



September 26, 2023

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission Financial and Consumer Services Commission
New Brunswick Financial and Consumer Affairs
Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Ontario Securities Commission
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

To the attention of:

The Secretary
Ontario Securities Commission
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Me Philippe Lebel
Corporate Secretary and Executive Director,
Legal Affairs
Autorité des marchés financiers
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RE:

CSA Notice and Request for Comment - 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

Addenda Capital is writing to provide comments on the Canadian Securities Administrators' (CSA) proposed amendments to the above related to expanding board and executive-level diversity-related disclosures.

Addenda Capital is a privately-owned investment management firm that looks after pension, private wealth, insurance, corporate and foundation assets. We are a multi-asset investment firm with over \$35 billion under management, and offices in Montreal, Toronto, Guelph and Regina. Addenda is a signatory to the *Canadian Investor Statement on Diversity and Inclusion* and the *CFA Diversity, Equity and Inclusion Code*.



We understand that the goals of the amendments are to provide enhanced, decision-useful information to investors to assist with their investment and voting decisions. With this intention in mind, our overall support is for Form B of your proposal, as we do not think that Form A would provide the consistent and comparable disclosures that investors require on diversity. However, we also think it is important to recognize that Form B should be viewed as an initial step in the evolution required to improve diversity disclosure and we expect that additional revisions will be needed at regular intervals.

Our reasons for supporting Form B are as follows:

Standardized approach - The more standardized approach in Form B should lead to more specific data and greater accountability for diversity disclosures, versus Form A which allows issuers to decide what categories to disclose leading to inconsistency in definitions and lack of comparability in the data. In addition, the Form B approach encourages the development of a diversity strategy with targets and timelines for increasing the representation of equity seeking groups. This standardized data can then be more easily used for investment stewardship and voting, investment decision-making and ongoing continuous monitoring and assessment of issuers' performance and progress.

Alignment with Canada Business Corporations Act (CBCA) - Form B should apply to both board-level disclosures and executive management disclosures, as understanding the human resources and talent development opportunities of issuers is an important component of the investment process. Since the CBCA is already in place it is more efficient to have alignment with these definitions and requirements for both issuers and investors. It is also worth noting that proxy voting service provider ISS' Canada Benchmark policy applicable to TSX-listed issuers will commence recommending withholding votes from the Chair of the nominating committee where there is a lack of racial or ethnic diversity on the board starting February 2024.¹ They use the Canadian Employment Equity Act definition of diversity, "Aboriginal peoples (Indigenous, Inuit or Metis) and members of visible minorities," which aligns with the diversity categories the CBCA's disclosure rules are based upon.

Adding LGBTQ2SI+ persons as a diversity category in Form B - We understand that the CBCA is reviewing this same inclusion for future disclosure requirement updates and support Form B's forward-looking alignment. The voluntary nature of this self-identification protects those for whom this information being made public is potentially sensitive.

Tabular Format - The recommendation in Forum B to have a tabular format for disclosures would allow investors to more easily identify diversity information, analyze this information and compare across issuers. This format would show how many designated groups sit on the executive and director levels of

¹ <https://www.issgovernance.com/file/policy/active/americas/Canada-TSX-Voting-Guidelines.pdf?v=1>



the company and would demonstrate advancements towards diversity commitments in a clear manner alongside qualitative descriptions. Addenda's Proxy Voting Guidelines recommend opposing the election of the chair of the board committee responsible for director nominations when: the board does not meet a threshold of 30% female and 30% male board members; and for the Canadian market, the company has not publicly disclosed a board diversity policy that includes a measurable goal or target to reach this threshold within a reasonable period. The Form B amendments will assist with having easier and more comparable data disclosures for voting.

Additional Considerations:

- Explicitly including the requirement of narrative disclosure as to how a company considers diversity when making executive officer appointments within Form B. This is included in the gender diversity disclosure requirements and has been valuable for investors to understand the talent development planning and strategy. Removing this information requirement weakens the transparency otherwise provided by Form B.
- Additional clarity and recognition of First Nations, Indigenous, Inuit and Metis as rights holders who have unique insights in director and executive roles at issuers, and the importance for investors to have adequate disclosures to monitor and track progress. This issue was raised by Indigenous experts during the OSC Roundtable on Strengthening Diversity in our Capital Markets and should be explored in greater depth.

We would also like to recognize the effort that the OSC made to host the Roundtable on Strengthening Diversity in our Capital Markets and we appreciated having the opportunity to participate virtually. Finally, we want to express our support for the submissions to this consultation from the Responsible Investment Association and SHARE.

Please address any questions or comments related to the above to a.moffat@addendacapital.com.

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