



# Trends and Insights from the 2024 Proxy Season – TSX60

*June 2024*

*Thank you for joining us, the presentation will begin shortly*

# Speakers



Camille Jovanovic

**Principal,**  
Toronto



Brian Lees

**Principal,**  
Calgary



Ciara Wakita

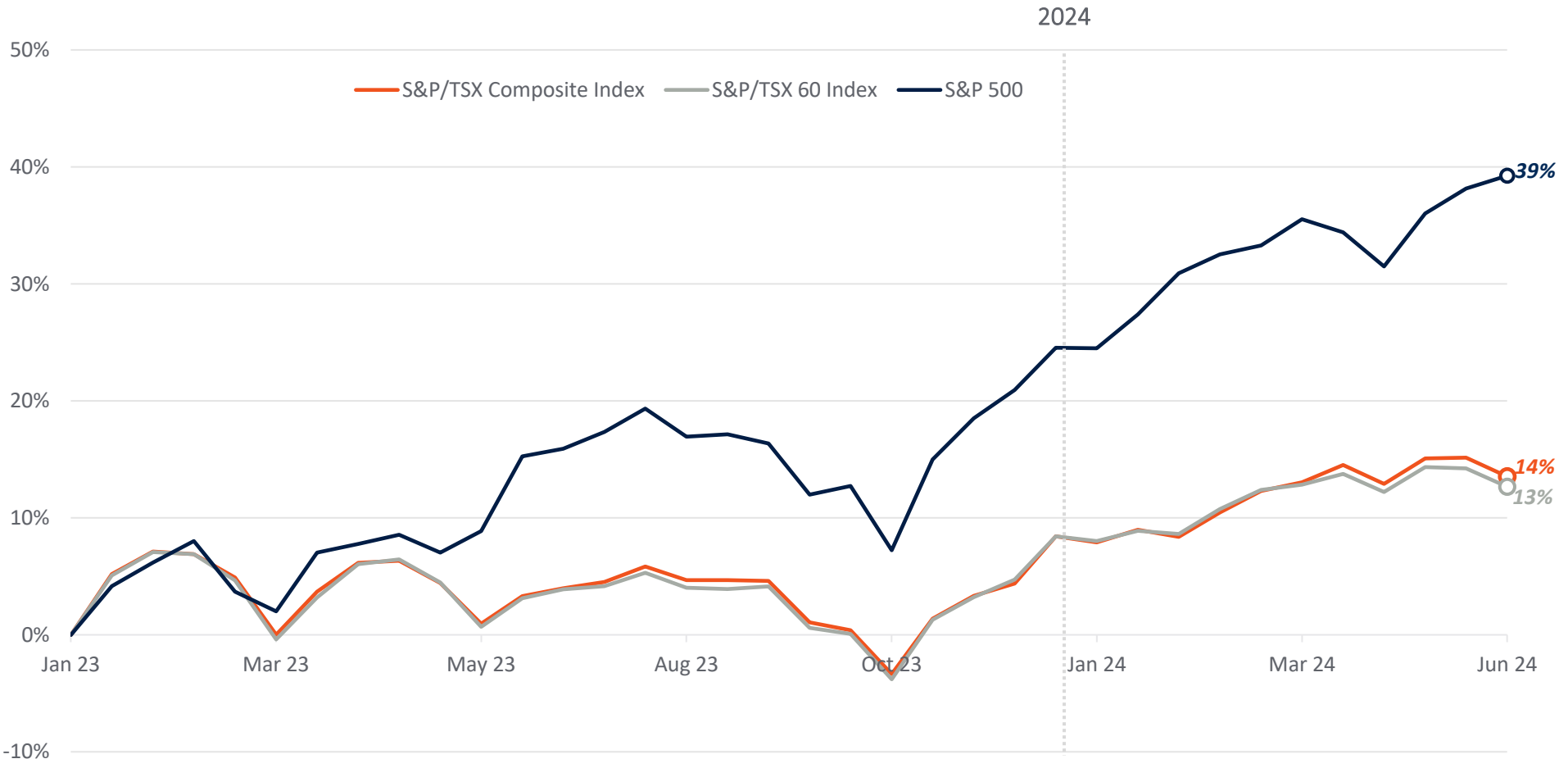
**Principal,**  
Toronto



Breanna Schollaardt

**Associate,**  
Calgary

# Performance Context – 2023 & 2024 YTD



**TSX60**

Top 3 Performers (CY2023)



**59%**



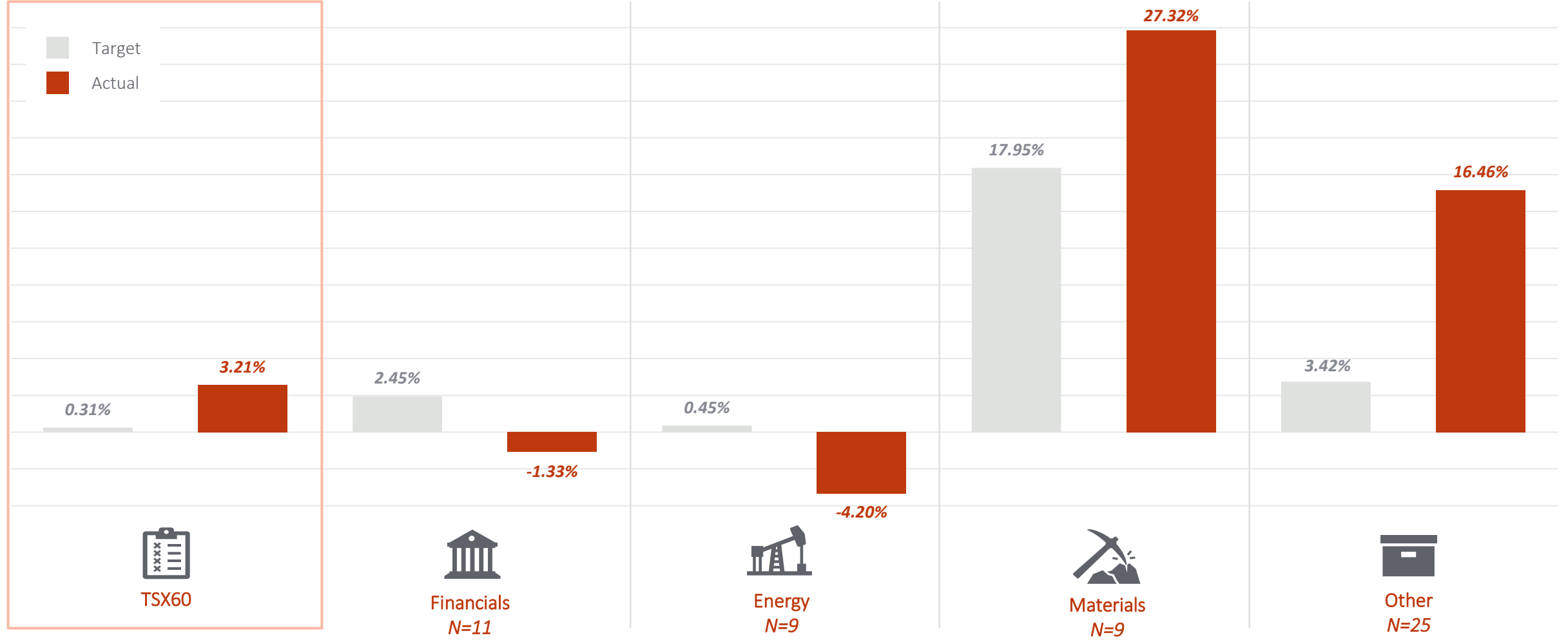
**87%**



**119%**

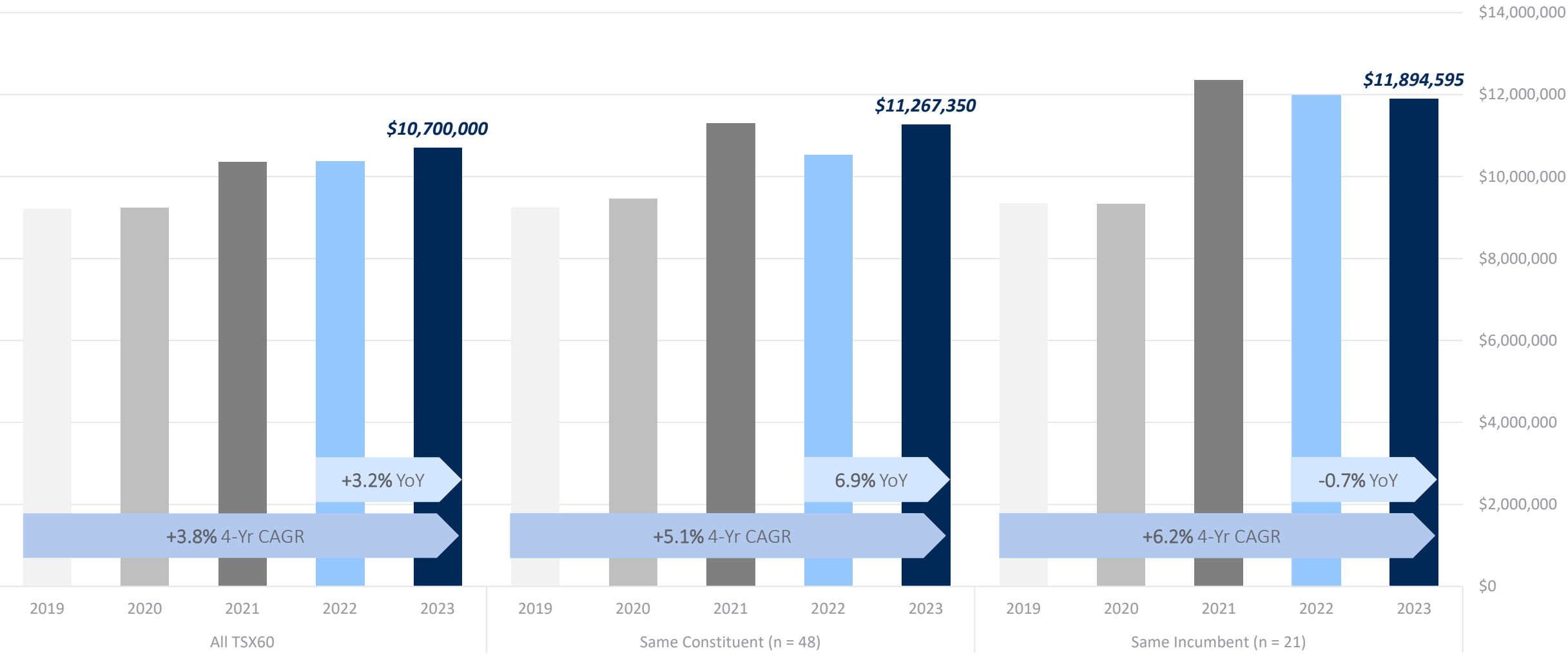
# TSX60 CEO Total Direct Compensation – Median Actual & Target TDC

Year-Over-Year Change in Median Actual & Target CEO TDC



# TSX60 CEO Total Direct Compensation – Median Actual TDC

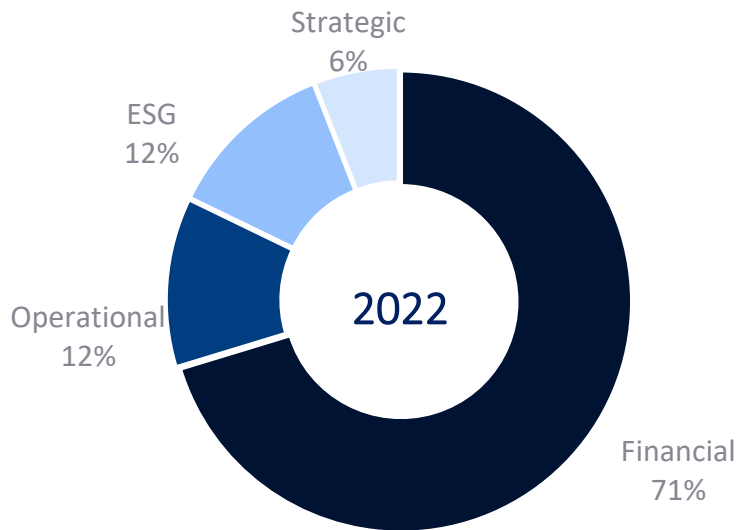
TSX60 CEO median actual total direct compensation levels have increased slightly in the past year but remain below 2021 median pay levels.



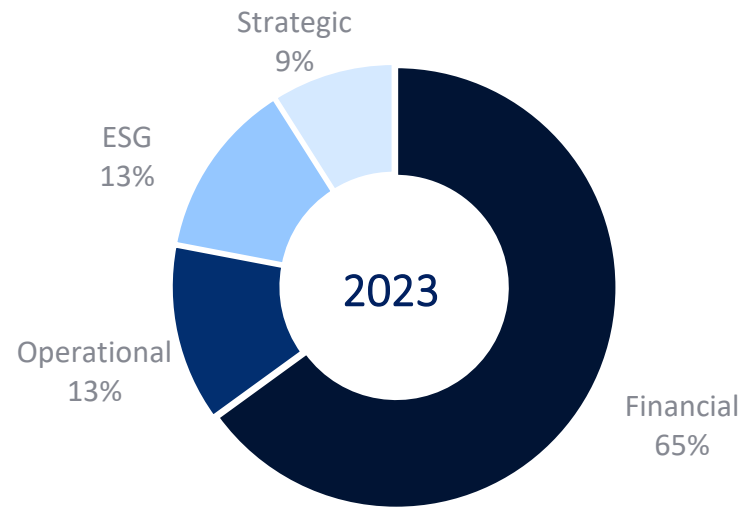
# Short Term Incentive Plan (“STIP”) Design

In 2023, there was a decline in the weighting of financial measures in favour of increases in other measures.

Average 2022 Corporate STIP Mix



Average 2023 Corporate STIP Mix<sup>1</sup>



	2020	2021	2022	2023
Average number of metrics used	5.6	5.5	5.4	5.8
Average Corporate Score (%)	96%	133%	116%	108%
# of Companies that Disclosed Use of Discretion	33	14	10	12

[1] Average mix of corporate metrics for companies who disclose distinct weightings (51/54 companies). Source: Hugessen 2022 TSX60 Review ([Link](#)); Values in \$CAD

# ESG in Compensation

## ESG in Short-Term Incentives

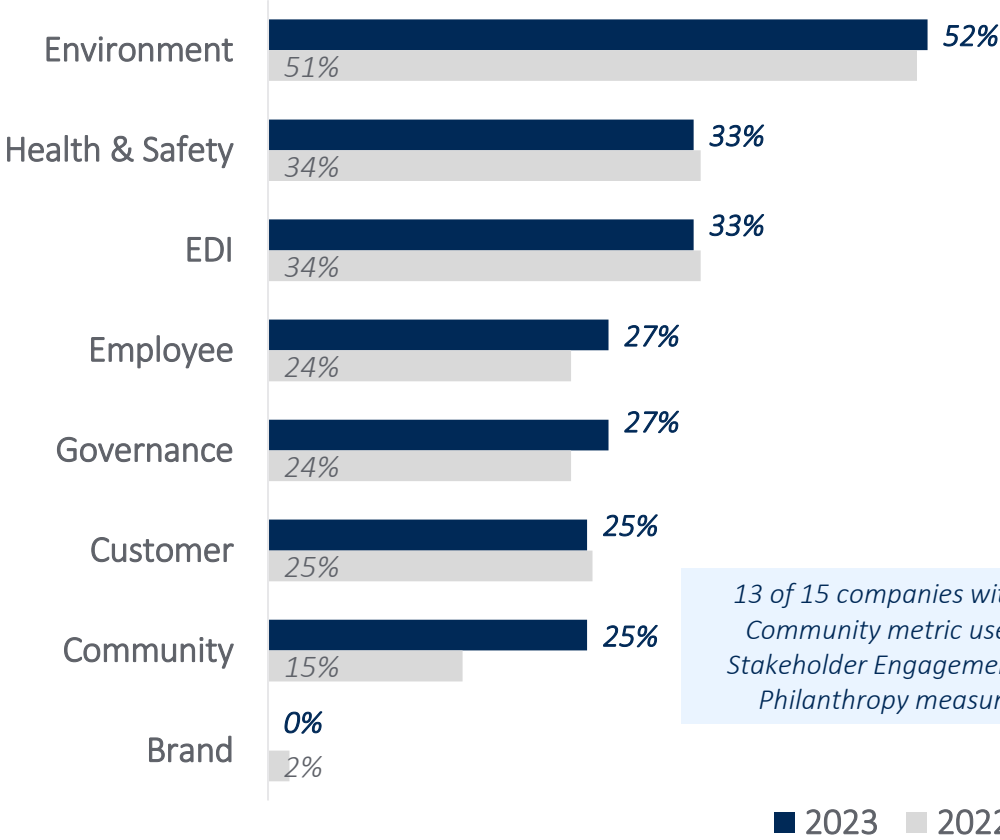
	FY2022	FY2023
STIP →	36	37

The year-over-year increase includes 1 company that incorporated ESG in STIP for the first time (Barrick Gold)



Barrick has incorporated 2 new ESG metrics in STIP: Safety (LTIFR<sup>1</sup>) and Environment (Class 1 Environmental Incidents) both with a 5% weight

For companies that have defined the weight of ESG metrics within their programs, **these metrics are weighted at approximately 18%<sup>2</sup>**, on average – similar to past few years



13 of 15 companies with a Community metric use a Stakeholder Engagement & Philanthropy measure

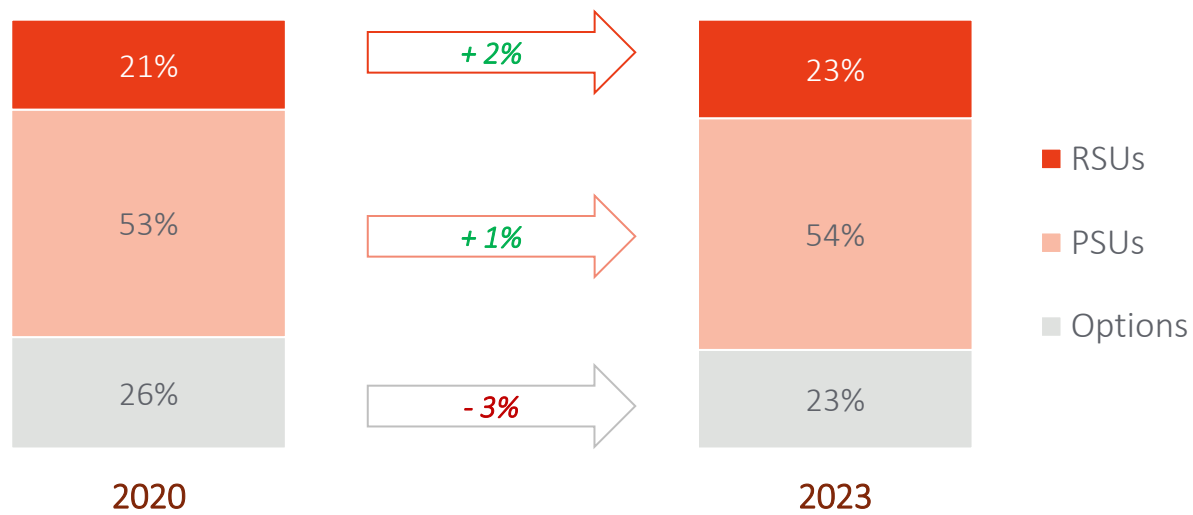
■ 2023 ■ 2022

Note: statistics and observations exclude metrics used for individual scorecards  
 1: Representative of TSX60 companies that use ESG measures in the STIP (i.e., vs. all TSX60 companies)

# Long Term Incentive Plan (“LTIP”) Design

Similar to previous years, there is a continued decline in the weighting of options within the long-term incentive instrument mix.

Change in Average LTIP Instrument Mix from 2020 to 2023



	2020	2021	2022	2023
Average number of metrics used in PSUs	2.3	2.1	2.2	2.2
Relative TSR metric used <sup>[1]</sup>	73%	71%	69%	71%
ESG metric used <sub>[1,2]</sub>	18%	8%	12%	22%

[1] Statistics were calculated as a percentage of constituents with PSUs (i.e., excludes those who do not use PSUs) [2] Does not include front-end conditioned LTIP



# ESG in Compensation

## ESG in Long-Term Incentives

		FY2022			FY2023
LTIP	→	15	→		20

Note: 10 companies use ESG metrics in front-end LTIP vs. 10 back-end conditioned LTI plans



10% GHG emission intensity reduction metric included in 2023 PSUs



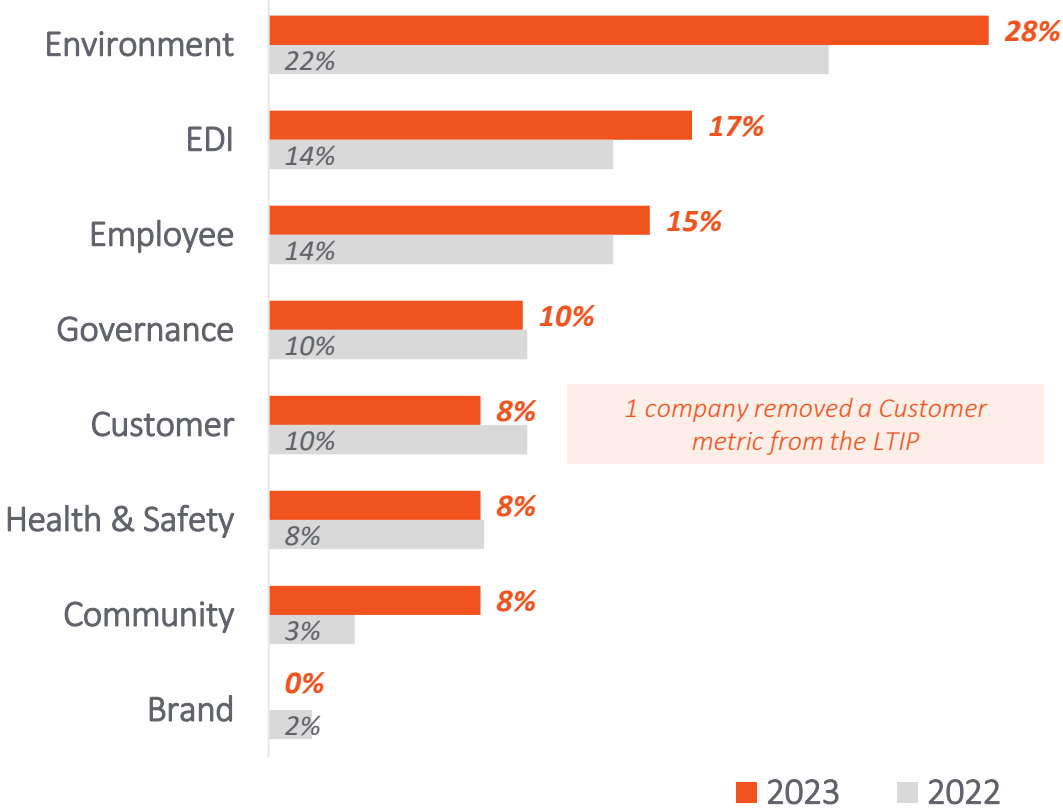
A discretionary climate-based modifier included for 2023



A sustainability modifier (+/- 10%) included for 2023

The above companies included ESG metrics in the LTIP for the first time in FY2023

The use of modifiers in the LTIP has increased substantially year-over-year with **4 companies** using back-end modifiers



Note: statistics and observations exclude metrics used for individual scorecards  
 1: Representative of TSX60 companies that use ESG measures in the STIP (i.e., vs. all TSX60 companies)

# Federal Budget Taxation Update

On April 16, 2024, the federal government tabled its 2024 budget with increases to the capital gains inclusion rate; summarized below is rationale for why we forecast no significant implications or direct impacts to the prevalence of stock options in LTIP mixes.

