



HOT TOPICS IN EXECUTIVE COMPENSATION

Hugessen Breakfast Seminar | June 7, 2016

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Agenda for Today's Event

Welcome

Highlights from the 2016 proxy season

Panel introduction

Panel discussion

Audience Q&A

Closing remarks

Highlights from the 2016 Proxy Season

Highlights from the 2016 Proxy Season



Performance and Pay



Pay Mix and Plan Design



Notable Topics and Issues

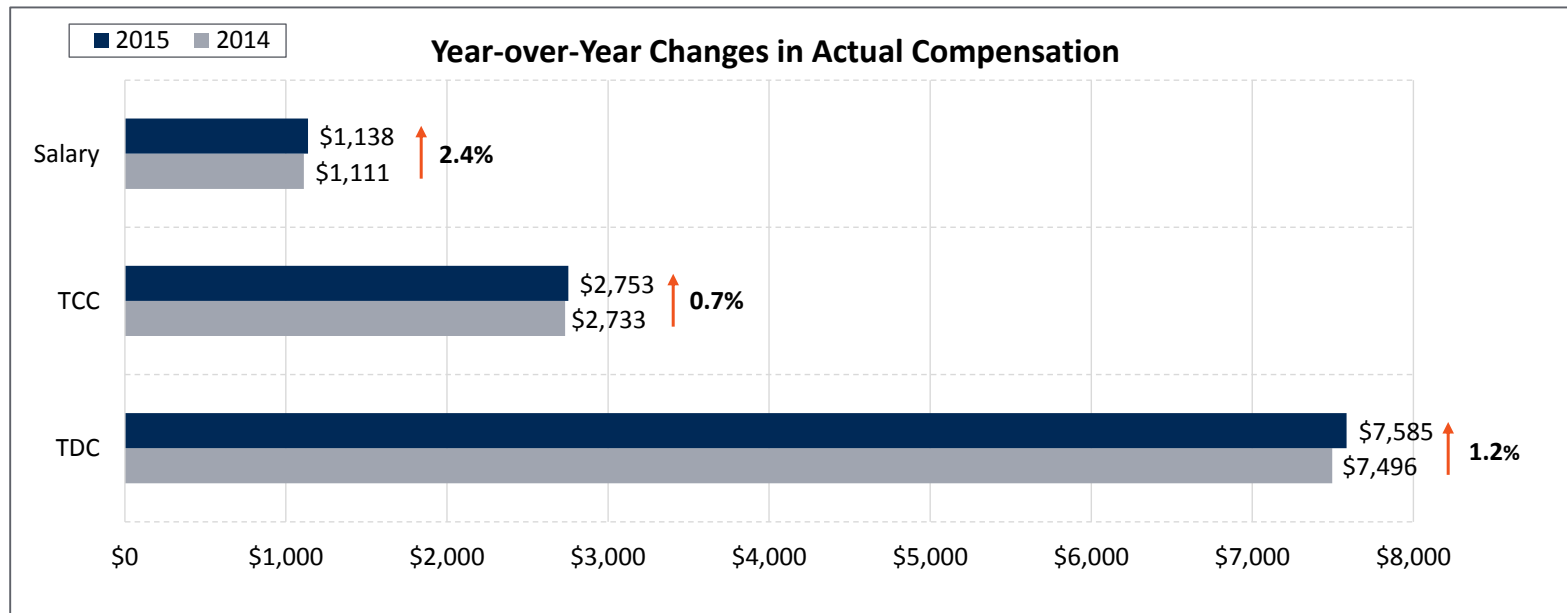
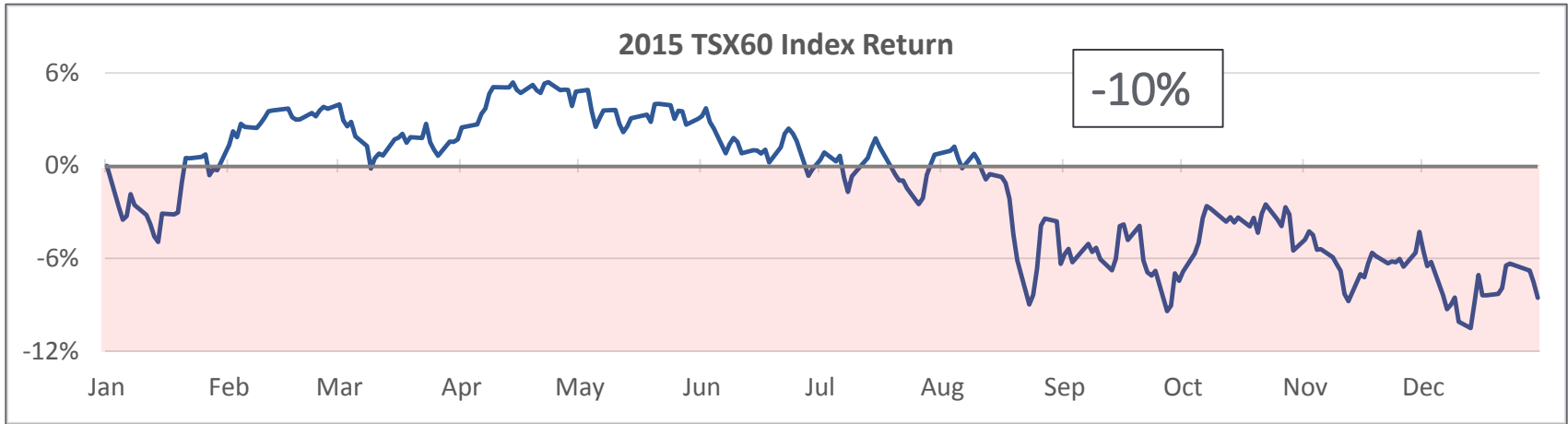


Say on Pay Results

Scope of study:

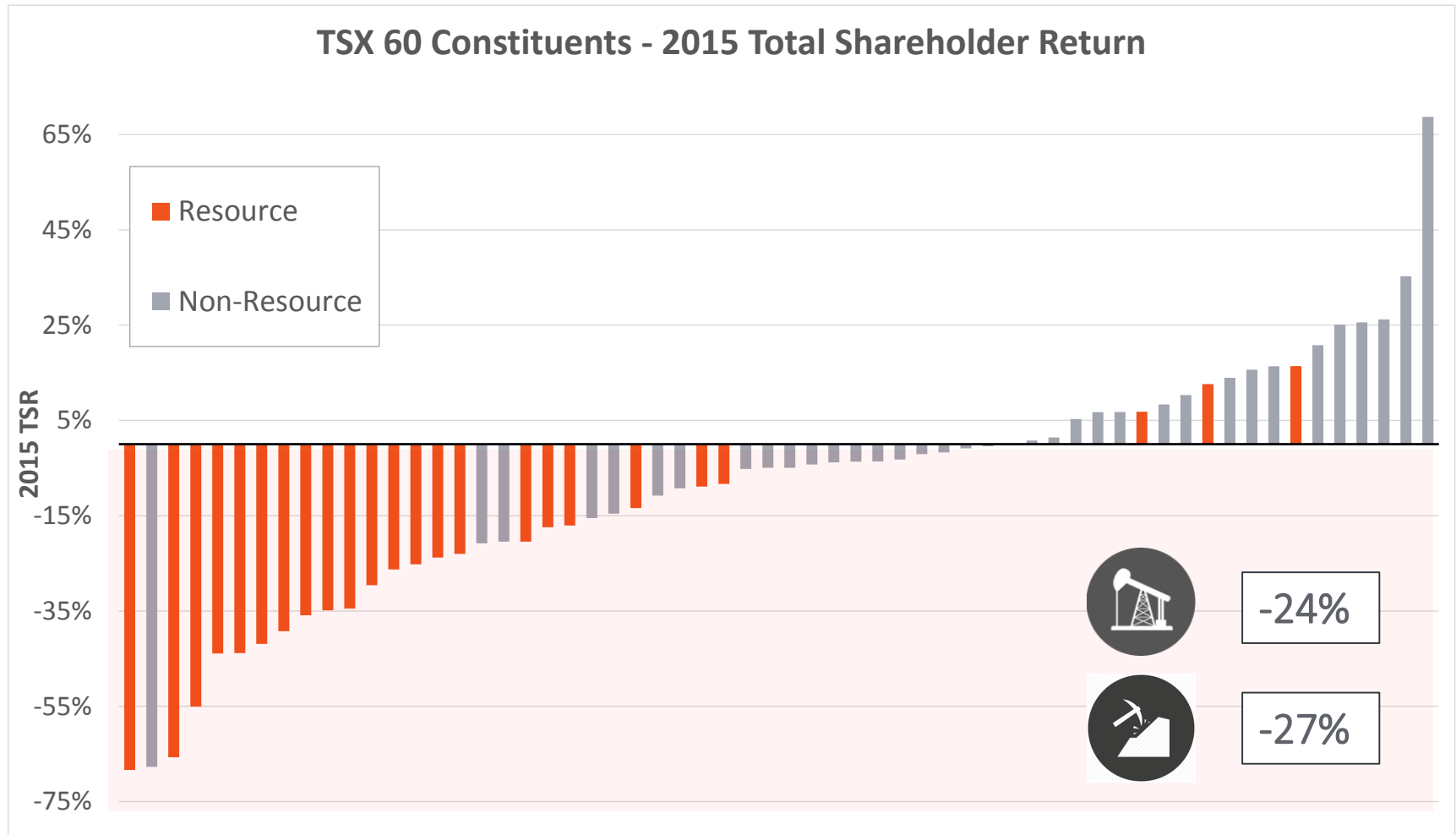
- TSX 60 companies
- 2016 proxies filed by May 18, 2016 (n= 56)
- Say on Pay results as of May 25, 2016 (n = 43)

Performance and Pay: TSR 60 Total Return and CEO Pay



Performance and Pay: A Tale of Two Economies

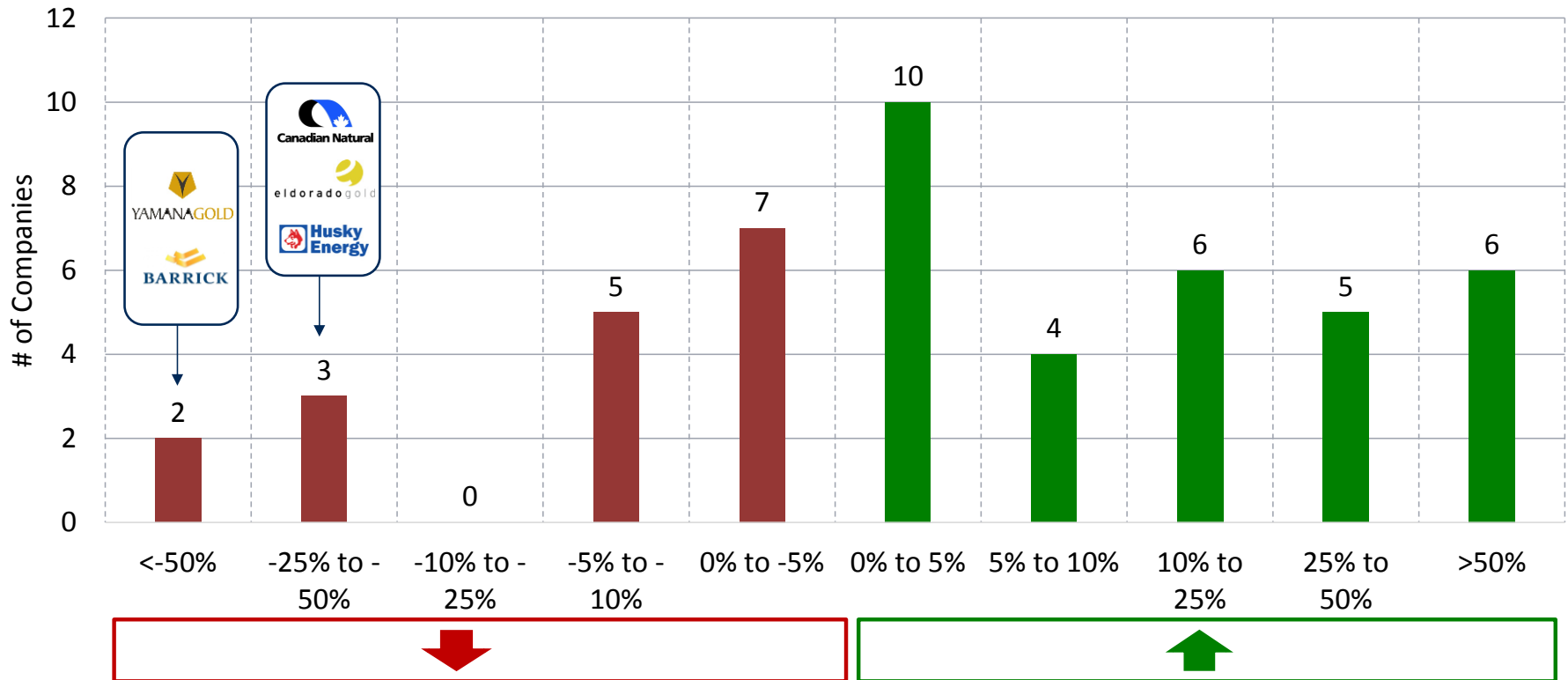
Distribution of 2015 TSR



Performance and Pay: A Tale of Two Economies

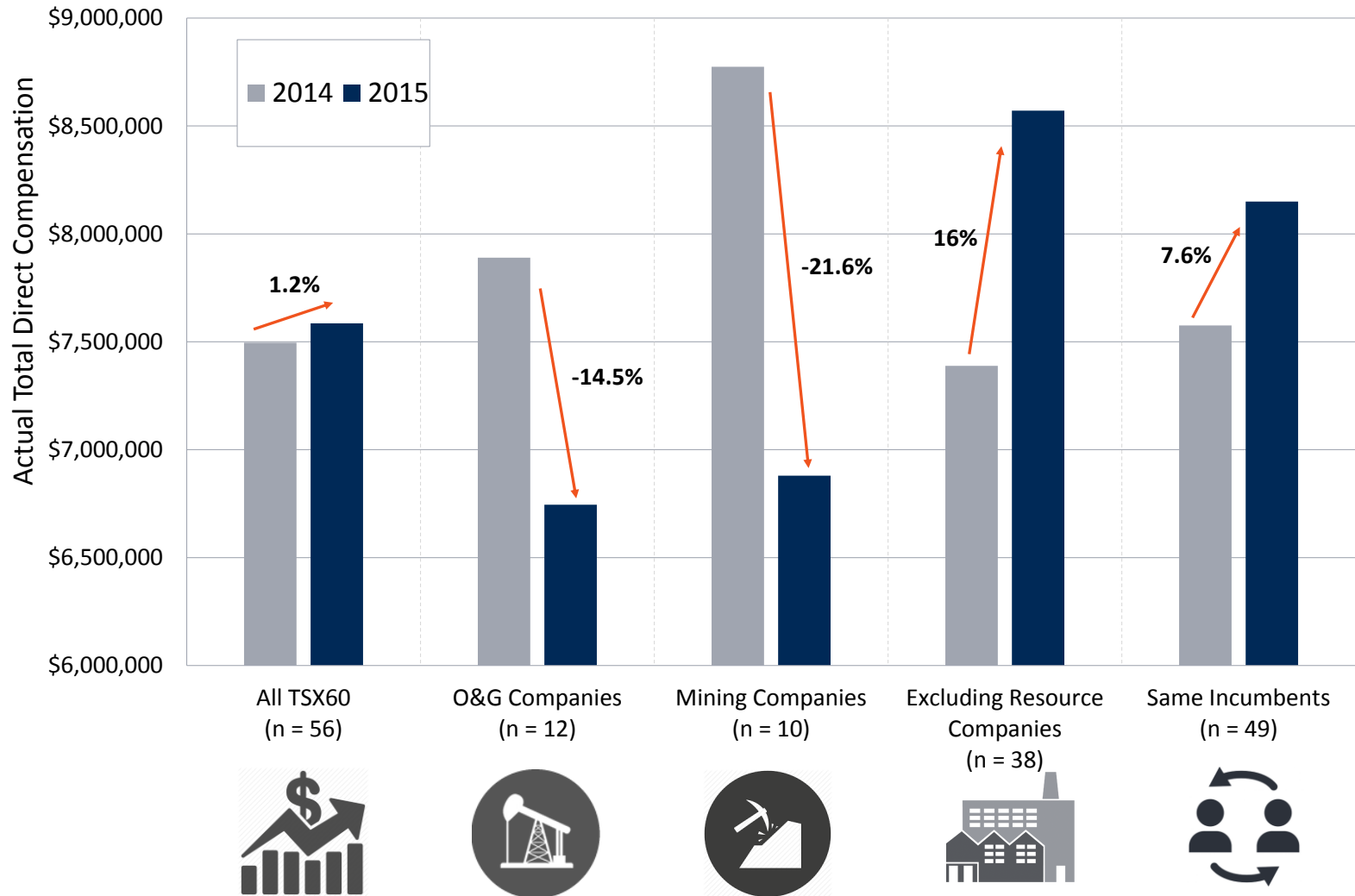
Year Over Year Change in TSX 60 CEO Total Direct Compensation

Changes in Same Incumbent Actual TDC Year-over-Year (n = 50)

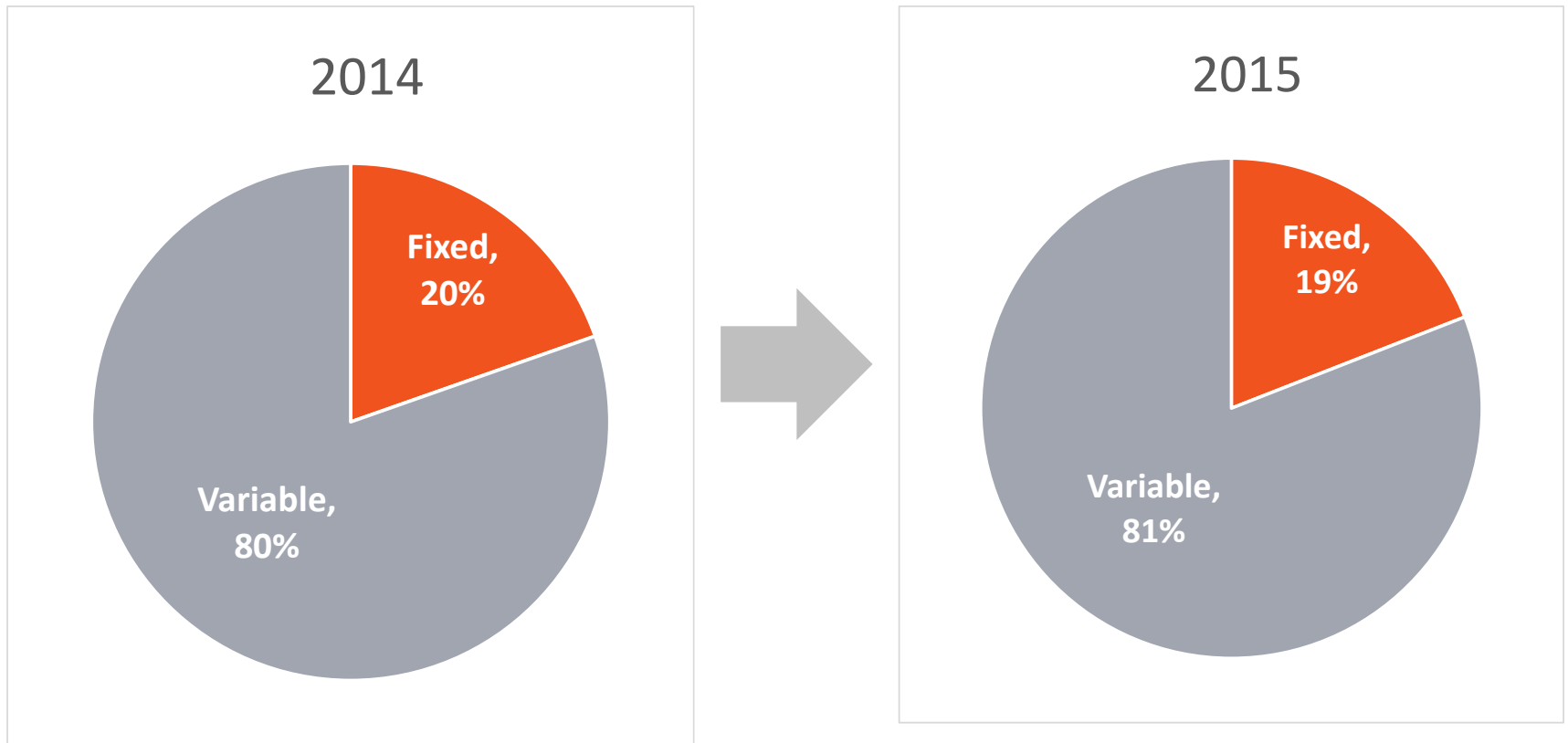


Performance and Pay: A Tale of Two Economies

Year-over-Year Actual Compensation for CEOs

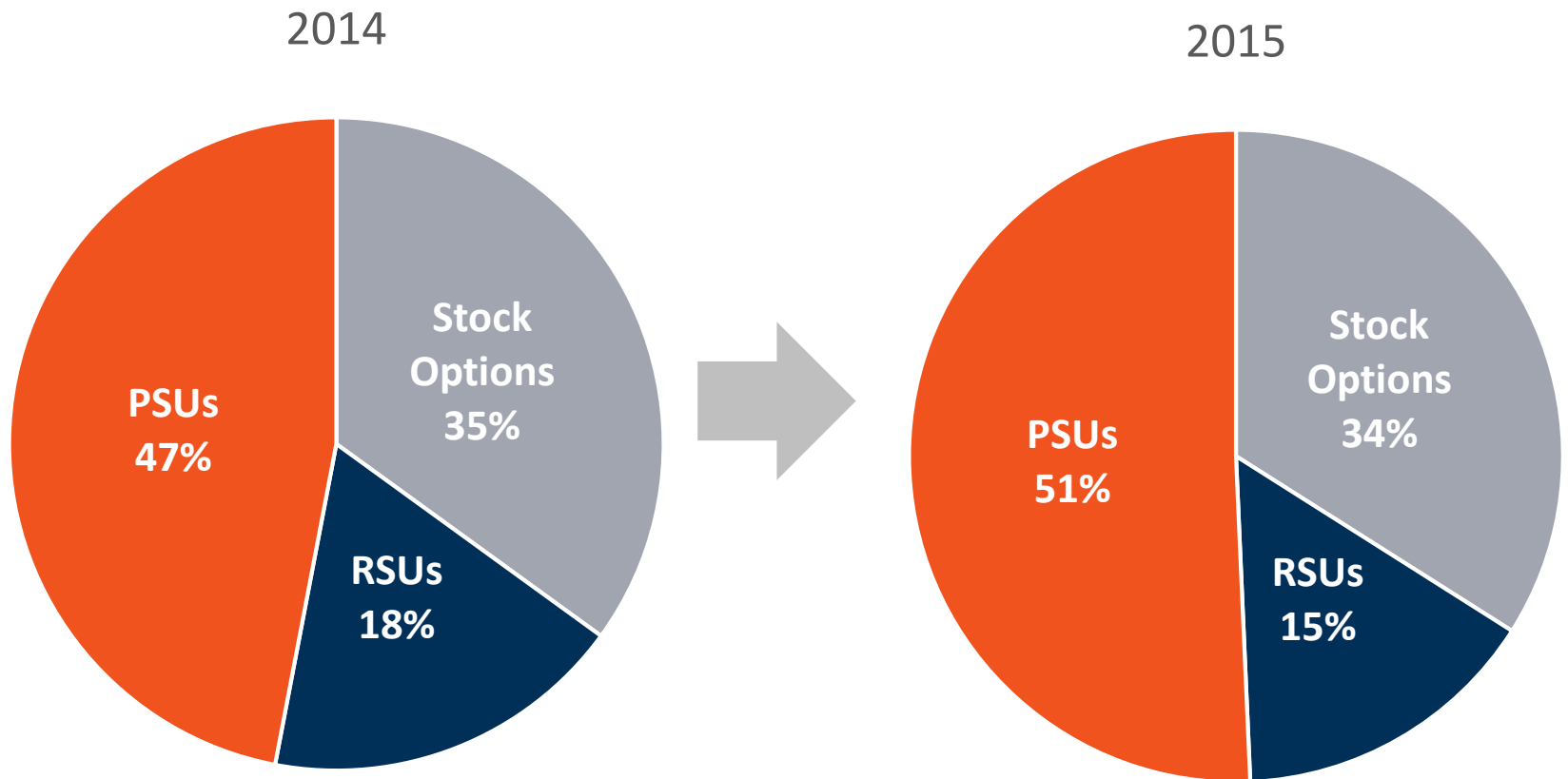


Pay Mix and Plan Design: Fixed vs. Variable Pay



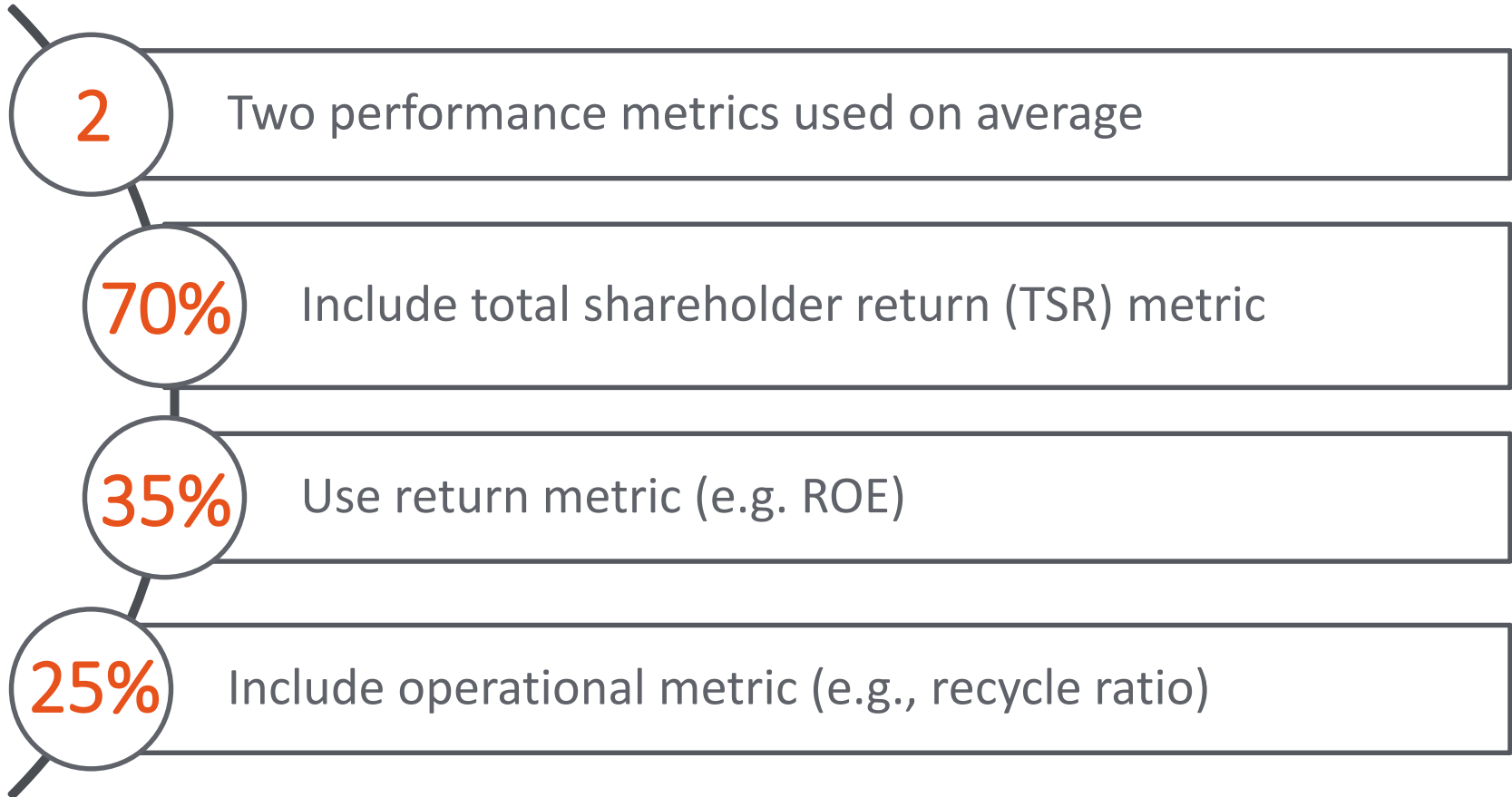
Pay Mix and Plan Design: LTI Mix

Long-term incentive plan mix generally consistent year over year



Pay Mix and Plan Design: LTIP Performance Framework

On average, TSX 60 PSU plans are based on the following metrics:



Notable Topics and Issues



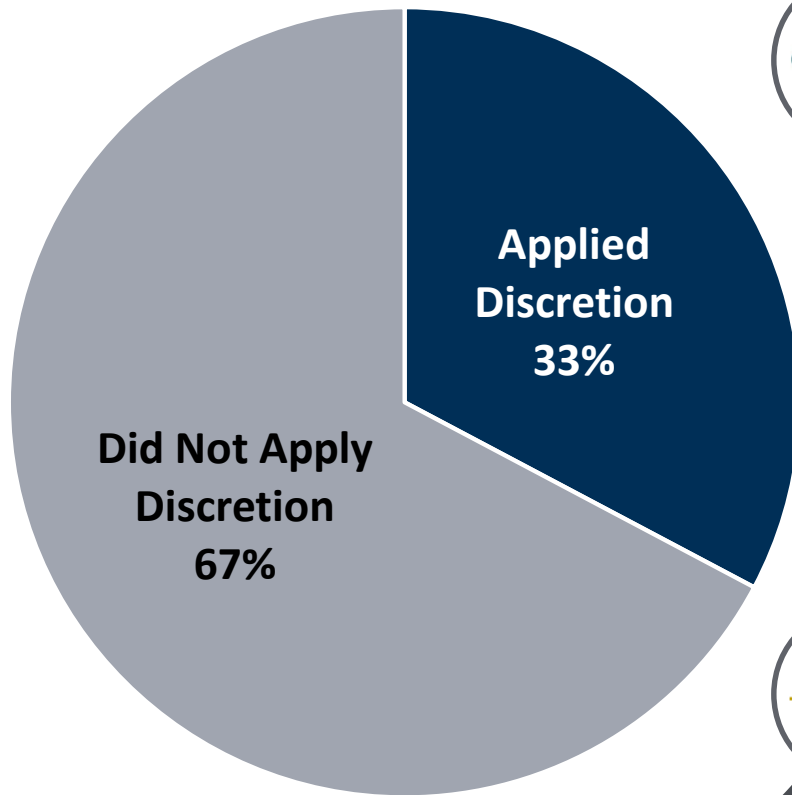
Use of Discretion







USD-CAD Exchange Rate

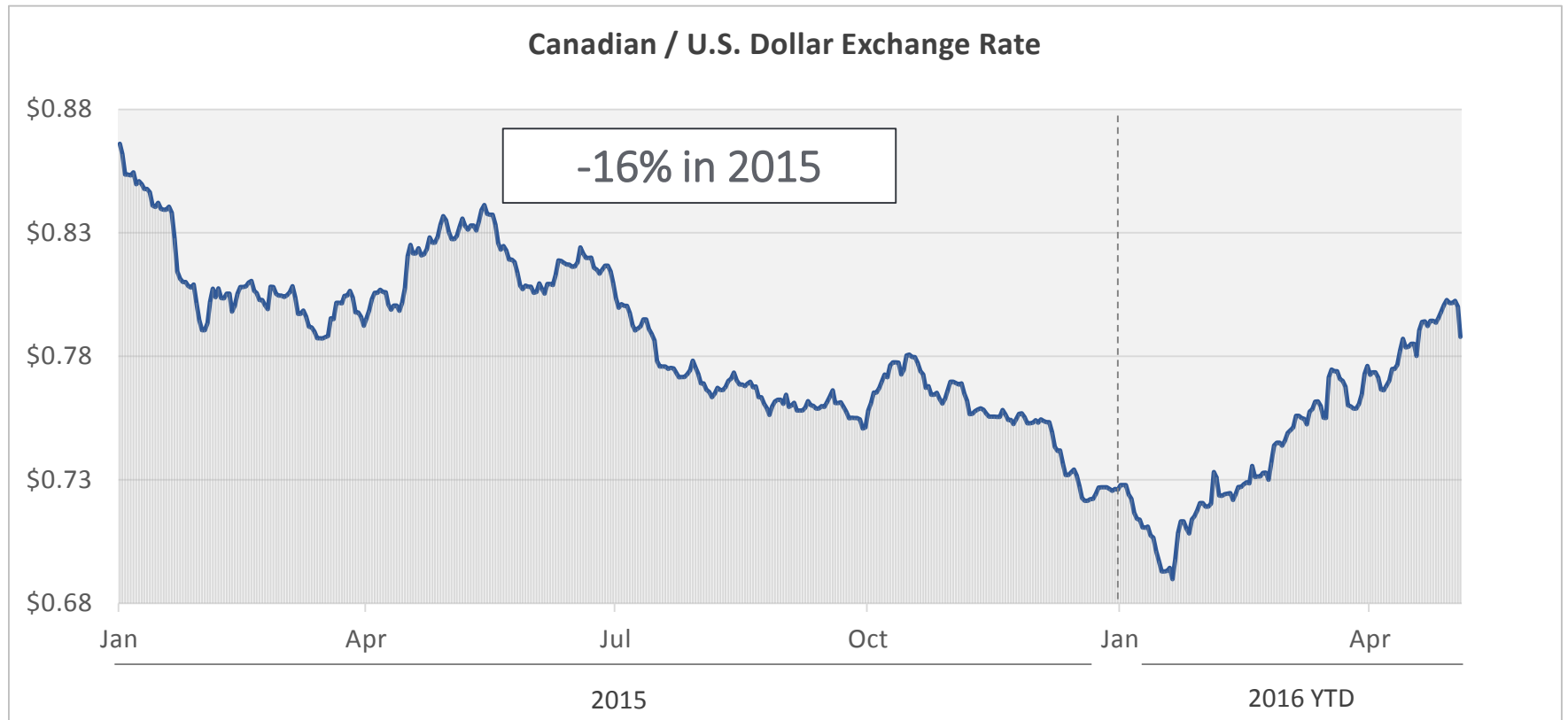
Notable Topics and Issues: Use of Discretion

Board Discretion on STIP Payout



-  Took STIP scorecard down from 150% to 100%
-  Bonuses reduced by 10% for Senior Management
-  No bonus awarded to NEOs in 2015
-  STIP payout reduced to 55% from 77%

Notable Topics and Issues: USD-CAD Exchange Rate



-25% between 2013-15

USD-CAD Exchange Rate -- What TSX 60 Companies Did

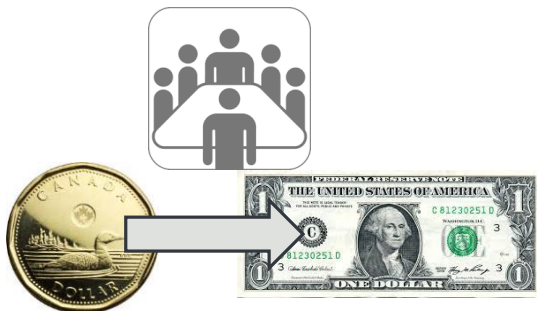
Applied discretion to moderate pay of execs paid in USD / are benchmarked to U.S. peers



“To adjust for the impact of the strong U.S. dollar on his base salary, we made a reduction to his variable cash compensation.”

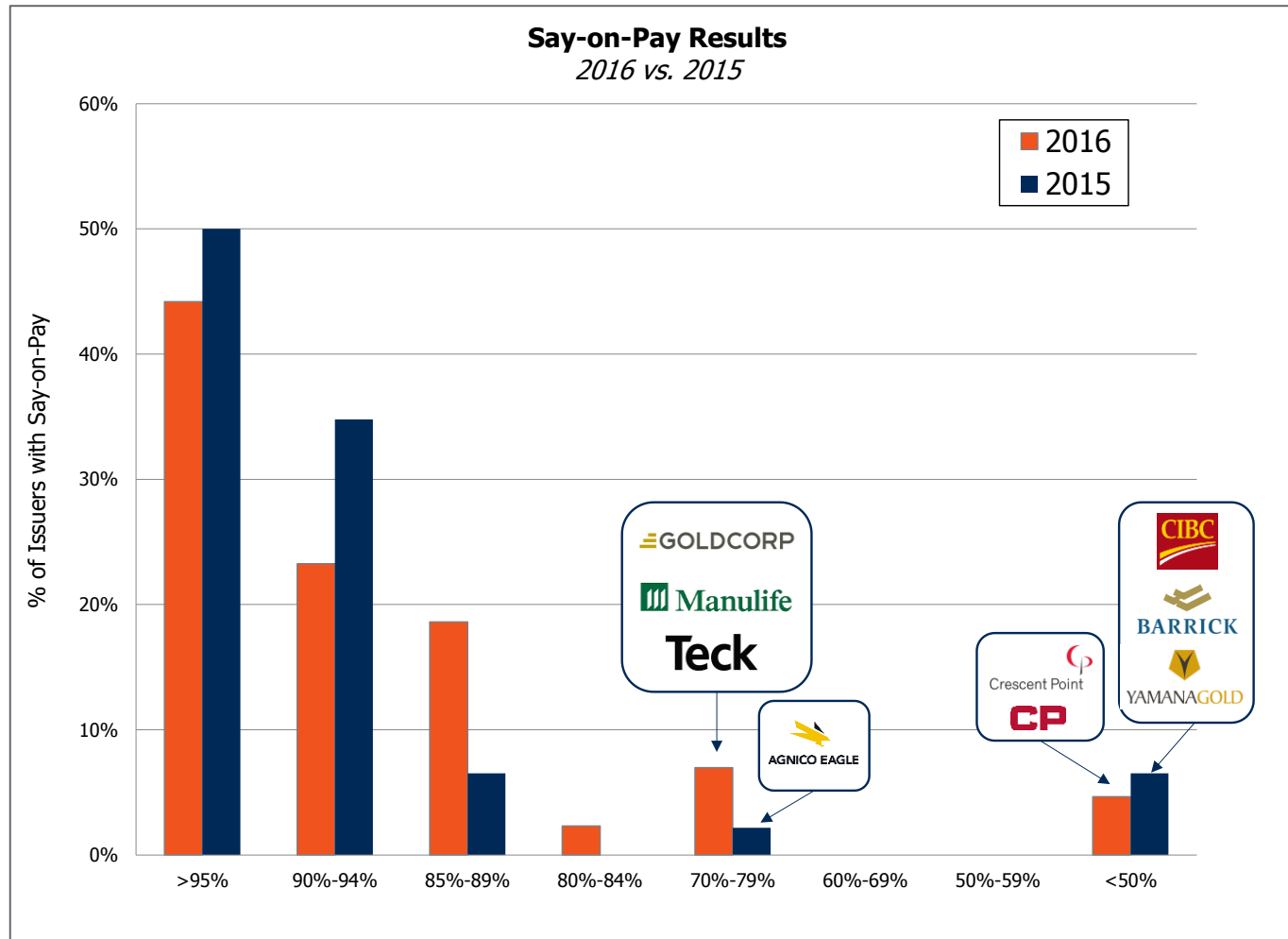
Applied discretion to account for the impact of exchange rate on performance

Adopted USD compensation for U.S. Directors



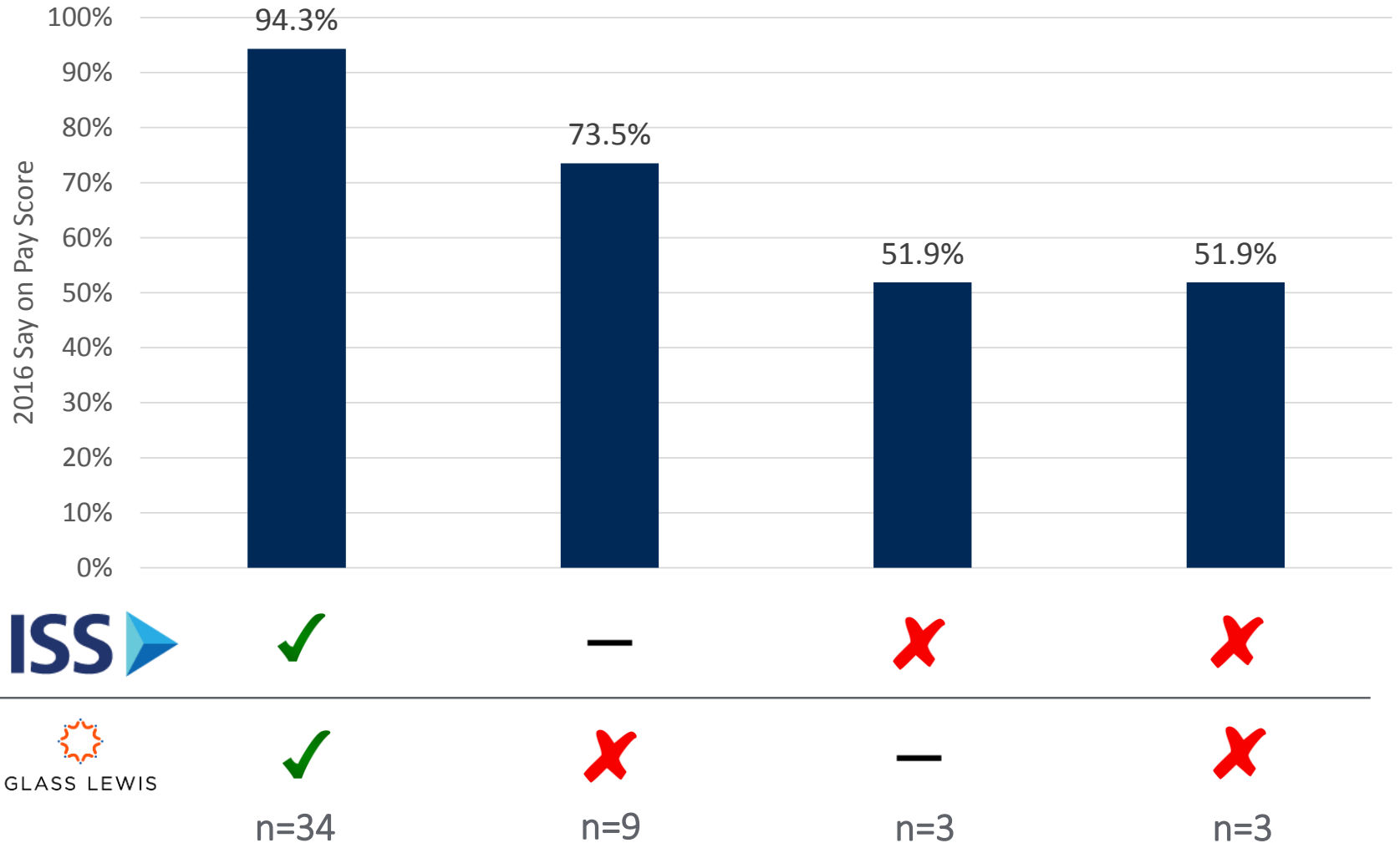
Say on Pay Results

Average Say on Pay voting results are slightly lower than 2015 (89% vs. 90.4%)



Say on Pay Results: Influence of ISS and Glass Lewis

Influence of ISS and Glass Lewis on Say on Pay Results



Panel Discussion

Panel Discussion – Toronto Panel



Tom O'Neill

Chair of the Board,
Scotiabank



Paul Schneider

Head of Corporate
Governance, Public
Equities, Ontario
Teachers' Pension Plan



Georges Soaré

Partner, Hugessen
Consulting Inc.



David Crawford

Partner, Hugessen
Consulting Inc.

Panel Discussion – Calgary Panel



Randy Findlay

Chair of the Board,
Pembina Pipeline



Harvey Doerr

Chair of the Board,
Velvet Energy



Scott Munn

Partner, Hugessen
Consulting Inc.



Erin Poeta

Manager, Hugessen
Consulting Inc.