

# PRI RESPONSE

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## **CANADIAN SECURITIES ADMINISTRATORS PROPOSED AMENDMENTS TO FORM 58-101 CORPORATE GOVERNANCE DISCLOSURE OF NATIONAL INSTRUMENT 58-101 DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES AND PROPOSED CHANGES TO NATIONAL POLICY 58-201 CORPORATE GOVERNANCE GUIDELINES**

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**United Nations  
Global Compact**

# ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a range of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to the CSA's call for feedback on Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices and Proposed Changes to National Policy 58-201 Corporate Governance Guidelines.

## ABOUT THIS CONSULTATION

On April 13, 2023, the Canadian Securities Administrators Proposed Amendments and Changes to the corporate governance disclosure requirements pertaining to board nominations, board renewal and diversity of non-venture issuers.

The Proposed Amendments and Changes reflect the CSA's commitment to ensuring investors have the information they need to make informed investment and voting decisions.

[Proposed Amendments to Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices and Proposed Changes to National Policy 58-201 Corporate Governance Guidelines | OSC](#)

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# KEY RECOMMENDATIONS

The PRI welcomes this opportunity to provide the CSA with insights on [investor data needs](#). Responsible investors require globally comparable, consistent and high-quality corporate sustainability disclosure to provide to incorporate ESG risks and opportunities and consider sustainability outcomes in their investment decisions and ownership activities.

As a harmonising body, the CSA should strive for policy coherence across provincial securities regulation and federal corporate regulation wherever possible. In this case, provincial corporate disclosure metrics should align with existing federal corporate disclosure metrics required by the [Canada Corporate Business Act](#) which have been determined by the Canadian [Employment Equity Act](#). The adoption of comparable and consistent sustainability disclosures would surely help decrease the reporting burden for issuers, reduce information asymmetry for investors, and contribute to an increase in public confidence and market efficiency.

For the PRI, the issues of diversity, equity and inclusion in corporate governance fit into the broader spectrum of human rights, human capital, and social issues. As such, PRI is supportive of the CSA's intention to mandate corporate governance disclosure requirements of non-venture issuers to include aspects of diversity beyond the representation of women on boards and in executive officer positions. Furthermore, the PRI encourages the CSA to contribute to the ISSB's human rights project, if this is undertaken, with a view to develop a general human rights and social issues reporting standard. The PRI has recommended that the ISSB develop this within our [response](#) to the ISSB's Consultation on Agenda Priorities.

The PRI's key recommendations to the CSA are:

- Proceed with Form B as the basis for amendments to the corporate disclosure requirements in Form 58-101F1.
- Broaden the requirement to include executive-level disclosures.
- Phase in disclosure requirements for venture issuers. Investors have indicated a need for sustainability-related information from all portfolio companies across sustainability-related issues, with phase-in used to achieve proportionality where necessary.
- Phase in mandatory target setting to achieve corporate board diversity and report on progress annually, with a comply or explain provision if targets are below the thresholds suggested in the Ontario Capital Markets Task Force recommendations (50% for women and 30% for BIPOC)<sup>1;2</sup>
- The final disclosure requirements within Form 59-101F1 should act as part of a wider corporate disclosure regime – beyond the requirements captured by this consultation. The CSA should consolidate the various corporate disclosure forms for issuers to develop a wider corporate disclosure regime built upon the formal adoption of ISSB Standards S1 and S2.
- If the ISSB commits to work on a human rights and social issues reporting standard, engage with the Board during this process and look to adopt the final Standard and relevant enhancements

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<sup>1</sup> [Capital Markets Modernization Taskforce, Final Report, January 2021 \(ontario.ca\)](#) pg. 64

<sup>2</sup> [PRI response](#) to the Ontario Capital Markets Taskforce consultation pg. 2

(e.g. Indigenous considerations if not already captured) into reporting requirements for Canadian issuers.

*The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the Canadian Securities Administrators further to support the adoption of a wider corporate disclosure regime built upon the formal adoption of ISSB Standards in Canada.*

Please send any questions or comments to [policy@unpri.org](mailto:policy@unpri.org).

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