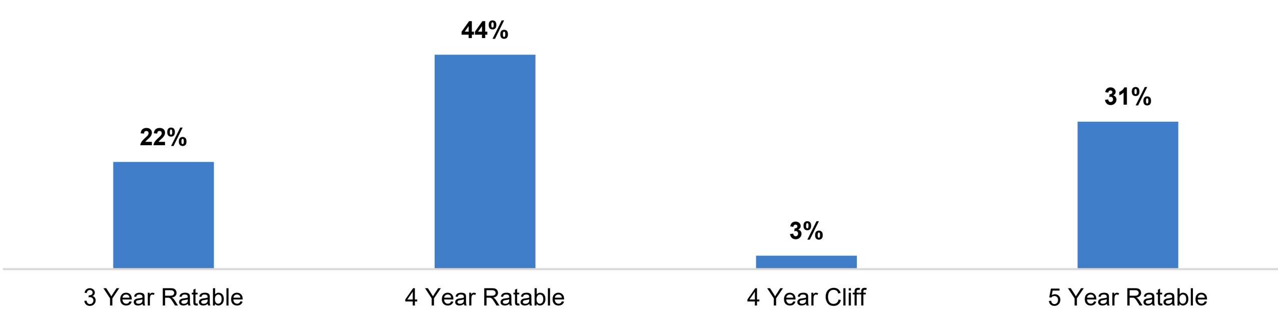
LTI Vehicle Vesting

Stock Options[1]

Similar to last year, 61% of the S&P/TSX60 use a 10 year option term, with the next most prevalent term being 7 years (33%).



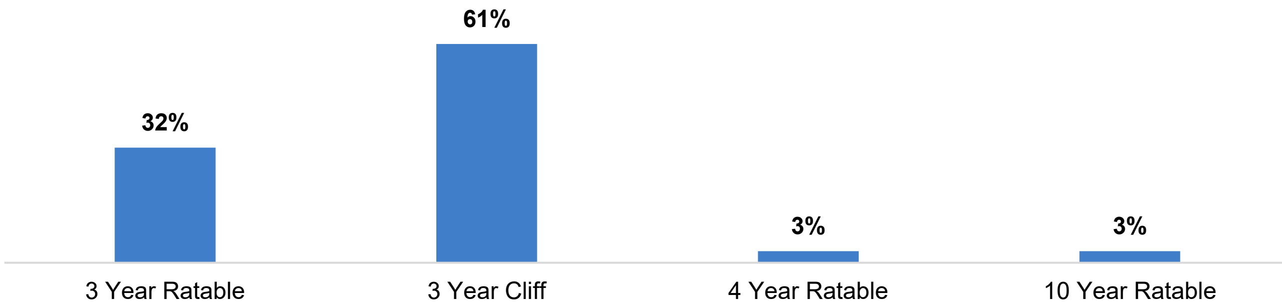
The most prevalent vesting schedule for stock options is 4 Year Ratable, followed by 5 Year Ratable (31% prevalence) and 3 Year Ratable (22% prevalence).



[1] *Term and vesting schedules reflect CEO details.*

Restricted Share Units (RS/RSUs)[1]

Consistent with last year's results, the most prevalent vesting schedule for RS/RSUs is 3 Year Cliff at 61% prevalence, followed by 3 Year Ratable with 32% prevalence.



[1] *Vesting schedules reflect CEO details.*

Performance-Based Long-Term Incentives

Meridian Comment

87% of S&P/TSX60 companies set goals on a 3-year cumulative basis, with fewer setting multiple 1-year goals over the performance period. Among S&P/TSX60 companies, the standard performance period is three years.

Consistent with last year, TSR and financial return metrics are the most prevalent PSU metrics (75% and 45%, respectively) with average weightings of 60% and 49%, respectively.

Relative TSR measures come in two forms: a discrete weighted metric or a performance modifier (discussed in more detail on the following pages).

Across financial incentive metrics, the average weighting per metric is at least ~30%, whereas for non-financial metrics the average weighting is ~25%. Unlike annual incentive plans, which often feature several metrics with low allocated weighting, each long-term incentive metric typically accounts for a more substantial portion of the overall plan.

Goal Setting

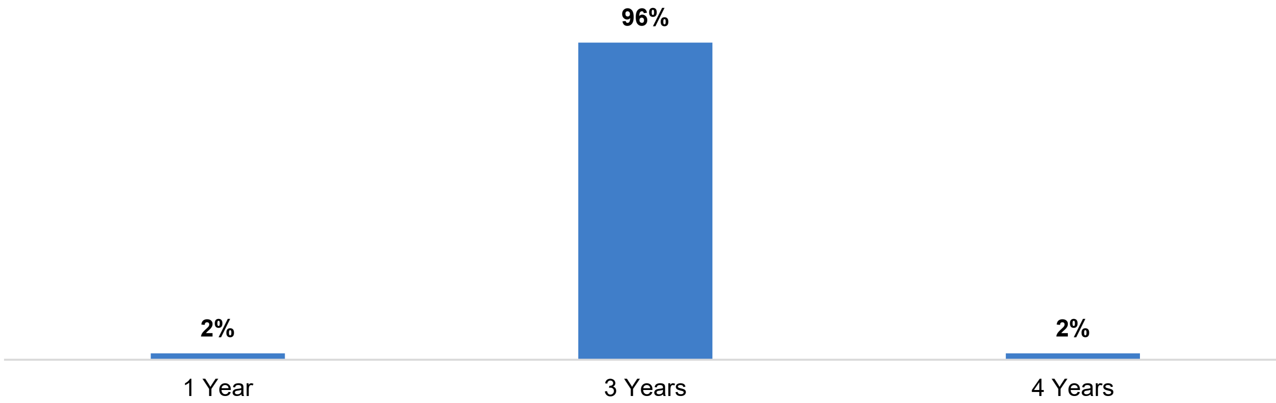
Most companies set multi-year goals to determine performance-based award payouts.

Goal Setting Approach	Prevalence[1]
Multi-Year Goals (e.g., 3-year cumulative)	87%
Multiple 1-Year Goals over Performance Period with Goals set Annually	30%
Other	6%

[1] *Sum of prevalence exceeds 100% as companies may set goals differently for different performance metrics.*

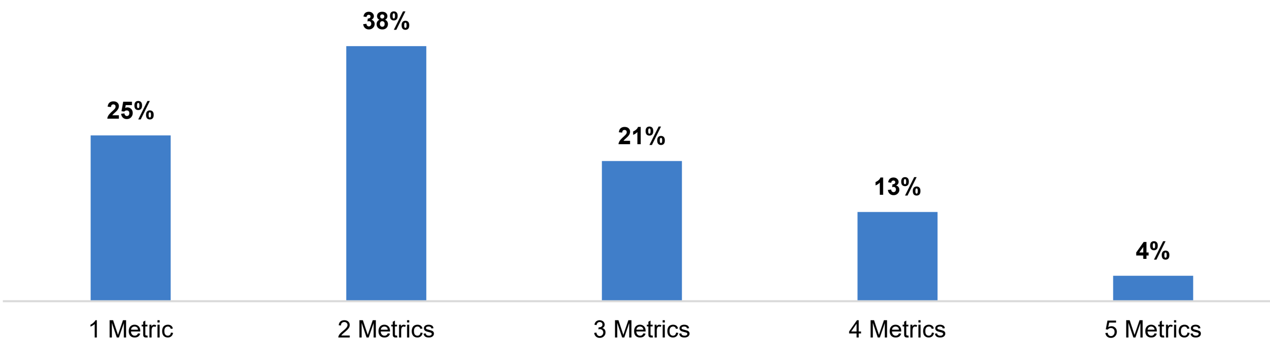
Performance Periods

The overwhelming majority of companies use a three-year performance period.

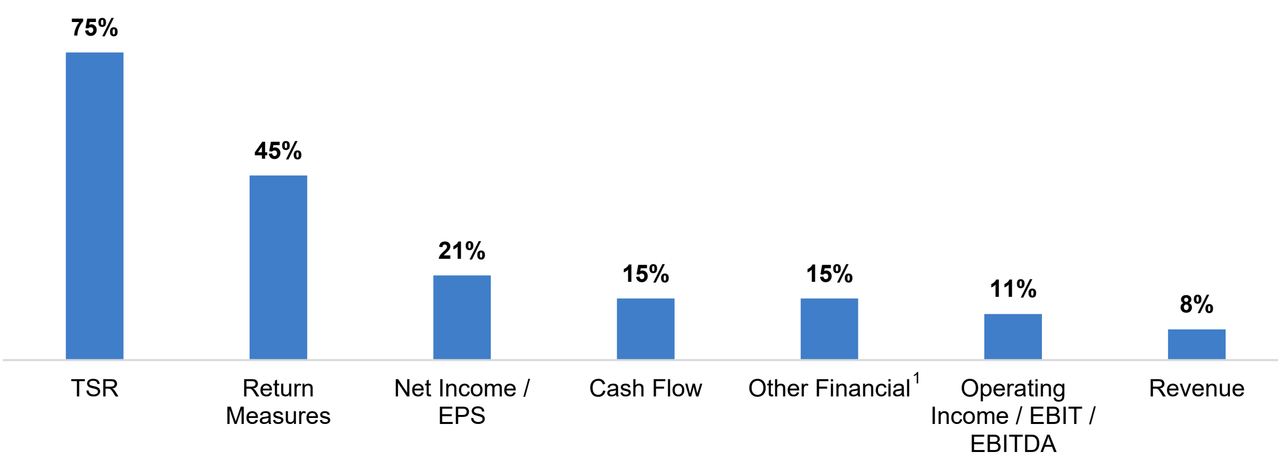


Number of Metrics Included

The most prevalent number of metrics in S&P/TSX60 long-term incentive plans is 2 metrics, with a minority of peers (17%) of companies using a balanced scorecard approach (the inclusion of 4 or more metrics). Between 2024 and 2025, companies shifted away from single-metric annual incentive plans toward two-metric designs, which are now the most common structure.



Financial Metrics Used to Determine Performance-Based Award Payouts



[1] "Other" includes metrics such as: Dividend Rate, Efficiency Ratios, etc.

Metric	Median Weighting	Average Weighting
TSR	**50%**	**60%**
Return Measures	**45%**	**49%**
Net Income/EPS	**50%**	**63%**
Cash Flow	**45%**	**40%**
Other Financial	**44%**	**37%**
Operating Income/EBIT/EBITDA	**50%**	**49%**
Revenue	***Insufficient Data to Generate Median***	**46%**

***Note**: Weighting statistics only consider companies that use the metric in the long-term plan and define a weighting (i.e., excludes instances of 0% weighting and modifiers).*

Non-Financial Metrics

Meridian Comment

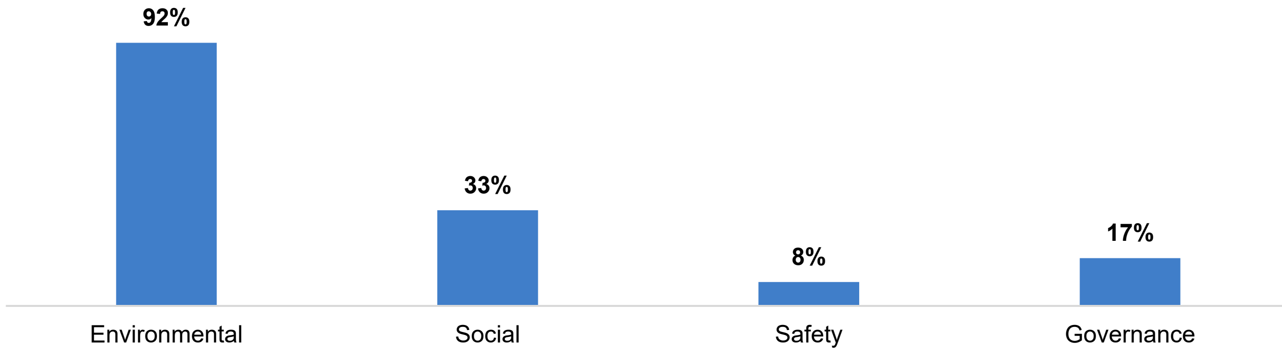
About a third of companies incorporate non-financial goals into the long-term incentive plan.

In terms of Environmental, Social and Governance metric prevalence, 23% of S&P/TSX60 companies incorporate a long-term incentive plan metric focusing on one of those topics, down from 29% last year.

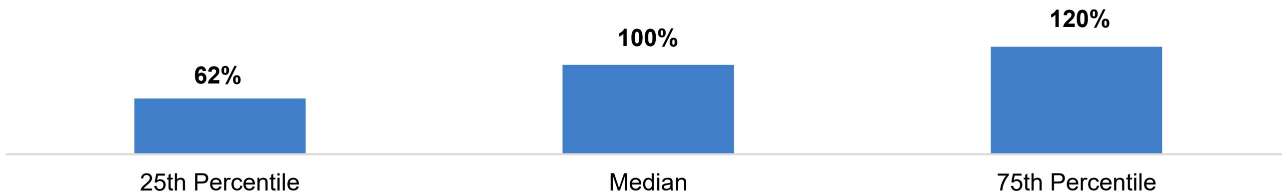
About a third of companies (32%) also incorporate ESG, strategic/operational goals, Cost Control and/or production performance objectives in their long-term incentive plans, typically as supplements to the financial metrics. Last year, ESG was prevalent in 29% of long-term incentive plans whereas this year we are seeing a slight decrease in prevalence at 23%.

***Note**: Sum of prevalence percentages exceeds 100% due to companies that include multiple types of non-financial metrics.*

92% of companies include ESG as a discrete, weighted metric while a minority of peers (8%) include ESG as a modifier. Compared to last year, more companies are including ESG as a discrete, weighted metric while use of modifiers has declined. Within ESG categories, Environmental metrics have increased in prevalence, while Social metrics have decreased



Actual LTIP Payout for Most Recently Completed Performance Cycle



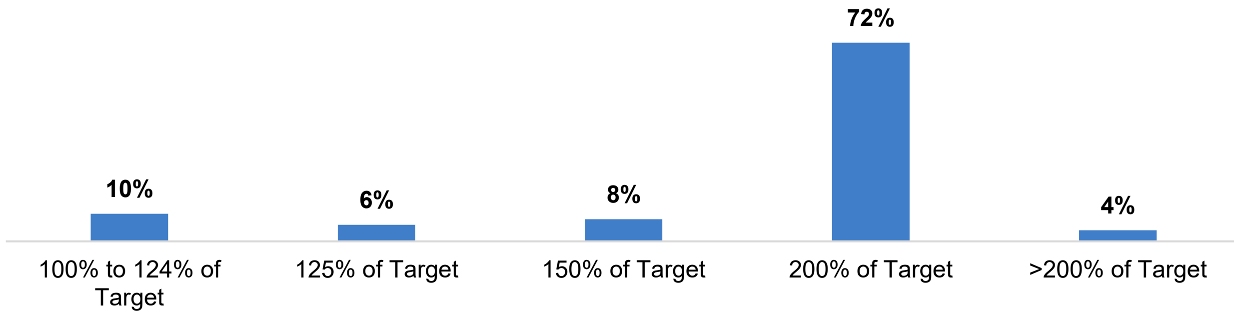
Payout Curves (Leverage)

Meridian Comment

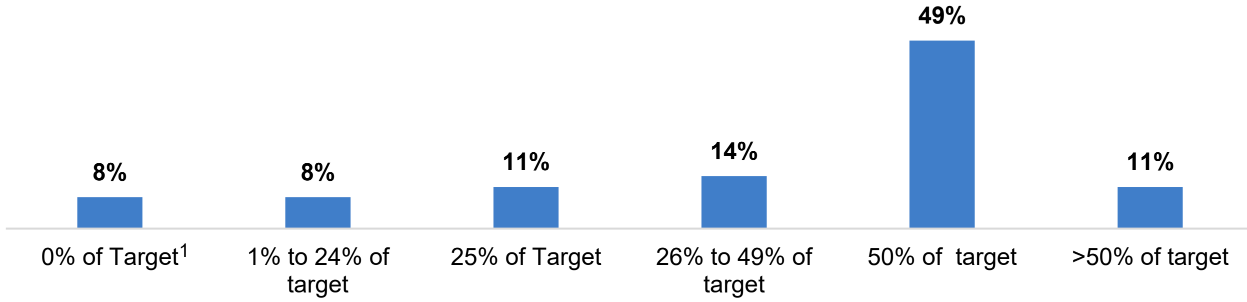
The most prevalent maximum payout opportunity within long-term incentive plans among the S&P/TSX60 companies is 200% of target (72%) and companies generally set threshold payout opportunity at or below 50% of target. Year-over-year, more companies shifted to a 200% maximum payout, while threshold payouts remain most commonly set at 50% of target.

Exact threshold payout opportunities are varied. Most companies set the overall plan payout threshold above 0% of target. On an individual metric basis, it is most common to set the threshold payout at 50% of target performance.

Maximum Potential Payout (as a Percent of Target)



Threshold Payout (as a Percent of Target)



[1] *Payouts start at $0 for threshold level performance.*

Long-Term Incentive Performance Curves

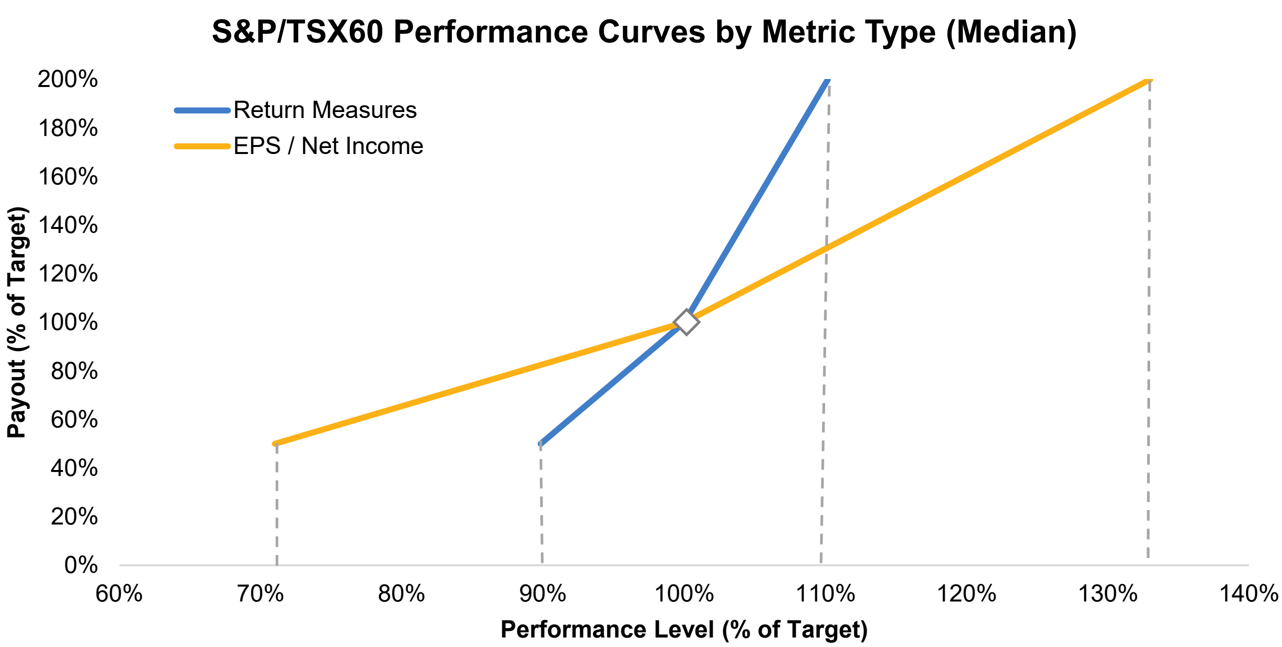
The median threshold and maximum performance requirements (as a percentage of the target goal) for companies using two common financial metrics are provided below.

Financial Metrics	Median Threshold Performance Goal as a Percent of Target	Median Maximum Performance Goal as a Percent of Target
Return Measures	90%	110%
Net Income / EPS	71%	133%

Note: Table shows financial metrics with sufficient data to generate meaningful statistics

Typical performance curves are depicted graphically below. Most often, companies set the threshold *payout* opportunity at 50% of target and the maximum *payout* opportunity at 200% of target.

This year, we are seeing a broader range of Net Income/EPS performance shoulders; however, these statistics are based only on companies that disclose goals, and year-over-year shifts in the set of companies using these metrics may artificially impact the underlying results.

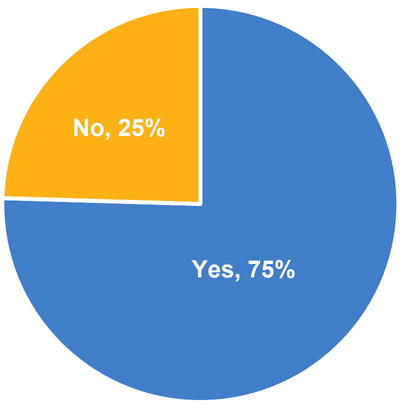


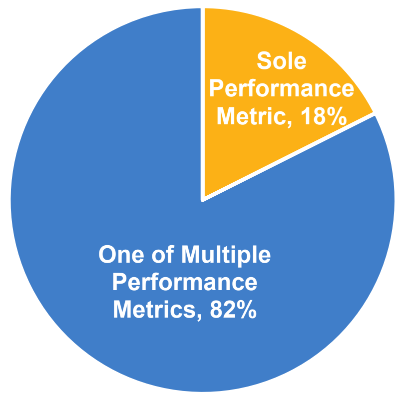
Relative TSR Performance Metrics

Meridian Comment

Relative TSR modifiers, like weighted metrics, help ensure that the final payouts of long-term incentive awards are aligned with the value delivered to shareholders. Incorporating relative TSR as a modifier can help ensure that there is a link between payout and relative market performance while leaving the majority of the payout opportunity subject to financial (or non-financial) performance that is more controllable by management.

Similar to last year's results, 75% of the S&P/TSX60 include a relative TSR metric in the long-term performance plan. However, it is a minority practice (18%) to use relative TSR as the sole performance metric.





85% of S&P/TSX60 companies use relative TSR as a discrete, weighted metric, while a minority (15%) include relative TSR as a modifier in long-term incentive plans.

Relative TSR Performance Goals

Meridian Comment

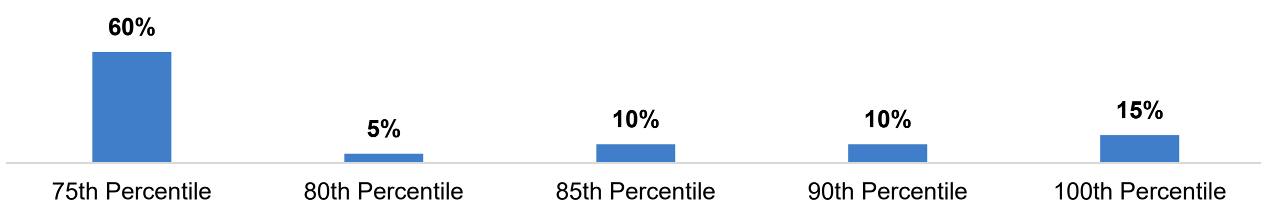
When setting performance ranges for relative TSR, market prevalence data is just one factor to consider. The appropriate performance range can vary based on the performance period, the maximum payout multiplier and the size of the peer group and other factors.

Recently, there has been increased focus on negative TSR caps, which limit upside payouts for performance periods of negative absolute total returns. Currently, 20% of companies with long-term relative TSR plans have a negative TSR cap in place. For these companies, payouts are capped at the target level if TSR is not positive for the performance period. While some institutional investors and proxy advisors support negative TSR caps, arguing they protect shareholder interests during downturns, other stakeholders believe these caps undermine the incentive to outperform peers during challenging macroeconomic conditions.

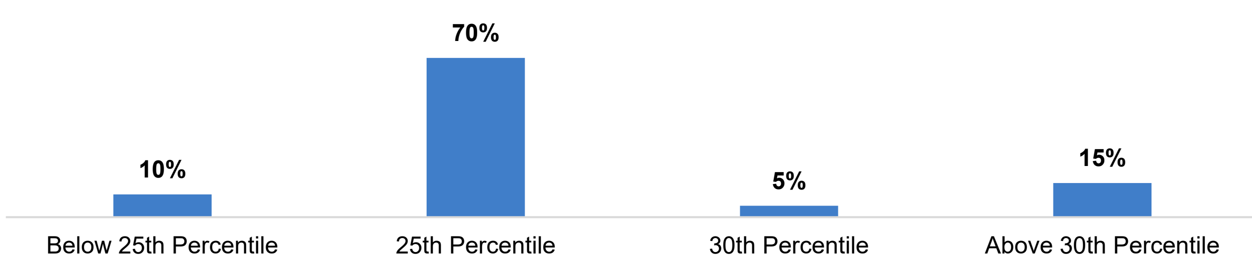
Percentile Rank Relative to the Comparator Group

When relative TSR is used, the majority of companies set *target* performance level at the 50th percentile (excludes relative TSR modifiers).

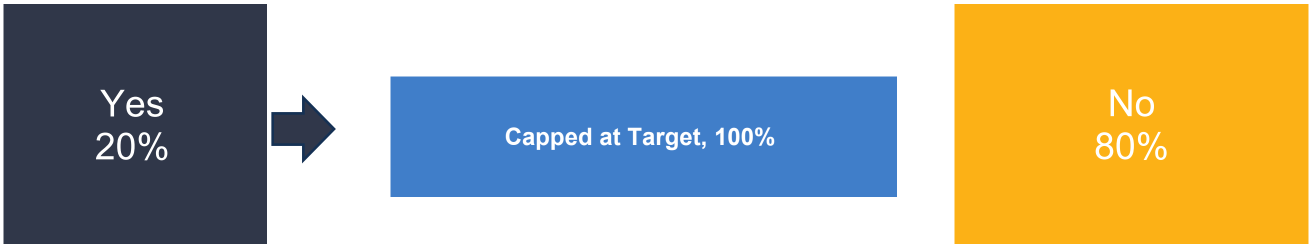
When setting relative TSR *maximum* performance level, companies set it at one of the following percentiles (excludes relative TSR modifiers), with the 75th percentile being most prevalent.



A majority of companies set *threshold* performance level for relative TSR at the 25th percentile (excludes relative TSR modifiers).



Negative TSR caps limit payouts in cycles with negative <u>absolute</u> TSR, regardless of relative performance. 20% of companies that use relative TSR disclose the use of a negative TSR cap, while 80% do not. The prevalence of negative TSR caps declined (24% in 2024), with all capped companies in both years limiting payouts at target rather than reducing them to zero.



Proxy Disclosure Practices

CEO Pay Ratio

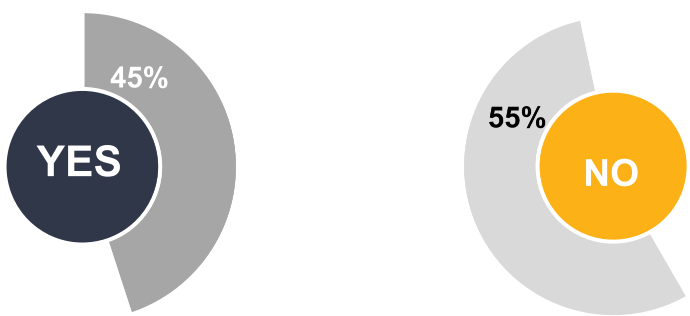
Meridian Comment

90% of S&P/TSX60 companies do not voluntarily disclose a CEO pay ratio in their proxy circulars (last year, 95% did not disclose). This disclosure is a mandatory requirement for publicly traded U.S. companies but is not required for Foreign Private Issuers.

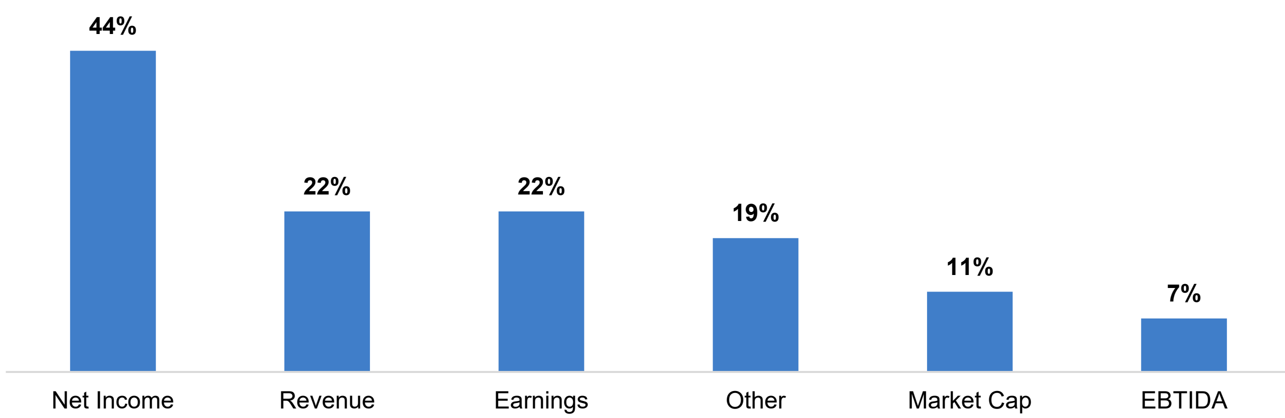
Prevalence of Companies that Voluntarily Disclose CEO Pay Ratio Statistics

Cost of Management Ratio

Prevalence of Companies that Disclose Cost of Management Ratio Statistics



Financial Metrics used for Cost of Management Comparisons:



“What We Do” / “What We Don’t Do”

45% of the S&P/TSX60 include a “What We Do/Don’t Do” in their compensation disclosure to highlight key compensation and governance practices adopted at the organization. This represents an increase from last year’s prevalence of 40%.

Compensation Philosophy Disclosure

Similar to last year, 63% of the S&P/TSX60 include disclosure of targeted pay positioning for executives. Fewer companies include a more generic disclosure which highlights high level compensation priorities and objectives.

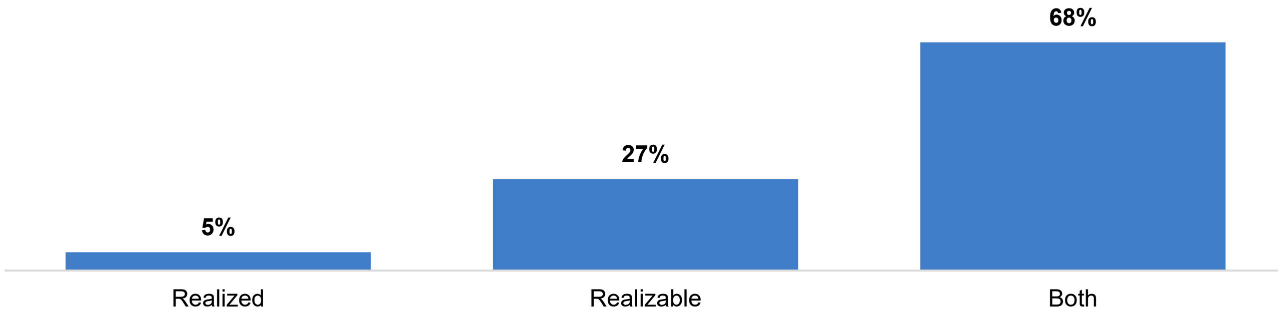
Voluntary Realized/Realizable Pay Disclosure

Meridian Comment

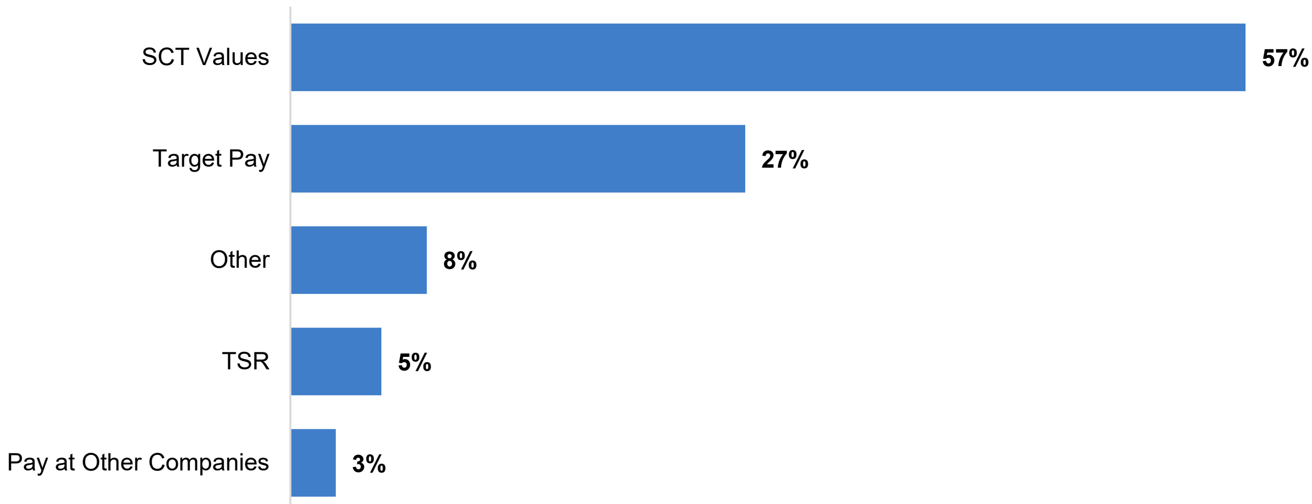
More than half of the S&P/TSX60 (62%) include some kind of voluntary realized or realizable pay disclosure, a slight increase over last year’s prevalence of 60%. Similar to last year, the majority of companies include both realized and realizable pay in this analysis and most often compare pay to Summary Compensation Table values. Historically, we have seen investors and other observers respond well to this voluntary disclosure to address instances of pay and performance disconnect.

Prevalence of Companies with Disclosure

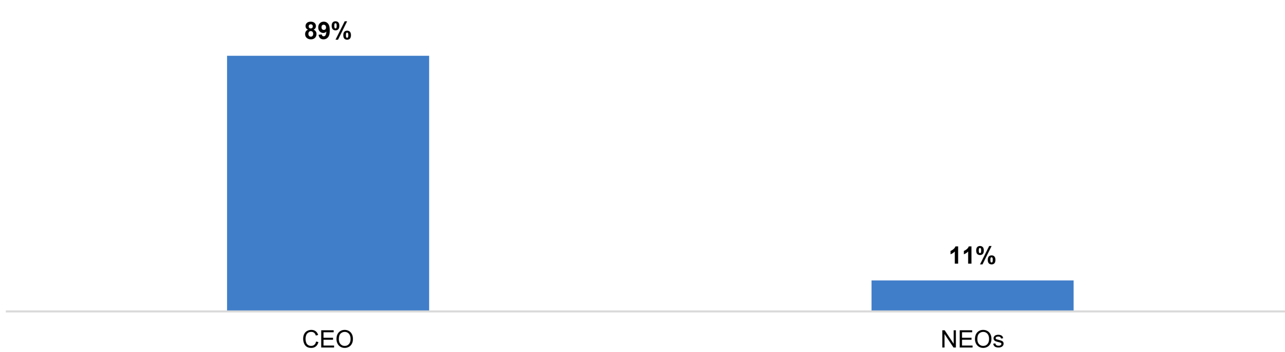
Prevalence of Pay Disclosure



What is Pay Compared to?



Which Executives' Compensation is Included?



Director Compensation

Meridian Comment

Similar to last year, S&P/TSX60 company boards tend to have between 8 to 10 and 11 to 13 directors (equally prevalent at 40%), with the median total cost of board being ~$3.3M and the median number of directors being 10.

Deferred Share Units (DSUs) continue to be the most common form of equity vehicle used for Directors, in Canada.

98% of the S&P/TSX60 pay an additional retainer to the Board Chair, while 89% pay additional retainers for the Lead Director position (an increase from last year's prevalence of 80%).

Total Cost Of Board[1]

Percentile	$
75th Percentile	$4,092,583
Median	$3,264,733
25th Percentile	$2,430,018

Cash Retainer[1]

Percentile	$
75th Percentile	$140,405
Median	$125,000
25th Percentile	$100,684

Equity Retainer[1]

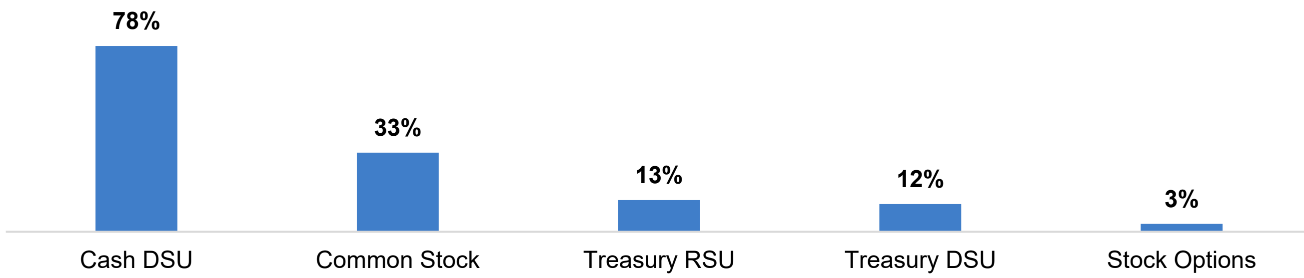
Percentile	$
75th Percentile	$195,000
Median	$160,000
25th Percentile	$120,000

Total Annual Retainer: Total Cash and Equity Retainer[1]

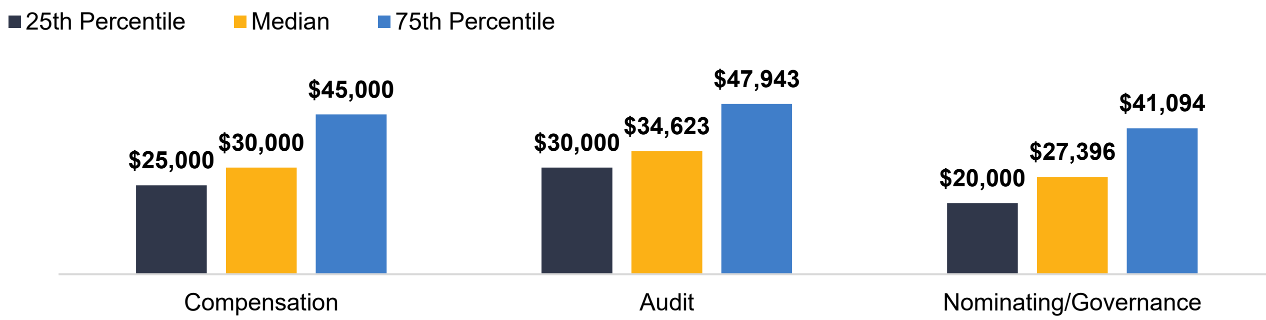
Percentile	$
75th Percentile	$342,450
Median	$275,000
25th Percentile	$240,000

[1]*For the purposes of this exercise, compensation values are presented in the currency of original payment by each company (e.g., a nominal 1:1 exchange rate was applied). Canadian companies paying all directors in USD have been converted to CAD using the average annual Bank of Canada exchange rate (CAD$1.3698/USD$1)*

Equity Delivery

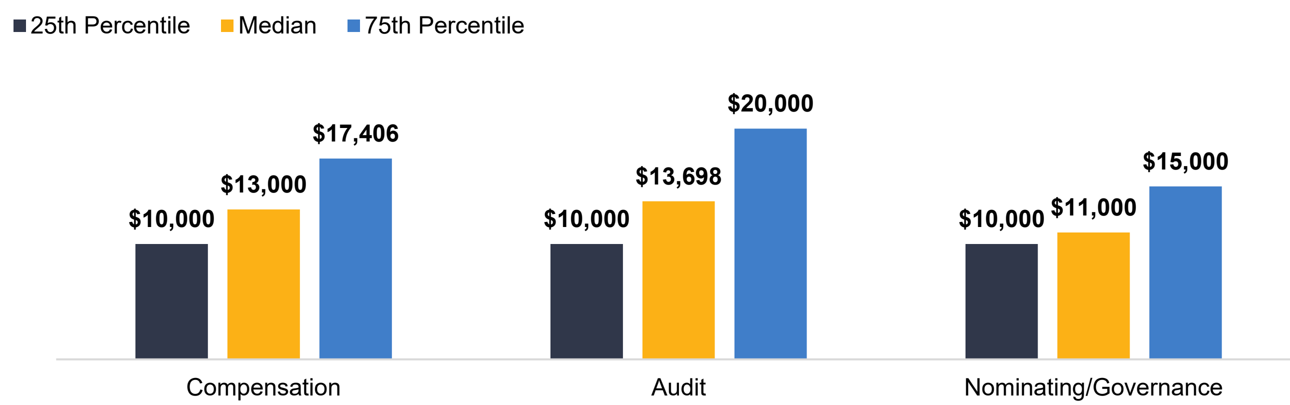


Committee Chair Fees (All Board Committees)[1]



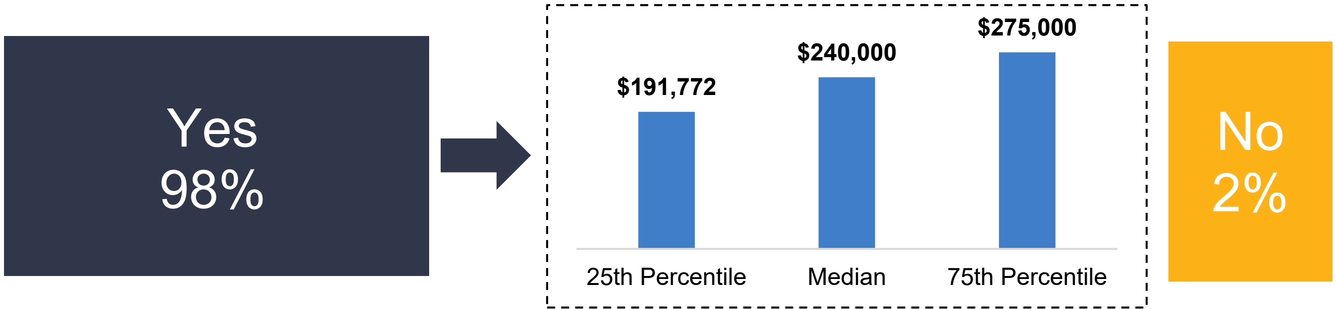
Committee Membership Fees (All Board Committees)[1]

Of the S&P/TSX60 companies that provide committee fees to directors, 59% provide committee membership fees while 41% do not, consistent with last year's findings.



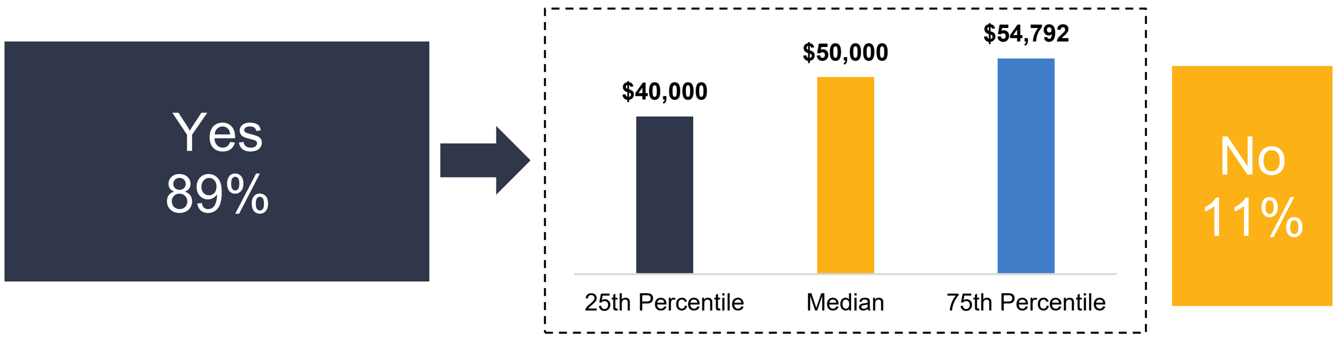
Board Chair Fees[1]

Of the companies that have a Non-Executive Board Chair, a strong majority (98%) provide additional fees to designated Board Chairs. The median additional annual fee is $240,000.



Lead Director Fees[1]

Of the companies that have a Lead Director, a majority of S&P/TSX60 companies (89%) provide additional fees to Lead Directors. The median additional annual fee is $50,000.



[1]*For the purposes of this exercise, compensation values are presented in the currency of original payment by each company (e.g., a nominal 1:1 exchange rate was applied). Canadian companies paying all directors in USD have been converted to CAD using the average annual Bank of Canada exchange rate (CAD$1.3698/USD$1)*

Profile of Survey Companies

Methodology

Meridian reviewed the corporate governance and incentive design practices of the S&P/TSX60 (i.e., the largest publicly traded companies by market cap, reflecting sector weight). Financial highlights of the companies are provided below, followed by a full listing of the companies used in the Survey. Financials are shown as of September 1, 2025.

	6-Month Average Market Cap ($M)	Revenues ($M)	Employees	Annualized TSR (3-Year)
75th Percentile	$75,163	$32,304	46,190	86.7%
Median	**$36,944**	**$16,124**	**23,435**	**49.2%**
25th Percentile	$23,511	$8,188	7,976	15.9%

Survey Companies (n = 60)

Agnico Eagle Mines Limited
Algonquin Power & Utilities Corp.
Alimentation Couche-Tard Inc.
Bank of Montreal
Barrick Mining Corporation
BCE Inc.
Brookfield Asset Management Ltd.
Brookfield Corporation
Brookfield Infrastructure Partners L.P.
CAE Inc.
Cameco Corporation
Canadian Apartment Properties Real Estate Investment Trust
Canadian Imperial Bank of Commerce
Canadian National Railway Company
Canadian Natural Resources Limited
Canadian Pacific Kansas City Limited
Canadian Tire Corporation, Limited
CCL Industries
Cenovus Energy Inc.
CGI Inc.
Constellation Software Inc.
Dollarama Inc.
Emera Incorporated
Enbridge Inc.
First Quantum Minerals Ltd.
FirstService Corporation
Fortis Inc.
Franco-Nevada Corporation
George Weston Limited
Gildan Activewear Inc.
Hydro One Limited
Imperial Oil
Intact Financial Corporation
Kinross Gold Corporation
Loblaw Companies Limited
Magna International Inc.
Manulife Financial Corporation
Metro
National Bank of Canada
Nutrien Ltd.
Open Text Corporation
Pembina Pipeline Corporation
Power Corporation of Canada
Restaurant Brands International Inc.
Rogers Communications Inc.
Royal Bank of Canada
Saputo Inc.
Shopify Inc.
Sun Life Financial Inc.
Suncor Energy Inc.
TC Energy Corporation
Teck Resources Limited
TELUS Corporation
The Bank of Nova Scotia
The Toronto-Dominion Bank
Thomson Reuters Corporation
Tourmaline Oil Corp.
Waste Connections, Inc.
Wheaton Precious Metals Corp.
WSP Global Inc.

MERIDIAN COMPENSATION PARTNERS

Meridian Compensation Partners Profile

Meridian Compensation Partners is one of the largest independent executive compensation consulting firms in North America, providing trusted counsel to Boards and Management at hundreds of large and mid-sized companies. We consult on executive and board compensation and their design, amounts and corporate governance. Our many consultants throughout the U.S. and in Canada have decades of experience in pay solutions that are responsive to shareholders, reflect good corporate governance principles and align pay with performance. Our partners average 25 years of executive compensation experience and collectively serve well over 700 clients. Well over 90% of our engagements are at the Board level. As a result, our depth of resources, content expertise and Boardroom experience are unparalleled.

Our breadth of services includes:

- Pay philosophy and business strategy alignment
- Total compensation program evaluation and benchmarking
- Short-term incentive plan design
- Long-term incentive plan design
- Performance measure selection and stress testing
- Employment contracts
- Retirement and deferred compensation
- Risk evaluation
- Informed business judgments on executive pay
- Pay-for-performance analyses
- Corporate governance best practices
- Institutional shareholder and ISS voting guidelines/issues
- Senior management and board evaluations
- Change-in-control and/or severance protections
- Committee charter reviews
- Peer group development
- Peer company performance and design comparisons
- Benefits and perquisites design and prevalence
- Annual meeting preparation
- Senior executive hiring
- Succession planning
- Outside director pay comparisons
- Clawback and anti-hedging design
- Retention programs and strategies
- Tally sheets

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