

## STATEMENT OF CORPORATE GOVERNANCE

The Board and management of the Company recognize that effective corporate governance is central to the prudent direction and operation of the Company in a manner that ultimately enhances shareholder value. The following discussion outlines the Company's approach toward corporate governance policies and practices.

The Company's corporate governance practices and policies have been developed under the stewardship of the Corporate Governance and Nominating Committee of the Board in response to evolving laws and best practices, including the policies of the Canadian Securities Administrators, the TSX and the NYSE as well as the Sarbanes Oxley Act.

### 1. Board & Committee Membership and Independence

As of the date hereof, the Board is comprised of 16 directors, which will decrease to 15 if all of the proposed nominees are elected at the January 17, 2019 Annual General Meeting. The Board members and their committee membership are identified in the table below.

The Board defines a director to be "independent" if he or she has no direct or indirect material relationship with the Company, as determined by the Board in consultation with the Corporate Governance and Nominating Committee. A "material relationship" is a relationship which, in the Board's view, could reasonably be expected to interfere with the exercise of a director's independent judgment. Based on a review of the applicable factual circumstances, including financial, contractual and other relationships, the Board, in consultation with the Corporate Governance and Nominating Committee, has determined that 14 Board members, being 88% of the current Board (14 out of 16 Board members) and 87% of the proposed nominees (13 out of 15 proposed nominees), are independent as outlined in the table below.

Director <sup>(5)(7)(8)(9)</sup>	Audit Committee	Corporate Governance & Nominating Committee	Human Resources & Compensation Committee	Executive Committee	Independence Analysis
Peter J. Bissonnette					Independent <sup>(1)</sup>
Adrian I. Burns			X	X	Independent
Christy J. Clark <sup>(5)</sup>					Independent
Richard R. Green	X				Independent
Gregg Keating			X		Independent
Michael W. O'Brien	Chair			X	Independent
Paul K. Pew		Chair		X	Independent
Jeffery C. Royer	X				Independent
Bradley S. Shaw				X	Not Independent <sup>(2)(4)</sup>
JR Shaw				Chair	Not Independent <sup>(3)(4)</sup>
Mike Sievert <sup>(6)</sup>					Independent
JC Sparkman			X	X	Independent
Carl E. Vogel		X			Independent
Sheila C. Weatherill		X			Independent
Willard H. Yuill			Chair		Independent

**Notes:**

- (1) Peter J. Bissonnette served as the President of the Company until August 31, 2015. The Board of Directors determined that Peter Bissonnette became an independent director as of September 1, 2018.
- (2) Bradley S. Shaw is the Chief Executive Officer of the Company.
- (3) JR Shaw is the founder and Executive Chair of the Company.
- (4) JR Shaw is the father of Bradley S. Shaw. JR Shaw and Bradley S. Shaw are deemed to be, or are related to, the Company's controlling shareholder through the Shaw Family Living Trust and its trustee as described under the heading "Voting Procedures – Voting Shares and Principal Holders Thereof".
- (5) Christy Clark, who is independent, was appointed by the Board as a director of the Company on June 28, 2018. As of the date hereof, Ms. Clark is not a member of any Board committees.
- (6) Mike Sievert, who is independent, was elected as a director of the Company by the shareholders at the January 11, 2018 Annual General Meeting. Mr. Sievert is not a member of any Board committees.

- (7) Lynda Haverstock, who is independent, will not stand for election as a director at the January 17, 2019 Annual General Meeting. Lynda Haverstock was a member of the Human Resources and Nominating Committee until January 11, 2018, at which time, she joined the Corporate Governance and Nominating Committee.
- (8) Jim Shaw served as director of the Corporation until his passing on January 3, 2018.
- (9) Further details about each nominee for election to the Board at the Meeting is provided under the heading “Business of the Meeting – Election of Directors”.

The Company does not have a mandatory retirement policy or term limit policy for members of the Board and rather assesses board renewal as part of its annual board and committee assessments. The Company considers it important to retain directors who hold significant investments in the Company on its board of directors, particularly those with significant and unique business experience in the industry. A significant financial stake strongly motivates independent thinking and analysis and brings a long-term perspective which is beneficial to the Company and all of its shareholders. The Company believes that it is a preferred practice to retain the benefit of director insight from related industry, regulatory or technological experience. This is particularly significant for the Company given the narrow field of candidates who have experience in this unique, regulated sector in Canada. The Company considers that a director term limit in the context of a controlled corporation where a controlling shareholder would be required to step down as a director after serving for a stipulated period of time is inappropriate. The relationship between the Company and its controlling shareholder is unique and a valuable element of the Company’s leadership, culture and governance.

## **2. Board of Directors**

The Board has established a written Board mandate which is reviewed on a regular basis and updated as considered appropriate by the Corporate Governance and Nominating Committee and the Board. A copy of the Board mandate is included as Exhibit A to this proxy circular.

### ***Duties***

The Board has responsibility for supervising and overseeing management of the business and affairs of the Company. The Board’s duties include to:

- appoint senior management;
- review performance of, and approve compensation of, senior management;
- monitor plans for succession, training and development;
- satisfy itself as to the integrity of senior management and ensure that senior management maintains a culture of integrity throughout the Company;
- approve the Company’s strategic objectives, business plans and budgets as discussed below;
- approve significant strategic transactions, including significant acquisitions, dispositions and financings;
- identify and assess the principal risks inherent in the business activities of the Company and ensure that management takes reasonable steps to implement appropriate systems to manage such risks;
- ensure that the operational and financial performance of the Company, as well as any developments that may have a significant and material impact on the Company, are adequately reported to shareholders, regulators and stakeholders on a timely and regular basis; and
- develop, implement and oversee a disclosure policy to enable the Company to communicate effectively with its shareholders and other stakeholders.

Certain responsibilities and powers of the Board have been delegated to committees of the Board as outlined below.

### ***Strategic Planning***

With respect to strategic planning, the Board establishes strategic objectives for the Company, reviews and approves management’s strategic plans and budgets, and reviews emerging trends, opportunities, risks and issues with management. The Board reviews adjustments to management’s budgets, plans and objectives as may be required during the year.

The Board receives regular updates from management on strategic developments. Presentations are given at regularly scheduled quarterly Board meetings where topics that are strategic to the Company's performance and prospects are explored in depth. In fiscal 2018, strategic sessions of the Board were undertaken at each of the quarterly Board meetings. See "Statement of Corporate Governance – Orientation & Continuing Education".

#### **Executive Chair**

JR Shaw is the Board's Executive Chair. As such, he has overall responsibility for the stewardship of the Company.

The Executive Chair fulfills the role of chair of the Board, which position is described in the Company's Board mandate. Responsibilities of the Executive Chair include to:

- facilitate effective operation and management of, and provide leadership to, the Board;
- act as chair of meetings of the Board;
- assist in setting the agenda for each meeting of the Board and otherwise bring forward for consideration matters within the mandate of the Board;
- facilitate the Board's interaction with management;
- act as a resource and mentor and provide leadership for other members of the Board; and
- perform such other duties and responsibilities as may be delegated to the Executive Chair by the Board.

#### **Lead Director**

Paul K. Pew, an independent director, was appointed in January 2015 as the Company's third Lead Director since the position was created in 2004. The Lead Director's role is to provide leadership to the Company's independent directors, serve as an independent leadership contact for the directors and maintain and enhance the quality of the Company's corporate governance practices. As such the Lead Director also serves as Chair of the Corporate Governance and Nominating Committee. A Lead Director serves for a term of five to seven years.

The terms of reference for the Lead Director are set out in the Company's Board mandate and include:

- in conjunction with the Corporate Governance and Nominating Committee of the Board, provide leadership to ensure that the Board functions independently of management;
- chair all *in camera* meetings of the independent directors, and in the absence of the Executive Chair, the Vice Chair, and Chief Executive Officer, act as chair of meetings of the Board;
- recommend, where necessary, the holding of special meetings of the Board;
- review with the Executive Chair and Chief Executive Officer items of importance for consideration by the Board;
- as may be required from time to time, consult and meet with any or all of the independent directors at the discretion of the either party and with or without the attendance of the Chair, and represent such independent directors in discussions with management on corporate governance issues and other matters;
- serve as Board ombudsman, so as to ensure that questions or comments of individual directors are heard and addressed;
- with the Corporate Governance and Nominating Committee, ensure that the Board, committees of the Board, individual directors and senior management understand and discharge their duties and obligations under the Company's system of corporate governance;
- mentor and counsel new members of the Board to assist them in becoming active and effective directors;
- with the Corporate Governance and Nominating Committee, facilitate the process of conducting director evaluations;
- with the Corporate Governance and Nominating Committee, promote best practices and high standards of corporate governance; and
- perform such other duties and responsibilities as may be delegated to the Lead Director by the Board.

## Attendance Record

The Board attendance record for fiscal 2018 is outlined below.

Director <sup>(2)</sup>	Audit Committee	Corporate Governance & Nominating Committee	Human Resources & Compensation Committee	Committees <sup>(1)</sup> (Total)	Board	Overall Attendance
Peter J. Bissonnette					8/8	8/8 (100%)
Adrian I. Burns		3/4 <sup>(5)</sup>	2/2 <sup>(7)</sup>	5/6	8/8	13/14 (93%)
Richard R. Green	4/4			4/4	8/8	12/12 (100%)
Lynda Haverstock <sup>(9)</sup>		2/2 <sup>(6)</sup>	3/3 <sup>(8)</sup>	5/5	8/8	13/13 (100%)
Gregg Keating			5/5	5/5	8/8	13/13 (100%)
Michael W. O'Brien	4/4			4/4	8/8	12/12 (100%)
Paul K. Pew		6/6		6/6	8/8	14/14 (100%)
Jeffrey C. Royer	4/4			4/4	8/8	12/12 (100%)
Bradley S. Shaw					8/8	8/8 (100%)
Jim Shaw <sup>(3)</sup>					2/3	2/3 (67%)
JR Shaw					8/8	8/8 (100%)
Mike Sievert <sup>(4)</sup>					4/5	4/5 (80%)
JC Sparkman			5/5	5/5	8/8	13/13 (100%)
Carl E. Vogel		6/6		6/6	8/8	14/14 (100%)
Sheila C. Weatherill		6/6		6/6	8/8	14/14 (100%)
Willard H. Yuill			5/5	5/5	8/8	13/13 (100%)

### Note:

- (1) No Executive Committee meetings were required in fiscal 2018.
- (2) Christy Clark was appointed as a director of the Company on June 28, 2018 and did not attend any Board meetings in fiscal 2018. As of the date hereof, Ms. Clark is not a member of any Board committees.
- (3) Jim Shaw served as a director until his passing on January 3, 2018.
- (4) Mike Sievert was elected as a director of the Company by the shareholders at the January 11, 2018 Annual General Meeting. Mr. Sievert is not a member of any Board committees.
- (5) Adrian Burns was a member of the Corporate Governance and Nominating Committee until January 11, 2018.
- (6) Lynda Haverstock joined the Corporate Governance and Nominating Committee on January 11, 2018.
- (7) Adrian Burns joined the Human Resources and Compensation Committee on January 11, 2018.
- (8) Lynda Haverstock was a member of the Human Resources and Nominating Committee until January 11, 2018.
- (9) Lynda Haverstock will not stand for election at the January 17, 2019 Annual General Meeting.

## In Camera Sessions

The Board mandate provides that the Board shall hold, in conjunction with each Board meeting, “*in camera*” sessions at which non-independent directors and members of management are not in attendance. At each *in camera* session the independent directors meet with the Executive Chair and the Chief Executive Officer without any other member of management, subsequently with the Executive Chair alone and finally without any member of management or the Executive Chair. The Lead Director chairs the independent directors’ *in camera* sessions.

The committees of the Board met *in camera* in fiscal 2018 as follows:

Audit Committee	4 times
Corporate Governance and Nominating Committee	6 times
Human Resources and Compensation Committee	5 times

## Interlocking Directorships

The interlocking directorships relating to public issuers are listed below. The Board is of the view that neither of these interlocking directorships affects the independence of the respective members of the Board.

Issuer	Director	Position with Issuer
Liberty Global, Inc.	Richard R. Green	director and member the nominating and corporate governance committee
	JC Sparkman	director and chair of the compensation committee and member of nominating and corporate governance and succession planning committees
Universal Electronics Inc.	JC Sparkman	director and chair of the compensation committee and member of the corporate governance and nominating committee
	Carl E. Vogel	director and member of the audit committee

The Board addresses interlocking directorships on a case-by-case basis. The Corporate Governance and Nominating Committee considers the effect of interlocking directorships on director independence when considering nominees as new directors. Existing directors are subject to the Company's outside directorship guidelines.

### *Committees of the Board*

Subject to applicable law, the Board delegates certain of its powers, duties and responsibilities to committees of the Board. The Board has established four standing committees as discussed below.

### **3. Audit Committee**

The Audit Committee is comprised of Michael W. O'Brien (Chair), Richard R. Green, and Jeffrey C. Royer. Each member of the Audit Committee is an independent director and is financially literate. Each of Michael W. O'Brien and Jeffrey C. Royer also qualify as a "financial expert" under the Sarbanes-Oxley Act and other applicable regulatory requirements.

A copy of the Audit Committee charter is included in the Company's Annual Information Form and is available on the Company's website.

#### *Duties*

The Audit Committee is responsible for overseeing the integrity of the Company's financial reporting process. In this regard, the Audit Committee duties include oversight of:

- the integrity of the Company's financial statements and related information;
- management's processes for assessing and reporting on the effectiveness of internal controls;
- the external and internal auditors (including review of the audit plan with the external auditors and the Company's senior management) and evaluation of the qualification, effectiveness and independence of the external and internal auditors;
- the Company's compliance with legal and regulatory requirements relating to public disclosure and financial reporting; and
- the Company's processes for identifying, assessing and managing risks and the Company's financing strategy.

With respect to internal controls over financial reporting, the Company has conducted an evaluation of the effectiveness of its system of internal controls over financial reporting and concluded that the Company's system of internal controls over financial reporting was effective as of August 31, 2018 and that the Company is in compliance with the requirements of Section 302 of the Sarbanes-Oxley Act.

#### *Internal Audit and Advisory Services*

The Audit Committee is also responsible for overseeing the work of the Company's Internal Audit and Advisory Services department whose mandate is to provide independent and objective audit and advisory services in order to evaluate and improve the effectiveness of the Company's governance, internal controls, disclosure processes and risk management activities. In that regard, the Audit Committee oversees the work of the Internal Audit and Advisory Services department and all reports issued by the Internal Audit and Advisory Services department.

#### *Risks*

The Audit Committee reviews:

- management's processes for identifying, assessing and managing the principal risks to the Company and its businesses;

- the major risk exposures and trends identified by the Company's management and its implementation of risk policies and procedures to monitor and manage such exposure; and
- the Company's risk disclosure in its annual and interim materials.

As part of this process, the Audit Committee regularly reviews reports and discusses significant financial statement or audit risks with the Company's external auditors. The Audit Committee undertakes a further review of the significant corporate level risks through the Enterprise Risk Management program ("**ERM**"). The ERM is a performance focused process designed to identify and manage significant corporate level risks that could impact the achievement of the Company's strategic objectives. The Company's executives meet quarterly to: (i) review and update significant corporate level risks; (ii) assess such corporate level risks in terms of likelihood and magnitude of impact, (iii) review the response strategy, and (iv) monitor progress. The Company's executives provided an ERM report to the Board in October 2017, with updates to be provided at least annually to the Board and/or the Audit Committee. The last ERM update was provided to the Audit Committee in April 2018.

In the second quarter of fiscal 2018, the Company introduced TBT, a multi-year initiative designed to reinvent the Company's operating model to better meet the evolving needs and expectations of consumers and businesses by optimizing the use of resources, and maintaining and ultimately improving customer service, and reducing staff. As a first step in the TBT, a VDP was offered to eligible employees resulting in approximately 3,300 Shaw employees accepting the VDP packages with approximately 1,300 employees departing in fiscal 2018. In connection with the launch of TBT and the VDP, the Company initiated quarterly reports to the Board and Audit Committee for the purposes of tracking the following: (i) employee exits and (ii) the total restructuring costs and savings (including reductions in operating and capital expenditures). (For further details on the TBT initiative and the VDP, see "Statement of Compensation – Operating Highlights").

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's 2018 Annual Report under the heading "Known Events, Trends, Risks and Uncertainties" in the Management's Discussion and Analysis.

#### **Whistleblower and Fraud**

As part of its oversight of the integrity of the Company's internal controls, the Audit Committee specifically reviews and addresses fraud prevention and other procedures. Under the Company's Business Conduct Standards, the Company has implemented procedures to ensure that concerns and complaints with respect to accounting, auditing, internal control and public disclosure matters, among others, are brought to the attention of the Chair of the Audit Committee.

#### **Chair**

The mandate of the Audit Committee outlines the chair's responsibilities, which include: organizing the committee's affairs, chairing its meetings, providing guidance to the members, retaining outside experts as required and reporting to the Board on the Audit Committee's work.

### **4. Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee is comprised of Paul K. Pew (Chair), Lynda Haverstock, Carl E. Vogel and Sheila C. Weatherill. Each member of the Corporate Governance and Nominating Committee is an independent director.

A copy of the Corporate Governance and Nominating Committee charter is available on the Company's website at [www.shaw.ca](http://www.shaw.ca).

#### **Duties**

The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Company's approach to corporate governance in accordance with good corporate practice, applicable laws and

policies. In particular, the Corporate Governance and Nominating Committee is responsible for overseeing the role, composition, structure and effectiveness of the Board and its committees. In this regard, the Corporate Governance and Nominating Committee's duties include to:

- establish and review the mandates of the Board and its committees;
- identify and evaluate candidates for nomination to the Board;
- oversee the orientation and education programs for directors;
- assess the effectiveness of the Board, its committees and individual directors;
- establish, review and assess compliance with general corporate policies and practices, such as the business conduct standards, the related party transaction policies, communications policies, and securities trading guidelines; and
- manage the orderly succession of directors to maintain an appropriate complement of experience and skills on the Board.

### *Nomination of Directors*

In consultation with the Executive Chair, Chief Executive Officer and the Lead Director, the Corporate Governance and Nominating Committee identifies potential candidates for the Board, reviews their qualifications and makes recommendations on candidates to the Board. In particular, the Corporate Governance and Nominating Committee assesses, among other factors, industry experience, functional expertise, financial literacy and expertise, board experience and background having regard for the Company's strategic direction, opportunities and risks. To assist with the director nomination process, the Company has adopted a number of tools and strategies including: a director skills matrix; engaging external consultants; and developing model director profile(s).

The Corporate Governance and Nominating Committee believes that the Board should be comprised of directors with a broad range of experiences and expertise. In consultation with the Executive Chair and Chief Executive Officer, the Corporate Governance and Nominating Committee uses a skills matrix to identify director skills, competencies and conducts a gap analysis to identify areas that can be improved for the Board to carry out its mandate effectively. The results from the skills matrix analysis are used to identify the skills, competencies, and personal attributes for model director profile(s) created by the Corporate Governance and Nominating Committee, with the support of external consultants, the Executive Chair and the Chief Executive Officer. Model director profile(s) assist the Corporate Governance and Nominating Committee to identify and target potential director candidates possessing the skills, competencies and personal attributes from which the Board could benefit.

In consultation with the Executive Chair and Chief Executive Officer, and with the support of external consultants, the Chair of the Corporate Governance and Nominating Committee identifies potential director candidates possessing the required skills, competences, and personal attributes. The potential director candidates undergo a rigorous interview process with external consultants, the Executive Chair, Chief Executive Officer, the Chair of the Corporate Governance and Nominating Committee and other Board members. Any selection discussions are made with input and recommendation from the Chair of the Corporate Governance and Nominating Committee, Executive Chair, and Chief Executive Officer. The Corporate Governance and Nominating Committee then makes a formal recommendation to the Board where it is decided by resolution to approve the new director.

### *Board Diversity*

Diversity enhances culture and creates value for employees, customers, shareholders and other stakeholders. The Company believes that increasing Board diversity to reflect its customers and the communities they live in is crucial. To that end, the Corporate Governance and Nominating Committee takes into account factors such as gender and cultural diversity, with a view to ensuring that the Board benefits from a broader range of perspectives and relevant experience. Diversity considerations form an integral part of the Company's skills matrix analysis (discussed above) and in addition to merit, diversity is an essential factor in the selection process for new directors, including representation of women and minorities.

At this time, the Board has not adopted a formal diversity policy or targets for director positions. The Company believes that it can achieve appropriate gender and cultural diversity through its director nomination and selection process without the imposition of a formal policy or diversity targets. As a long-standing diverse employer that promotes and supports a culture of inclusion, it fully appreciates the benefits of leveraging a diverse range of skills and perspectives. In particular, the Corporate Governance and Nominating Committee considers the level of representation of women on the Board by overseeing the selection process and ensuring that sufficient women and other diverse candidates are included in the pool of potential candidates for consideration.

The Corporate Governance and Nominating Committee believes the 15 nominees for election to the Board reflect an appropriate diversity of gender, culture, experience and expertise to service the best interests of the Company and its stakeholders. The director nominees for the January 17, 2019 Annual General Meeting include three females, representing 3 out of 13 (23%) of the independent director nominees and 3 out of 15 (20%) of all director nominees.

### *Orientation and Continuing Education*

The Corporate Governance and Nominating Committee is responsible for the orientation of new directors and ongoing education initiatives for all members of the Board. In fiscal 2018, the Company refreshed its director orientation program to tailor to the needs of the Company's directors given their broad range of professional experience. The new orientation program provides new directors with detailed background information on Company's history and operations, strategic plan and direction, business units, investor relations initiatives, technology and network, regulatory environment, the roles and expectations of the Board and its committees, policies, guidelines and governance practices as well as annual and quarterly financial information.

All directors have regular access to senior management to discuss Board presentations and matters of interest as the senior management team is invited to attend board meetings and engage in active discussion with board members on topics presented. Most of the directors also sit on other boards which enables them to bring that experience to the functions of the Company's board.

The Board members are expected to be informed about issues affecting the Company's business, governance and other related issues. In this regard, the Company undertakes ongoing education initiatives at the Board level. Director education requirements are overseen by the Corporate Governance and Nominating Committee. In recognition of the rapidly changing technology and competitive environment, the Board receives regular updates from management on strategic developments and presentations are given at regularly scheduled quarterly Board meetings. Presentation topics are proposed by management or requested by Board members. The presentations are made by internal and external experts on a wide range of topics relevant to the current and future direction of the Company. Topics covered in fiscal 2018 included: TBT, Shaw's multi-year initiative designed to reinvent its operating model; the VDP, the first stage of Shaw's TBT initiative; competitive landscape in the Company's Wireline and Wireless divisions; the presentation of the updated strategic plan; Wireless and Wireline network planning, optimization, and the Company's converged network strategy; and the evolving regulatory environment and the Company's approach to regulatory changes and other corporate initiatives.

Site visits to the Company's facilities are arranged periodically. The Company also has a director education policy by which funding can be made available for attendance by directors at external programs. A list of meetings in fiscal 2018 where educational and strategic topics were covered is set out in the table below.

<b>Educational and Strategic Topics</b>	<b>Attendees</b>	<b>Timing</b>
Senior management presentation on performance and emerging issues	Full Board	Quarterly
Corporate governance updates on new requirements and emerging issues and practices	Corporate Governance and Nominating Committee	Quarterly
Changes in generally accepted accounting principles	Audit Committee	Quarterly
Compensation trends and benchmarking	Human Resources and Compensation Committee	Quarterly
Strategic Planning meetings: Topics covered included:	Full Board	Quarterly
<ul style="list-style-type: none"> <li>• TBT, Shaw's multi-year initiative designed to reinvent its operating model</li> <li>• the VDP, the first stage of Shaw's TBT initiative;</li> <li>• competitive landscape in the Company's Wireline and Wireless divisions;</li> <li>• the presentation of the updated strategic plan;</li> <li>• Wireless and Wireline network planning, optimization, and the Company's converged network strategy; and</li> <li>• the evolving regulatory environment and the Company's approach to regulatory changes and other corporate initiatives.</li> </ul>		

### **Board and Committee Assessments**

The Corporate Governance and Nominating Committee reviews the effectiveness of the Board, its committees and individual directors. As part of this assessment of the effectiveness of the board, board renewal is considered. The Corporate Governance and Nominating Committee conducts an annual survey of each of the directors by a confidential questionnaire that addresses the effectiveness of the operation of the Board and the committee(s) of which the director is a member, board culture and director self-evaluation. The survey results are compiled by an outside consultant and strengths and areas which might be strengthened are summarized. The Corporate Governance and Nominating Committee reviews recommendations arising out of the evaluations and makes recommendations as it considers appropriate. The results of the survey are shared with the Board.

### **Review of Charters**

Each of the Audit Committee and the Human Resources and Compensation Committee annually review their committee charters and recommend any changes to the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee considers these recommendations and annually reviews the charters for each of the Board committees and the mandate of the Board and recommends any changes to the Board for consideration and approval.

### **Chair**

The mandate of the Corporate Governance and Nominating Committee outlines the chair's responsibilities, which include: organizing the committee's affairs, chairing its meetings, providing guidance to the members, retaining outside experts as required and reporting to the Board on the committee's work.

## **5. Human Resources and Compensation Committee**

The Human Resources and Compensation Committee is comprised of Willard H. Yuill (Chair), Adrian I. Burns, Gregg Keating and JC Sparkman. Each member of the Human Resources and Compensation Committee is an independent director.

A copy of the Human Resources and Compensation Committee charter is available on the Company's website [www.shaw.ca](http://www.shaw.ca).

### ***Duties***

The Human Resources and Compensation Committee is responsible for overseeing the Company's significant human resource strategies and periodically reviewing the Company's compensation philosophy and material strategies and policies and the effectiveness thereof. The Human Resources and Compensation Committee also approves the appointment of senior management recruited from outside the Company, as well as the promotion of senior management within the Company. In this regard, the Human Resources and Compensation Committee's duties include to:

- review and approve responsibilities, performance criteria and incentive compensation targets and assess performance for senior executives;
- assess the long-term and short-term incentive plans to ensure that they do not incent risk-taking beyond the Company's risk tolerance;
- review and approve employee benefits plans, equity-based plans and retirement plans;
- review the succession planning and talent management program and ensure that appropriate programs are in place to manage succession, recruitment and retention of senior management;
- review and approve the terms of engagement of compensation consultants;
- review and monitor occupational health and safety programs; and
- review programs to address employment equity, employee engagement and employee relations.

### ***Compensation of Management***

In respect of management, the Human Resources and Compensation Committee is responsible for ensuring that appropriate and effective human resource recruitment, development, compensation, retention, succession planning (including appointing, training and monitoring senior management) and performance evaluations programs are developed and implemented in conformity with the Company's strategic objectives and with a view to attracting and retaining the best qualified management and employees. The committee annually reviews, approves and reports to the Board on the compensation of the senior executives of the Company, and recommends for approval by the Board compensation for the NEOs. The performance of the Company and its individual executive officers during the fiscal year is taken into consideration when the Committee conducts its annual executive compensation review. The Committee also takes into consideration the compensation of similar positions within the Company's comparator group to ensure that the level of executive compensation is competitive and effective in attracting and retaining outstanding executive talent.

### ***Chief Executive Officer***

The Human Resources and Compensation Committee: (1) reviews and approves the specific responsibilities of the Chief Executive Officer; and (2) monitors the corporate objectives that the Chief Executive Officer is responsible for meeting on an annual basis and regularly reviews whether such objectives are being met in alignment with the Company's objectives and strategic plan.

The Chief Executive Officer has responsibility for the management of the business and affairs of the Company. The Chief Executive Officer provides day-to-day leadership and is responsible for the achievement of the overall objectives and policies established by the Board. In particular, the Chief Executive Officer is expected to lead the Company and formulate strategies and policies, agreed upon by the Board. The Chief Executive Officer is directly accountable to the Board for all activities of the Company.

The terms of reference for the Chief Executive Officer are set out in the Company's Board mandate which are attached hereto as Exhibit A.

### ***Succession Planning***

At least annually, the Human Resources and Compensation Committee reviews with management its program for succession planning. This program identifies high performers as well as successors for key positions for all roles from director level to the Chief Executive Officer. The Human Resources and Compensation Committee also oversees the Company's talent development and formal leadership programs.

### *Compensation of the Board*

In respect of the Board, the Human Resources and Compensation Committee is charged with the responsibility of reviewing the adequacy and form of the compensation of directors. It considers time commitment, responsibilities and fees paid by the Company's peer group in determining remuneration to ensure the Company continues to retain and attract the best individuals. In fiscal 2018, Directors received their compensation in the form of cash and DSUs or a combination of cash and DSUs.

### *Compensation Consultants*

From time to time, the Human Resources and Compensation Committee retains independent human resources consultants to provide expert advice and opinions on compensation and other matters. In fiscal 2017 and 2018, the Company retained Willis Towers Watson to provide director and senior executive compensation services. (For fee detail, see "Statement of Compensation – Role of Compensation Consultant".)

### *Diversity in Executive Officer Positions*

Diversity is integral to the Company's continued growth and success. The Company believes a more diverse workforce leads to stronger financial performance by representing the customers and communities that Shaw serves in Canada. In addition to the value the Company sees in Board diversity (as described under "Committees of the Board – Corporate Governance and Nominating Committee – Board Diversity"), the Company also recognizes the benefit of diversity throughout all levels of the organization, including at the executive officer level. The Company is actively engaged in promoting diversity to enrich its culture and foster innovation through diversity of thought and perspective, and embedding it into the broader talent management programs in order to deliver and drive business results.

The Company's diversity program focuses on under-representation of employees that are women, visible minorities, indigenous, or people with disabilities. The Company's current initiatives are: (i) the hiring and retention of talented employees through work placement programs and establishing recruitment partnerships to attract diverse candidates, (ii) incorporating diversity awareness through the Company's leadership development, on-boarding and other programs, and (iii) enhancing the Company's internal communications to raise diversity awareness and remove unconscious biases. To monitor the program's effectiveness, the Company uses diversity metrics to measure its progress quarterly and strives to ensure the Company is an equitable workplace representative of the customers and communities Shaw serves in Canada.

At this time, Shaw has not adopted a formal diversity policy or targets for the representation of women at the executive officer level. Shaw believes arbitrary targets are a weak substitute for a consistently applied recruitment policy that encourages an inclusive and diverse workplace, which includes considering the representation of women in executive officer positions. When considering potential candidates for executive officer positions, the Company considers both gender and cultural diversity, recognizing the importance of having an executive team representing different skills and perspectives.

Currently women comprise 5 out of 20 (25%) of the Company's senior leadership team (senior vice president level and above). By broadening diversity initiatives across the Company and into the business plans and strategies, the Company strives to be an industry leader in diversity while achieving operational excellence.

### *Chair*

The mandate of the Human Resources and Compensation Committee outlines the chair's responsibilities, which include: organizing the committee's affairs, chairing its meetings, providing guidance to the members, retaining outside experts as required and reporting to the Board on the committee's work.

## 6. Executive Committee

The Executive Committee is comprised of JR Shaw (Chair), Adrian I. Burns, Michael W. O'Brien, Paul K. Pew, Bradley S. Shaw and JC Sparkman. Each of Adrian I. Burns, Michael W. O'Brien, Paul Pew and JC Sparkman is an independent director.

A copy of the Executive Committee charter is available on the Company's website at [www.shaw.ca](http://www.shaw.ca).

The Executive Committee carries out all matters that may be specifically and lawfully delegated to it by the Board. In particular, the Executive Committee exercises the powers of the Board in circumstances where, following initial approval of a matter by the full Board, the Board delegates approval of certain aspects to the Executive Committee. Matters reviewed and approved by the Executive Committee are in most circumstances referred back to the full Board for ratification, confirmation and approval at the next meeting of the Board.

### *Chair*

The mandate of the Executive Committee outlines the chair's responsibilities, which include: organizing the committee's affairs, chairing its meetings, facilitating the Executive Committee's interaction with management, the Board and other committees of the Board and providing guidance to the members.

## 7. Corporate Governance Policies

### *Business Conduct Standards*

The Company has adopted a set of Business Conduct Standards, which apply to all directors, officers and employees of the Company. Business Conduct Standards are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.shaw.ca](http://www.shaw.ca). The Corporate Governance and Nominating Committee, with the assistance of the Company's Business Conduct Standards Committee (a committee of management representatives from each of the Consumer, Business, Wireless, Human Resources and Legal departments which meets regularly throughout the year), is responsible for monitoring compliance with the Business Conduct Standards and for approving waivers of such standards. No such waivers for directors or officers of the Company have been granted as of the date hereof.

The Company's Business Conduct Standards address such matters as conflicts of interest, confidential information, and the protection and proper use of the Company's assets. The Business Conduct Standards also include procedures for the submissions of complaints or concerns that employees may have regarding compliance with corporate policies or applicable laws or with respect to accounting, internal control and auditing matters. All new directors, officers, employees and certain contractors are required to receive an orientation about the Business Conduct Standards when they commence their engagement with the Company.

The Board monitors compliance with the Business Conduct Standards through the Corporate Governance and Nominating Committee and the Audit Committee, with the assistance of the Company's Business Conduct Standards Committee. Each such Board committee receives updates on matters relating to the Business Conduct Standards that are relevant to it.

No material change reports have been filed since the beginning of the Company's most recently completed financial year that pertain to any conduct of a director or executive officer that constitutes a departure from the Business Conduct Standards.

### *Related Party Transaction Policy*

Transactions or agreements in respect of which a director or executive officer of the Company has a material interest are subject to the Related Party Transaction Policy. For any such transactions or agreements, the director or officer is required to disclose his or her interest in accordance with the Related Party Transaction

Policy, the Business Conduct Standards, the Corporation's by-laws and the *Business Corporations Act* (Alberta). When applicable, he or she is required to recuse him or herself from any consideration or vote relating to such transaction or agreement.

At each quarterly meeting, each of the Audit Committee and the Corporate Governance and Nominating Committee reviews the fairness of any potential transactions in which a director or officer of the Company may be involved or connected, if any.

#### **Communications Policy**

The Company has adopted a corporate disclosure policy with respect to the dissemination of material information in a timely manner to all shareholders in accordance with applicable securities laws. Under such policy, the Board, upon recommendation of the Audit Committee, approves annual and quarterly reports to shareholders, as well as other material public communications.

All quarterly and annual financial statements, material press releases, investor presentations and other corporate governance-related materials are posted immediately on the Company's website. With respect to the release of its quarterly financial results, the Company provides Internet and telephone conference call access to interested parties.

Investor enquiries receive a response through the Finance department of the Company or through an appropriate officer of the Company.