



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

September 18, 2023

The Secretary
Ontario Securities Commission
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Email: comment@osc.gov.on.ca

Mr. Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
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Dear Mr. Porter and Mr. Lebel:

Re: Proposed Amendments to Form 58-101F1 *Corporate Governance Disclosure* and National Policy 58-201 *Corporate Governance Guidelines*

The purpose of this letter is to provide feedback from the Pension Investment Association of Canada (“PIAC”) to the Canadian Securities Administrators (“CSA”) regarding proposed amendments to Form 58-101F1 *Corporate Governance Disclosure* and National Policy 58-201 *Corporate Governance Guidelines* (the “Amendments”).

PIAC has been the voice for Canadian pension funds since 1977 in matters related to pension investment and governance. PIAC’s members manage over \$2.7 trillion of assets on behalf of millions of Canadians. Our mission is to promote sound investment practices and good governance for the benefit of plan sponsors and beneficiaries.

As fiduciaries, PIAC members seek to maximize long-term returns in the companies in which they invest and believe that diversity in skills and perspectives among companies’ boards and executive officers can enhance a business’s decision-making and therefore the financial outcomes of a company. We are therefore in support of the Amendments to the extent they will require meaningful disclosure on various aspects of diversity. Clear, comprehensive, standardized, and comparable information on this topic from issuers will help PIAC members make informed investment decisions.

Board Nominations

We are in favour of enhanced disclosure of skills and competencies used in a board skills matrix so that investors can better understand their relevance to the business. Many issuers already disclose this information without causing undue privacy or competition concerns. Therefore, we are supportive of the Amendments requiring disclosure of this information.

Support for Form B

PIAC members are in favour of Form B, primarily because of the importance of standardized and comparable disclosures across different issuers in relation to the representation of women and historically underrepresented groups on boards and in executive officer positions. On the other hand, Form A would leave discretion for issuers to disclose no diversity information beyond gender, so would not be a substantive improvement over the status quo. Form B is preferable as it would provide both certainty to issuers in terms of what needs to be disclosed, as well as useful and comparable information for making investing and voting decisions.

Diversity Approach and Objectives of Issuers with Respect to Executive Officer Positions

Information on the diversity approach and objectives with respect to executive officer positions is useful for investors as it communicates how an issuer is actively implementing its diversity, equity, and inclusion commitments. Disclosure in relation to executive officer positions should go beyond this however, and parallel the disclosures required in Form B for board positions. We suggest that the Amendments should include a requirement to disclose the consideration of diversity for each designated group when making executive officer appointments, as it does for board positions. While executive appointments are the responsibility of the board and not shareholders, it is helpful for shareholders to have this information to understand where progress is being made on diversity within an issuer's organization.

Data Disclosure About Specified Designated Groups

Issuers should be required to disclose data about specified designated groups, as per Form B. The designated groups contained within Form B are sufficiently inclusive to represent the composition of most organizations and reflective of Canadian society more generally. The definitions of each designated group should be clearly articulated to minimize confusion and ensure comparable and consistent disclosure. To this end, we suggest that the CSA work with other government agencies to ensure terminology within the Amendments is harmonized to the extent possible with other Canadian regulation and legislation, such as the *Canada Business Corporations Act* and *Employment Equity Act*.

PIAC members do not believe that disclosure of diversity data will lead to significant individual privacy concerns, and that any such concerns are outweighed by the benefits of additional transparency. The designated groups are broad enough and would be presented in an aggregated manner to protect confidentiality. Further, because the data would be based on self-identification, it would ultimately be up to each individual to decide whether they wanted to share such information, and the responsibility of each issuer to ensure sensitive information shared by directors and executives is handled appropriately.

Common Tabular Format

We support requiring reported data to be in a common tabular format consistent with Form B. This would make it clear to issuers how the information needs to be presented and would also make interpretation and comparison by investors much easier.

Challenges for CBCA Issuers

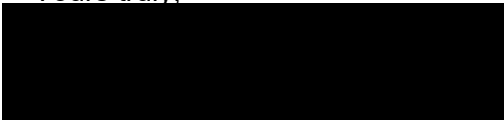
Apart from the addition of LGBTQ2SI+ as a designated group, the Amendments would not differ significantly from the disclosures already made by CBCA issuers. Bringing all public issuers within a consistent disclosure framework under the Amendments would reduce regulatory fragmentation and limit reporting burden.

Application to Venture Issuers

As investors, PIAC members prefer consistent disclosure from issuers whether venture or non-venture but recognize that additional disclosure requirements may be more burdensome for venture issuers. As such we are in favour of applying the Amendments to venture issuers at a later stage, after implementation for non-venture issuers is completed and any problems resolved.

PIAC would like to thank the CSA for this opportunity to provide our input on this important topic. Please reach out to me or Carmen Velasquez, Chair of PIAC's Investor Stewardship Committee if you would like any clarification of these comments.

Yours truly,



Peter Waite
Executive Director