

Corporate Securities Law

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CSA Publishes Compliance Review of Gender Diversity Disclosure

The Canadian Securities Administrators (CSA) have published a review of compliance with recent updates to reporting issuers' corporate governance disclosure, specifically relating to gender diversity.

Recent amendments to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (the "Amendments") require reporting issuers to disclose on an annual basis certain matters relating to gender diversity, including the number and percentage of women on the board of directors and in executive officer positions, board renewal mechanisms, and policies and targets relating to the advancement of women on boards and in executive officer positions (see our October 16, 2014 Update, *Canadian Securities Regulators Announce Rules on Gender Diversity*). CSA Multilateral Staff Notice 58-307 (the "Staff Notice") describes the CSA's review of the continuous disclosure of over 700 reporting issuers that are listed on the Toronto Stock Exchange (TSX) and subject to the Amendments, reflecting on the level of compliance and providing guidance to assist issuers in areas where the quality of disclosure needs improvement.

The CSA noted the following, regarding the sample of issuers reviewed:

- 49% have at least one woman on their board
- 60% have at least one woman in an executive officer position
- 15% have added one or more women to their board this year
- over 30% with a market capitalization above \$2 billion have adopted written policies for identifying and nominating women directors

- of those with written policies, 48% disclosed that they were adopted or updated this year
- 60% with a market capitalization above \$2 billion have two or more female directors
- 19% have adopted director term limits, while 56% have adopted other board renewal mechanisms

In addition to providing statistics, the Staff Notice offers guidance and sample disclosure that issuers can adopt to fully comply with the Amendments. For example, while not explicitly mandated by National Instrument 58-101, the CSA believe that reporting on the number and percentage of women on boards and in executive officer roles in tabular form may increase the clarity of disclosure for investors and other stakeholders.

While the results of the review indicate an increase in representation of women on boards and in executive officer roles in accordance with the regulators' objective, it concludes that the level and detail of disclosure of many issuers falls short of satisfying the requirements. The Staff Notice notes that improved disclosure is needed to further the goal of increasing transparency for investors and other stakeholders regarding the representation of women on boards and in executive officer positions, which in turn is expected to better inform investment and voting decisions.

Issuers should expect continued scrutiny and review of their gender diversity disclosure, and corporate governance disclosure more generally, as the CSA continue to evaluate this area of disclosure and to measure whether it achieves its intended purpose of increasing transparency.

Please contact any member of our Corporate Securities Group to discuss the Staff Notice or any corporate governance or other continuous disclosure requirements.