CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

Director Briefing—Stakeholder Engagement

Andrew J. MacDougall, LL.B
Josh Pekarsky

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Preface

The Corporate Oversight and Governance Board (COGB) of the Chartered Professional Accountants of Canada (CPA Canada) has commissioned this *Stakeholder Engagement* Briefing to help boards understand its role in overseeing the company's constructive engagement with its stakeholders.

Stakeholder engagement has become a vital tool to sustain the long-term interests of an organization and to ensure that a board discharges its oversight responsibilities. This Briefing will help board members understand the importance of engaging with stakeholders and help them develop a process to oversee such activities effectively.

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Tom Peddie, FCPA, FCA
Corporate Oversight and Governance Board

Authors

Andrew J. MacDougall, LL.B
Osler, Hoskin & Harcourt LLP

Josh Pekarsky
Longview Communications & Public Affairs

Project Direction, CPA Canada

Gigi Dawe, LL.M.

Stefan Mihailovich, GPLLM, CPA, CA

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"Any system where people don't feel that they are participating somehow, or are excluded, ultimately will rebel against itself – and frankly that's happening even faster than we anticipated in this era of transparency. So, we have to evolve from this shareholder primacy that has crept in, to a broader stakeholder management.... Businesses now cannot just be standing on the sidelines of a system that gives them life in the first place. They have to be active positive contributors to addressing some of these issues...."

Paul Polman, CEO
Unilever
April 29, 2015

Introduction

Canadian boards accept that shareholder engagement is a key board responsibility.[1] But simply engaging with shareholders is not sufficient. Effective engagement with non-shareholder stakeholders is equally vital to sustain the long-term interests of an organization and to ensure that a board discharges its management oversight responsibilities.

The Supreme Court of Canada declared in its 2008 BCE ruling that directors have a duty to act "in the best interests of the corporation, having regard to all relevant considerations, including, but not confined to, the need to treat affected stakeholders in a fair manner, commensurate with the corporation's duties as a responsible corporate citizen." This decision makes clear that the law in Canada requires directors to focus on more than just the maximization of shareholder value.

Increasingly, large institutional shareholders, including BlackRock and many of Canada's largest public pension funds,[2] are demanding increased disclosure—and action—on environmental, social and governance (ESG) risks to help drive sustainable growth. Environmental activists, indigenous groups and others are having considerable success in shaping, delaying or defeating large planned infrastructure projects. Whistleblowers and the media are exposing toxic workplace environments as well as other shortcomings of corporate conduct and organizational performance.

1 ICD Guidance for Director-Shareholder Engagement, 2016; Directors Briefing— Shareholder Engagement: Questions for Directors to Ask, 2011, Andrew J. MacDougall & Robert Adamson, CPA Canada.

2 See, for example, "The Directors' E&S Guidebook: Practical insights and recommendations for effective board oversight and company disclosure of environmental and social (E&S) matters", May 2018, issued by the Canadian Coalition for Good Governance; and www.theglobeandmail.com/report-on-business/pension-funds-take-major-steps-on-ethical-investing-in-2017/article37470183.

In fact, failure to engage effectively with governments, regulators, affected communities, employees, media and interest groups can have adverse consequences, while effective stakeholder engagement can enhance a corporation's reputation.

Stakeholder Engagement: Contrasting Stories

In March 2015, following prolonged public pressure stemming from the critical documentary "Blackfish", SeaWorld Entertainment launched a $10 million advertising campaign attacking its critics and extolling the virtues of its animal stewardship program. A year later, declines in park attendance and a plummeting share price resulted in the company announcing it was ending its program of keeping orcas in captivity: "Society is changing and we're changing with it," the company said. A different and less costly outcome might have occurred sooner had the company considered other stakeholder views.

By contrast, in 2015 a leading animal rights organization endorsed the new animal welfare policy of Maple Leaf Foods, Canada's largest meat producer:

"Mercy For Animals praises Maple Leaf Foods for stepping up to the plate to improve the lives of farmed animals. This is a historic and game-changing policy that promises to reduce the suffering of millions of animals. We hope that Maple Leaf Foods' new industry-leading policy will inspire other food providers to implement and enforce similar animal welfare requirements."

So, what is stakeholder engagement? What role should the board play in it? And what might success look like? We seek to answer these questions and others, in the pages that follow. Before we do, however, we wish to be clear that, in our view, stakeholder engagement is primarily the job of management. Having said this, we recognize that oversight of such engagement is the responsibility of the board. Effective stakeholder engagement sometimes requires directors to become directly involved in the organization's stakeholder engagement efforts.

What is Stakeholder Engagement?

In his seminal work on stakeholder engagement, Edward Freeman defined stakeholders as "any group or individual who can affect, or is affected by, the achievement of a firm's objectives."[3] Stakeholders are the customers, suppliers, employees, communities, indigenous people, non-governmental organizations, municipal, provincial and federal governments and regulators, and others that form the ecosystem without which there would be no business, no shareholder value, and no means by which to *create* shareholder value.

Stakeholder engagement means taking active steps to establish constructive relationships with stakeholder groups in a deliberate way that is aligned to the organization's business and strategy. Because the universe of potential stakeholders may be boundless, it is important to identify groups that are the most appropriate with which to engage.

3 Edward Freeman defines them in his publication *Strategic Management: A Stakeholder Approach* (1984)

How Does Stakeholder Engagement Differ from Shareholder Engagement?

Every investor relations program is, by definition, an exercise in stakeholder engagement. This makes sense. The fact that shareholders are the residual equity holders and are afforded voting and other special rights under statutory and common law, gives a clear impetus for engagement; the case for engagement with non-financial stakeholders is similar but different.

While non-financial stakeholder interests and motivations vary among stakeholder groups, many non-financial stakeholders may feel they have more at stake since, unlike shareholders, they cannot simply sell their stake and move on. These stakeholders value the knowledge that their views are being heard and considered. (Of course, there are also stakeholders who may take intractable positions without regard to the interests of the organization. These stakeholders may not be worth engaging.)

A final difference arises from the impact of social media. Shareholder activists often hunt in "wolf packs" (i.e., activist shareholder groups with similar views work together to create additional shareholder pressure). Non-financial stakeholders, on the other hand, particularly more sophisticated NGOs, often amplify their voices in a similar fashion, by operating under multiple banners and through groups with overlapping memberships and interests.

The real difference between shareholder activists and non-financial stakeholders can be seen in the power of social media to shape the discussions. Non-financial stakeholders concerned with environmental, social and local issues can often gather more online support for their concerns than activist shareholders can gather for theirs. The challenge to large organizations to effectively engage with hostile groups online can place even greater importance and value on building off-line relationships.

Why Bother? What Is the Board's Interest in Stakeholder Engagement?

Legal Imperatives

In Canada, a director's fiduciary duty is owed to the corporation, not to shareholders or any other stakeholder group. In discharging their fiduciary duty to act honestly and in good faith with a view to the best interests of the organization, directors are *permitted* to consider the organization's stakeholder interests, and *required* to treat stakeholders affected by the organization's actions fairly and equitably when addressing conflicting stakeholder interests.

It is difficult for directors to understand the nature and scope of their responsibilities unless they understand the interests of the organization's stakeholders.

Organizations may be subject to a legal requirement to consult with certain affected stakeholder groups. For example, an obligation to consult with indigenous groups is invariably required in connection with projects requiring environmental approval or assessment. Under the Ontario *Environmental Bill of Rights*, citizens have a right to be notified of, and to comment on, industry applications for environmental approvals and other permits.

Risk Management

As noted in the quotation at the outset of this paper, organizations are expected to conform to social norms and expectations regarding minimum acceptable standards of behaviour which, if not met, will impede their ability to operate. This unspecified and ever-changing "social licence" can override normal regulatory or political processes. Consider, for example, the challenges faced by large Canadian energy infrastructure projects such as Energy East, Northern Gateway or the TransMountain pipeline extension.

Social licence does not mean that all opponents have an effective veto; nor should stakeholder engagement be seen as a form of appeasement. Rather, effective stakeholder engagement can reduce conflict and help build and maintain trust. It can also strengthen an organization's reputation and credibility, including its ability to proceed with a project, strategy or initiative over the reasoned objections of concerned stakeholders.

Sensitivity to stakeholder concerns can enable the organization to better tailor communications to anticipate or respond to stakeholder interests. It can build relationships that make dialogue and compromise possible. And it can help the organization mobilize informed influencers within stakeholder groups in the event of a crisis.

Conversely, a lack of attention to stakeholder issues can give rise to multi-stakeholder coalitions with significant power to accelerate and intensify issues. The recent campaign launched by JANA Partners, an activist hedge fund, and the California State Teachers' Retirement System to engage Apple on the topic of iPhone addiction among young people is an example where the interests of two stakeholders (i.e., consumers and investors) align.

Long-Term Value Creation

Understanding stakeholder perspectives can enhance the board's ability to fulfill its oversight responsibility. As Michael E. Porter and Mark R. Kramer argue:

"Corporations are not responsible for all the world's problems, nor do they have the resources to solve them all. Each company can identify the particular set of societal problems that it is best equipped to help resolve *and from which it can gain the greatest competitive benefit.*"[4] (emphasis added)

This can manifest itself in several ways:

- Effective stakeholder engagement may result in the identification of shared objectives.
- Organizations with a reputation for genuine, mutually beneficial, long-term engagement with stakeholders may discover insights and/or achieve better results than those who engage solely as a required means to a specific corporate end.

4 M. Porter and M. Kramer, "Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility," Harvard Business Review, December 2006.

- Stakeholder perspectives on management can provide additional dimensions to help inform the board's assessment of management's strategy and performance.
- An effective stakeholder relationship founded on transparency, integrity and respect, or which is supportive of the organization's goals, can provide a competitive advantage by helping advance an organization's strategy and ability to create value.[5]
- Support from stakeholder groups with a longer-term focus (e.g., employees and local communities) can build reputation and help an organization withstand pressures from activist shareholders and others that try to pursue short-term objectives at the expense of longer-term goals.

Cameco's reputation for building successful long-term relationships with indigenous people of Canada was a key factor in garnering the support of local aboriginal communities in the Pilbara region of Western Australia for Cameco's Kintyre exploration project.

5 King, Mervyn, and Jill Atkins, *Chief Value Officer: Accountants Can Save the Planet*, Greenleaf Publishing, 2016.

What Is the Role of the Board vs. That of Management?

The board is responsible for overseeing management's stakeholder engagement program. In turn, management is responsible and accountable for the development, execution and refinement of the organization's stakeholder engagement efforts. However, we believe that sometimes directors should be directly involved in supporting and building on those efforts.

Asking the board to participate in stakeholder engagement should not be seen as expanding the role of the board beyond its oversight responsibility so much as enhancing its ability to discharge this critical responsibility. One of the principal objectives of board-stakeholder engagement should be insight into management's performance. Such engagement will benefit the organization and all concerned (including management), and support the board's oversight responsibility.

Investors are increasingly demanding that boards show "demonstrable fluency" in stakeholder issues relevant to the business. Board-stakeholder engagement is an effective way to gain – and demonstrate – such fluency.

> **"For directors of companies in sectors that are significantly exposed to climate risk, the expectation will be for the whole board to have demonstrable fluency in how climate risk affects the business and management's approach to adapting and mitigating the risk.... Ultimately the board is responsible for protecting the long-term economic interests of shareholders and we may vote against the re-election of certain directors where we believe they have not fulfilled that duty."**
>
> **("*How BlackRock Investment Stewardship engages on climate risk,*" Larry Fink, CEO of BlackRock, March 2017)**

Director participation in engagement with a stakeholder can build or enhance the organization's relationships. For example, a meeting between directors and aboriginal leaders can demonstrate an organization's commitment to a relationship with the community founded on trust and reciprocity.

What Are the Arguments Against Board-Stakeholder Engagement?

We expect the greatest impediment to director-stakeholder engagement is the cost of time. This may well be true. Directors' time is both precious and overburdened as it is.

Other concerns may include:

- unduly raising stakeholder expectations that engagement will lead to their desired action
- the possibility that engagement efforts will be futile
- the risk that engagement is perceived as weakness, or that stakeholders will seek to exploit their interactions with board members to gain leverage over the organization
- upsetting key stakeholders by creating demand for access that simply cannot be met within a time frame they consider acceptable
- alienating stakeholder groups by engaging with opposing stakeholder groups or by taking a stand on a point of contention between different stakeholder groups
- upsetting stakeholders by prioritizing engagement efforts with other stakeholders
- the risk that direct engagement with a stakeholder will provide greater weight and credibility to any subsequent criticism of the board the stakeholder may make.

Although there are risks to director engagement with stakeholders, we believe they are outweighed by the benefits that may be realized from an appropriate engagement process with receptive stakeholders. Awareness of whether there is scope for constructive engagement with a stakeholder can be important in helping the organization tailor its strategy.

How Can Boards Support Effective Stakeholder Engagement?

Support of an effective engagement need not be overly time-consuming. As we describe below, it can be done in a focused, strategic and incremental way involving a clear policy and deliberate goals and objectives.

Checklist for Stakeholder Engagement

Boards should satisfy themselves that the organization follows these five essential steps to running an effective stakeholder engagement program:

1. Prepare the Board for successful engagement.
2. Decide on the stakeholders with whom to engage.
3. Settle on how best to engage with each chosen stakeholder.
4. Assess success of the program and areas for improvement.
5. Disclose the organization's engagement activities.

How Should the Board Prepare for a Successful Stakeholder Engagement?

Any stakeholder engagement program must be relevant to the organization's mission and strategy and have the support of both management and the board.

- A board should assign responsibility for overseeing the organization's stakeholder engagement process to a committee of the board. The corporate governance committee is likely best positioned for this role and can determine how to educate the other members of the board on stakeholder concerns.

- Because the right board composition can be a key asset, leveraging the nomination process can provide an important opportunity to enhance stakeholder relationships and the board's understanding of stakeholder interests. For example, Exxon Mobil added Dr. Susan Avery, a physicist and former president of the Woods Hole Oceanographic Institution; General Motors Corporation recruited Joseph J. Ashton, former vice president of the United Automobile, Aerospace and Agricultural Workers of America (UAW).
- Responsibility for overseeing key stakeholder relationships can be assigned to different committees. For example, Barrick Gold Corporation has created a board "Corporate Responsibility Committee" whose mandate includes: "reviewing the Company's corporate social responsibility program, including significant sustainable development, *community relations* and security policies and standards."[6]

Board members can be educated about stakeholder concerns in many ways, including:

- starting meetings with a "Stakeholder Moment" meant to remind directors that the organization's activities affect many aspects of society
- inviting management to present on the organization's stakeholder relations and engagement activities
- inviting subject-matter experts to speak at board meetings or dinners to enrich directors' understanding of business-critical stakeholder issues
- partnering with academic institutions, stakeholder groups, think tanks or other companies to develop and host issue-specific "teach-ins" as part of the board's annual strategy retreat
- commissioning third-party reviews of stakeholder relations to gain an independent perspective
- participating in subject-matter conferences, programs and industry-wide initiatives (e.g., Canadian Oil Sands Innovation Alliance (COSIA) or the 30 Percent Club).

How Should the Board Decide on the Stakeholders with Whom to Engage?

The board should satisfy itself that management has appropriately identified stakeholders with the greatest relevance to the business while focusing on those who can make the strongest contribution to its long-term success. Guiding questions could include:

- Which stakeholders are most critical to the organization's success or are most affected by our activities?

6 https://barrick.q4cdn.com/788666289/files/governance/Corporate-Responsibility-Committee-Mandate.pdf

- Of these stakeholders, which are most likely to exert the greatest positive/negative influence over the achievement of the organization's objectives and sustainability?
- With which of these stakeholders is there the greatest opportunity for constructive engagement?
- Have our priorities changed since we last reviewed our stakeholder engagement plan?

Determining which stakeholders are most relevant to the organization is a dynamic process that can change over time. As such, it is important for management and the board to reflect regularly on which stakeholder groups are being engaged and assess whether the methods employed are effective.

What Is the Best Way to Engage with a Chosen Stakeholder?

The board should approve a strategy for engaging with stakeholder groups that takes into account the composition and importance of the stakeholder and the resources available to devote to engagement efforts. Engagement may involve:

- **Written Disclosure**
  Where multiple stakeholder groups have a common interest in the organization's approach to certain areas, voluntary written disclosure is the most efficient and least expensive way to meet their needs. For example, written reports on an organization's ESG practices can better inform employees and potential employee candidates, address concerns raised by NGOs, satisfy growing investor needs and the needs for the data consolidation services on which such investors rely, and demonstrate to communities the organization's commitment to these issues.

- **Passive Feedback from Shareholders**
  Typical mechanisms include communications to investor relations, a company ombudsman (where applicable) and whistle-blowing hotlines. But consider affording a forum for communications from stakeholders more generally. For example, TELUS Corporation encourages stakeholders to communicate comments to the board via a board email address or by mail. In addition, organizations can monitor discussions in social media to gather information regarding potential stakeholder concerns. But, while monitoring social media traffic can identify potential concerns, it is difficult to assess whether the concerns of the vocal minority are shared by others.

- **Surveys**
  Surveys are commonly used to receive customer and employee feedback. Rarely do organizations use surveys to solicit views from stakeholder groups, although this is changing. For example, Encana conducts comprehensive surveys in the communities where it operates.

- **Email and Social Media**
  Interactive electronic communications may be available to share views and clarify misunderstandings. Because responses are permanently recorded and (by accident or design) may become widely accessible, caution must be used. Responses should be subject to a degree of oversight as part of the organization's disclosure controls and procedures.

- **Meetings with Stakeholder Groups**
  In-person meetings offer the best opportunity for meaningful and effective communication although it is also the most time-consuming method of engagement.

Regardless of the way in which stakeholder engagement occurs, the organization should be consistent in its approach. Any information provided by the organization and any views that it expresses should be consistent with the organization's other public disclosures and should be made with appropriate caution to avoid commitments the organization cannot fulfill.

It is also important to establish key principles and expectations to which the organization and the stakeholder must adhere to build and maintain an effective working relationship. Examples of key principles include the need for mutual respect, acceptance of responsibility, commitment to be responsive, appreciation for the value of transparent and honest communications, and recognition of the need for timeliness and mutual benefit.

To explain the organization's approach to stakeholder engagement, it can be beneficial to set out these matters in a stakeholder-engagement policy. An example of such a policy is attached in the Appendix.

How Do We Assess the Program and Identify Areas for Improvement?

Effective communication gets better with practice, and an organization's approach should be periodically refreshed. It is important to assess the effectiveness of stakeholder engagement efforts and make any necessary adjustments to the organization's stakeholder outreach efforts.

Should We Disclose the Organization’s Engagement Activities?

Stakeholder engagement necessitates a commitment to transparency regarding the results of the organization’s actions. Stakeholders need to understand how the organization engages with them, the nature of the feedback received by the organization from its stakeholders and how the organization uses that feedback when setting its priorities. Disclosure provides tangible evidence that the organization values its stakeholder engagement activities and the feedback received and is not just “going through the motions.” Confidence in the organization’s commitment to stakeholder engagement reinforces trust and encourages better engagement.

What Does Success Look Like?

Key factors that determine the success of a stakeholder engagement program typically revolve around issues of trust, senior-level commitment and mutual respect; qualities we believe will enhance any organization's ability to succeed and create sustainable value for all of its stakeholders.[7] A board's active involvement in an organization's stakeholder engagement program can help ensure that all these are established.

Organizations do not get to choose their stakeholders, but they do have a say in the quality of these vitally important relationships. A board that is not attuned to the concerns of external stakeholders may be failing in its responsibilities to preserve the long-term success and sustainability of the organization it is duty-bound to serve.

7 See, for example, "Stakeholder management through empowerment: modelling project success," Steve Rowlinson, and Yan Ki Fiona Cheung, Construction Management and Economics, June 2008 or "The Future of Stakeholder Engagement," Brunswick Insight, February 2013, p. 25.

Appendix—Sample Stakeholder Engagement Policy

We believe we are best positioned to succeed when we have the trust, confidence and support of our stakeholders. We seek to understand the interests of our stakeholders and to maintain and enhance long-term relationships that encourage honest communication, trust and cooperation. We believe that good stakeholder relations can:

- better inform our decision-making
- help resolve concerns and enable mutually beneficial solutions
- build supportive relationships
- support shared learning
- strengthen the company's credibility and reputation.

The Board of Directors (**Board**) of (Company name) has adopted this stakeholder engagement Policy (**Policy**), as proposed by the nominating and corporate governance committee of the Board, to promote open, effective and sustained dialogue with our stakeholders consistent with our insider trading policy, disclosure policy and our obligations to provide fair disclosure and maintain effective disclosure controls and procedures.

Copies of this Policy are available online on the corporate governance page of our website.

Who Are Our Stakeholders?

Our stakeholders are the people, communities and organizations affected by our operations. Our key stakeholders include:

- shareholders and other investors
- creditors
- employees
- customers
- suppliers
- communities in which we operate
- regulators
- indigenous people
- non-governmental organizations.

What Key Principles Guide Our Stakeholder Relations?

We act according to the following principles when we engage with our stakeholders. We expect others to do the same when engaging with us.

Respect

Mutual respect is the keystone around which productive stakeholder relations must be constructed. We respect the values and cultures of our stakeholders, as well as those of their communities. Even where we must agree to disagree, we respect the diversity of views presented.

Responsibility

We acknowledge and accept our responsibility to engage key stakeholders affected by our operations. Stakeholders who wish to be consulted should identify how we can best engage with them.

Responsiveness

We seek input and feedback about our operations and strive to take into account the needs and concerns of those who hold a stake in our operations.

Transparency

We seek regular, open and honest communications with stakeholders.

Timeliness

It is important that any appropriate engagement take place far enough in advance of any decision making so that any results of the engagement may be considered when key decisions are made.

Mutual Benefit
We are committed to working with stakeholders to find mutually beneficial solutions and opportunities.

How Do We Engage?

Management is principally responsible for stakeholder communications and engagement and the Company's president and chief executive officer (CEO) is the Company's official spokesperson. As both a director and senior executive, the CEO is in the best position to communicate the views of the Company. From time to time the CEO authorizes a limited number of additional management spokespersons, such as the chief financial officer or the senior vice-president, corporate relations, to communicate to the public.

In addition to the CEO, the chair of the Board has a key role in our stakeholder communications and engagement and may also act as a spokesperson for the Company in appropriate circumstances. The Chair of the Board also co-ordinates with the chair of the nominating and corporate governance committee on matters relating to the Company's relationships with regulators, the government and shareholders.

Some of the ways our Company engages with our stakeholders include:

- public communications through a variety of public channels, including through our news releases, our website, periodic published reports, social media and presentations at conferences
- formal consultation meetings, open houses, town hall meetings and dialogues with key stakeholders and groups
- responding to enquiries from the media, consumer groups and regulators
- surveys such as our employee engagement survey
- participating in industry associations
- collaborating on community, volunteer and charitable initiatives
- daily interaction through our business operations
- direct interaction by management and Board members with stakeholder groups.

The following stakeholder groups can communicate their views to us by contacting:

Stakeholder Group	Corporate Contact
shareholders, investors, media	investor relations
customers	customer communications centre
regulators	regulatory affairs
sponsorship and donations	by applying through our online process
general	head office inquiries

Concerns regarding actual, potential or suspected improper activities in respect of the Company's accounting, internal controls or auditing matters, violations of law and other violations of our Code of Business Conduct may be reported on a confidential and, at the election of the reporting person, anonymous basis pursuant to our whistleblower policy, by delivering a written report in a sealed envelope addressed as follows:

PRIVATE & CONFIDENTIAL
The Board of Directors of ●
[Address]
Attention: ●

This package is being submitted pursuant to the Company's whistleblower policy and should be opened solely by the corporate secretary

If the matter relates to the Company's corporate secretary or if the reporting person is otherwise uncomfortable with making a report to the corporate secretary, it may be sent (i) in the case of accounting financial and auditing matters to the attention of the Chair, audit committee; c/o the corporate secretary, or (ii) in the case of other matters, to the attention of the chair, nominating and corporate governance committee c/o the corporate secretary.

The corporate secretary will forward the envelope, unopened, to the applicable committee chair.

How Do We Communicate with Shareholders?

We file periodic reports, including our annual report, quarterly reports, annual information form and proxy circular with securities regulators via SEDAR. The investor relations page on our website has links to such documents as well as news releases and other reports and materials. We also hold conference calls for quarterly earnings releases and major corporate developments as soon as practical after they are publicly disclosed. These calls are accessible to the public simultaneously and through archived material posted on our website.

Shareholder feedback is received through one-on-one or group meetings between management and shareholders and at the annual meeting, as well as by letter (regular mail or courier), email or telephone. As appropriate, shareholder concerns are addressed promptly by the investor relations department. Contact details for the investor relations department are published in the Company's annual and quarterly reports and on our website. Shareholders may also make their views known through individual voting for directors, an annual say-on-pay advisory vote and other matters submitted to shareholders for approval. Shareholders may put forward shareholder proposals in accordance with applicable rules.

Board—Stakeholder Engagement

The Board oversees the discharge by management of its communication and engagement responsibilities with stakeholders generally and shareholders in particular. Management reports regularly to the Board on comments and feedback it receives. Directors, including the Chair of the Board, may also from time to time participate with management in initiatives to engage with stakeholders and elicit stakeholder views.

In addition, the Chair of the Board has a key role in stakeholder engagement, including engaging (together with the chair of the nominating and corporate governance committee and the chair of the human resources committee, as applicable) with significant institutional shareholders from time to time to discuss governance, executive compensation, environmental and social issues and other related matters.

Stakeholders may also initiate communications directly with the Board by addressing their questions or concerns to the independent directors through the Board Chair by delivering a sealed envelope, marked “confidential”, to:

The Board Chair
c/o the Corporate Secretary
●
[Address]

or via e-mail to: ●

Although communications may be submitted anonymously, parties are encouraged to identify themselves so that the Board Chair can acknowledge the communication. All correspondence, with the exception of solicitations for the purchase or sale of products and services and other similar types of correspondence, will be forwarded to the Board Chair. Purely for administrative purposes, correspondence to the Board Chair may be opened or viewed by the corporate secretary.

Topics suitable for Board—stakeholder communications include:

- corporate governance practices and disclosure
- approach to social and environmental issues
- approach to stakeholder engagement
- Board structure and composition
- Board and committee mandates
- Board’s role in overseeing strategy, including risk and capital allocation
- matters submitted by the Company to shareholders for approval
- overall corporate performance.

Stakeholders wishing to engage with directors may communicate with the Board Chair in the above manner.

If a stakeholder wishes to request a meeting with directors, the stakeholder should:

- explain whether the person(s) making the request is (are) a Company shareholder or a representative of the Company’s shareholders and provide the level of shareholdings held or represented
- identify the non-Company persons wishing to attend the meeting
- provide a description of the topics to be discussed
- describe any intention or arrangements for communicating the nature and results of the meeting to other persons.

The Board's response will generally be confirmed through the corporate secretary. The Board has the right to decline requests for any reason it deems appropriate, including where the proposed topics are not appropriate, and in order to limit the number of such meeting requests to a reasonable level and prioritize acceptances based on the interests of all stakeholders. If a meeting is held, the Board Chair will determine which directors will attend and may ask the general counsel to attend in order to confirm compliance with the Company's securities law obligations respecting fair disclosure and the maintenance and assessment of disclosure controls and procedures.

Where the agenda involves particularly sensitive matters, a meeting may be held in the absence of all members of management, although in such case the directors will adopt a "listen-only" approach and stakeholders should be aware that the directors in attendance at the meeting reserve the right to review the matters discussed with management.

CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

277 WELLINGTON STREET WEST
TORONTO, ON CANADA M5V 3H2
T. 416 977.3222 F. 416 977.8585
WWW.CPACANADA.CA