

Press Release

VOTE FOR UNITHOLDER PROPOSAL NO.1

and

WITHHOLD VOTES FOR THE RE-ELECTION OF MICHAEL D. HARRIS

Date: April 20, 2021

Name of the reporting issuer: Chartwell Retirement Residences

Address of the reporting issuer: 7070 Derrycrest Drive, Mississauga, Ontario, L5W 0G5

Name of person relying on the public broadcast solicitation: Canadian Shareholder Association for Research & Education (SHARE)

Date of the annual general unitholders meeting: May 20, 2021

SHARE solicits your SUPPORT for the unitholder proposal filed by the IBVM Foundation of Canada Inc. (Unitholder Proposal No.1) and urge you to WITHHOLD your votes for the re-election of Michael D. Harris, Chair of the Board. Both matters will be submitted to a vote at the upcoming AGM on May 20, 2021.

SHARE is not asking unitholders to send a form of proxy. This publication and the attached written materials are filed pursuant to NI 51-102 and in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws, conveyed by way of public broadcast, including press release, speech or publication and any other manner permitted under applicable Canadian laws. As SHARE is not soliciting proxies, submission is not required of this filer under the terms of the National Instrument but is made voluntarily in the interest of public disclosure and consideration of these important issues. SHARE has prepared and filed this press release in order to provide Chartwell's unitholders additional rationale as to why it is warranted to vote in favor of Unitholder Proposal No.1 and to withhold your votes for the re-election of Michael D. Harris as Chair of the Board.

This solicitation is made by SHARE and is not made by or on behalf of management of Chartwell Retirement Residences ("Chartwell").

The costs incurred in the preparation and publication of this Press Release will be borne directly and indirectly by SHARE.

Disclaimer

This is not a solicitation of authority to vote your proxy. Please DO NOT send us your proxy card; SHARE is not able to vote your proxies, nor does this communication contemplate such an event.

SUMMARY OF ARGUMENTS

In advance of Chartwell's upcoming AGM, SHARE is providing the following vote recommendations to shareholders:

- 1.) Vote FOR the shareholder proposal asking for greater transparency on human capital management (Unitholder Proposal No.1) and
- 2.) Vote to WITHHOLD votes for the election of Michael Harris as Chairman of the Board of directors.

In 2020, SHARE filed a shareholder resolution on behalf of the IBVM Foundation of Canada Inc ("the Proponent"). The Resolution asks the board of directors to report on the Company's overall approach and board-level oversight of human capital management and the disclosure of key workforce metrics. The goal of the proposal is to allow investors access to timely and material information on the Company's efforts to manage workforce-related risks and challenges during and outside the COVID-19 pandemic. Such disclosure would help investors assess the effectiveness of key workforce policies and the robustness of its board oversight.

Despite widely shared concerns on the safety and well-being of Chartwell home's residents and employees, the Company does not disclose sufficient information, especially material workforce metrics, that would help shareholders assess the quality of its human capital management.

Further, given recent events in Chartwell's operations, and the need for board accountability, as outlined below we are recommending shareholders withhold their vote from Mr. Harris.

ARGUMENTS

Long term care (LTC) and retirement homes have been disproportionately impacted by the COVID-19 virus and largely contributed to the related death toll in Canada

LTC and retirement homes have been particularly hit by major COVID-19 outbreaks during the first and the second wave of the pandemic in Canada. During the first wave, 1,171 homes reported infections and 1,389 homes during the second wave. In total, 55,410 residents have been infected in Canada and at least 14,739 died from the virus since March 1st, 2020. This represents 69% of COVID-19 related deaths in Canada. The international average is (41%).¹ This puts Canada in an unfortunate leadership position.

Since the beginning of the pandemic, 51 homes operated or owned by Chartwell have been impacted by the virus and 393 residents died as a result of the pandemic.² More recently, between March and April, at least three Chartwell retirement residences and two LTC residences have been affected^{3,4}.

¹ Canadian Institute for health information. The Impact of COVID-19 on Long-Term Care in Canada. Available [here](#).

² https://docs.google.com/spreadsheets/d/1M_RzoiK0vwF9nAozI7aoyLpPU8EA1JEqO6rq0g1iebU/edit#gid=0, page consulted on April 8, 2021.

³ <https://chartwell.com/en/covid-information/covid-19-updates>, page consulted on April 8, 2021.

⁴ Chartwell Héritage résidence pour retraités, Ottawa, Ontario; Chartwell Langley Gardens Retirement Residence, Langley, British Columbia; Chartwell McConnell Retirement Residence, Cornwall, Ontario; Chartwell Aurora Long Term Care Residence, Aurora, Ontario; Chartwell Wenleigh Long Term Care Residence, Mississauga, Ontario

As of December 13, 2020, Chartwell's homes had 4.64 deaths per 100 beds in Ontario comparing to an average of 2.80 in non-profit homes and 1.35 in municipal homes.⁵

This shocking death toll brought to the public attention the vulnerability of residents in Canadian LTC and retirement homes and raised questions on whether and why for-profit LTC homes were more severely impacted by the pandemic than not-for profit and municipal homes. As a result, public authorities conducted investigations and initiated work to identify the sources of the deficiencies that led to this dramatic turn of events.⁶ Civil society organizations, politicians and the public are also questioning the viability of for-profit LTC homes and exploring options to eliminate private ownership.⁷ In some cases, investors face increasing pressure from stakeholders to divest the for-profit care home chain.⁸

These concerns are justified. Many studies indicate that for-profit LTC are more likely to deliver inferior standards of care, including lower levels and quality of staffing⁹ and higher mortality and morbidity rate.¹⁰ Other studies also include the chain ownership as one of the most important risk factors weighting in the likelihood of COVID-19 outbreaks in LTC homes.¹¹

Deficiencies in human capital management a significant contributor to the virus spread in Canadian LTC and retirement homes

Staffing challenges and working conditions are often cited as one of the main causes of poor standards of care in LTC and retirement homes during and prior to the pandemic.

In October 2020, Ontario's Patient Ombudsman published a special report summarizing the complaints related to COVID-19 received between March 2020 and June 2020. Findings show that complaints about LTC homes increased by 370% compared with the same period in the previous year and outpaced complaints about other health sectors. The report says that the Ombudsman received "many complaints about significant resident safety issues, including failure to meet even basic infection prevention and control measures, severe staffing shortages, complete breakdowns in communication, and residents potentially at significant risk."¹²

In a report published in July 2020, the Ontario Ministry of Long-Term Care wrote that "staffing is essential to meet the needs of all long-term care residents across Ontario" and that critical staffing shortages during the pandemic have impacted the quality of resident care and employee safety.

According to the same report:

while the demand for long-term care and resident acuity have increased year over year, staffing levels and access to training have not kept a corresponding pace. Over time, the demand placed on long-term care staff often causes greater workload. This can increase the risk of worker injury, lead to less attention and time spent per resident and contribute to a stressful working environment. Issues such as working conditions and a negative public image have also contributed to staffing shortages in the sector.¹³

⁵ <https://www.cbc.ca/news/canada/nursing-homes-covid-19-death-rates-ontario-1.5846080>

⁶ <https://news.ontario.ca/en/release/57815/ontario-launches-independent-long-term-care-covid-19-commission>

⁷ <https://www.ctvnews.ca/politics/ndp-calls-for-end-of-for-profit-long-term-care-1.5296865>

⁸ <https://www.thestar.com/business/2020/12/09/pension-fund-that-owns-revera-faces-pressure-to-divest-the-for-profit-care-home-chain.html>

⁹ <https://pubmed.ncbi.nlm.nih.gov/15750174/>

¹⁰ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6396963/>; <https://pubmed.ncbi.nlm.nih.gov/15738489/> .

¹¹ <https://covid19-sciencetable.ca/sciencebrief/covid-19-and-ontarios-long-term-care-homes-2/download.pdf>

¹² <https://www.patientombudsman.ca/Portals/0/documents/covid-19-report-en.pdf>

¹³ Ministry of Long-term Care. Long-Term Care Staffing Study. Long-Term Care Staffing Study Advisory Group. July 30, 2020.

The recommendations suggested by the Advisory Group in the report include the need to increase the number of staff working in LTC homes and improve workload and working conditions to retain staff and improve the conditions for care. More specifically, the report recommends improving compensation, increasing the level of full-time employment and protecting the physical, mental and emotional risk of the workforce.¹⁴

In a joint statement addressed to the Ontario’s long-term care commission (a group empaneled to review the sector’s response to Covid-19) SEIU Healthcare, CUPE Ontario, and Unifor, three unions that represent LTC workers confirmed how deficiencies in human capital management have contributed to poor standards of care during the pandemic. The unions wrote that they “saw the impacts of falling short of a legislated staffing standard, decent pay and full-time jobs that prevent having to work at multiple facilities, and the continuation of for-profit care.”¹⁵ Sharleen Stewart, President of SEIU Healthcare further added: “Staffing levels are critically low; abhorrent working conditions are a deterrent to employee retention; and the added impacts of Bill 195 mean burnt-out frontline workers in need of respite can be denied vacation by the companies that operate nursing homes.”¹⁶

Failing to invest adequately in the workforce leads to material risks

Human capital is a primary source of value for many public companies. A large body of research has demonstrated that thoughtful human capital management is associated with better firm-level performance and risk mitigation.¹⁷

Expectations on human capital management are even higher in the LTC and retirement home sector as the quality of work is intrinsically related to the quality of care received by residents. The failure to responsibly manage and value the workforce may lead to legal, reputational, regulatory and operational risks which could negatively affect shareholders’ long-term value.

We believe that Chartwell is facing particularly material reputational risks due to the concerns raised on the standards of care in for-profit LTC and retirement homes. Sustaining public trust in the long-term care system has always been a challenge. An analysis of media coverage in the past ten years shows that concerns about quality of care and safety persist in the sector.¹⁸ The COVID-19 tragedy in Canadian LTC homes, including Chartwell’s residences, has further aggravated the public’s negative perception of the system.

Experts say that seniors’ trust in LTC homes is at an all-time low.¹⁹ A study conducted in July 2020 shows that “95% of Ontario seniors believe that being in their own home with the support of home care is the safest environment for them to live during a pandemic” and only 2% believe it is in a retirement home or a long-term facility.²⁰ Another poll conducted by Radio Canada in 2020 shows that “85 per cent of respondents said they would do everything possible to avoid moving into an LTC home.”²¹

¹⁴ Ibid.

¹⁵ <https://cupe.ca/its-time-immediate-action-long-term-care-coalition-unions-representing-frontline-healthcare-workers>

¹⁶ Ibid.

¹⁷ Human Capital Management Coalition. Petition to the SEC. July 6 2017

¹⁸ RSC. Restoring Trust: COVID-19 and The Future of Long-Term Care. June 2020.

¹⁹ <https://www.ctvnews.ca/health/coronavirus/it-s-a-disaster-trust-in-long-term-care-at-an-all-time-low-1.5338567>

²⁰ New Poll Shows Over 90% of Ontario Seniors Want to Live at Home as They Age, and Want Government to Invest to Help Them do it. <https://www.newswire.ca/news-releases/new-poll-shows-over-90-of-ontario-seniors-want-to-live-at-home-as-they-age-and-want-government-to-invest-to-help-them-do-it-857341964.html>

²¹ <https://www.rcinet.ca/en/2021/03/04/canadians-wary-of-long-term-care-survey/>

Greater transparency and board oversight contributes to effective accountability for human capital management

In light of the uncertainties raised by the COVID-19 pandemic and the challenges ahead that Chartwell may face after the pandemic, it is in the best interests of shareholders to access material information on the workforce and the Company's efforts to uphold decent work practices in its facilities.

To be meaningful, such disclosure should include qualitative and quantitative information that would allow shareholders to assess the effectiveness of the Company's workforce policies and the robustness of its board oversight. Moreover, it should help shareholders to understand better the workforce risks and challenges faced by Chartwell and evaluate progress made over time.

Chartwell's current disclosure does not adequately address shareholders' and the public concerns, especially in regard to the high proportion of part-time employment, staffing shortages, sufficient training and the health and safety of employees.

The disclosure of material workforce metrics coupled with effective board oversight of human capital management would contribute to establishing a system of accountability for the workforce and restore investor and public confidence in the Company and the sector.

Considering the risks and challenges facing Chartwell, it is critical for investors to access timely and adequate workforce-related information allowing them to conduct proper due diligence and make informed investment decisions. The Company's lack of transparency, despite shareholders' concern, may indicate that it is underestimating or minimizing workforce-related risks.

Why should shareholders withhold their vote against the reelection of Michael D. Harris, Chair of the Board?

While the COVID pandemic could not have been predicted, the harrowing impact of the pandemic is in part a result of the prior decisions that boards and management have made about employment, workforce structure, risk management, training, and priorities for capital expenditures. This has been especially concerning in the LTC sector.

As demonstrated above, Chartwell is navigating an exceptional crisis and will have to cope with its aftermath. This unprecedented situation requires strong leadership and effective system of accountability at the board level.

The LTC and retirement home sector is at a pivotal turning point, as lawmakers and regulators, in consultation with patient advocates, unions and professionals, are strengthening provinces' regulatory frameworks to provide better protection for workers and senior residents. In light of significant legal, regulatory, financial and reputational risks, we are concerned that the board has not been providing sufficiently robust oversight of the company's culture, strategy, and risk management.

As the Board Chair, Michael D. Harris must be accountable for this state of affairs.

Further, it is a well-established principle of good corporate governance that the Chair of the board should be an independent director. We have not had that at Chartwell for many years. While opinions vary on exactly when a long-serving director ceases to be considered independent, most institutions and jurisdictions place the limit between nine and twelve years. Michael Harris has been on the Chartwell

board since 2004, a total of 17 years. In our view the lack of an independent board Chair undermines the oversight and risk management role of the board as a whole.

For these reasons we urge you to withhold your vote for Michael D. Harris as director.

CONCLUSION

As Canada is battling the third wave of the COVID-19 pandemic, it is critical for Chartwell's Board of Directors to show leadership and demonstrate that it prioritizes decent work, fulfills its commitment to deliver "exceptional resident experiences in [its] residences", and exercises exceptional and independent oversight and risk management. Moreover, shareholders expect the Board to be more transparent on its workforce performance and protect the long-term value of their investments.

We recommend you vote:

FOR: the shareholder proposal (Unitholder Proposal No.1) regarding Human Capital Management;

WITHHOLD: Michael D. Harris, Chair of the Board.

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Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise disclosed in this publication, to the knowledge of SHARE, neither SHARE nor any of its managing members, directors or officers, or any associates or affiliates of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter currently known to be acted on at the Meeting, other than the election of directors and the vote on the unitholder proposal filed by the IBVM Foundation of Canada Inc.

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