

REGULATION 58-101 RESPECTING DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par (1), (2), (8) and (34); 2007, c. 15; 2008, c. 7; 2008, c. 24)

PART 1 DEFINITIONS AND APPLICATION

1.1. Definitions

In this Regulation,

“AIF” has the same meaning as in Part 1 of Regulation 51-102;

“asset-backed security” has the same meaning as in Part 1 of Regulation 51-102;

“CEO” means each chief executive officer of an issuer, or in the case of an issuer that does not have a chief executive officer, each individual performing similar functions to those of a chief executive officer;

“credit support issuer” has the same meaning as in section 13.4 of Regulation 51-102;

“designated foreign issuer” has the same meaning as in Part 1 of Regulation 71-102;

“exchangeable security issuer” has the same meaning as in section 13.3 of Regulation 51-102;

“executive officer” has the same meaning as in Part 1 of Regulation 51-102;

“information circular” has the same meaning as in Part 1 of Regulation 51-102;

“investment fund” has the same meaning as in provincial and territorial securities legislation;

“marketplace” has the same meaning as in Part 1 of Regulation 21-101 respecting Marketplace Operation;

“MD&A” has the same meaning as in Part 1 of Regulation 51-102;

“Regulation 51-102” means Regulation 51-102 respecting Continuous Disclosure Obligations;

“Regulation 52-110” means Regulation 52-110 respecting Audit Committees;

“Regulation 71-102” means Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers;

“SEC foreign issuer” has the same meaning as in Part 1 of Regulation 71-102;

“subsidiary entity” has the same meaning as in Part 1 of Regulation 52-110.

1.2. Meaning of independence

For the purposes of this Regulation, a director is independent if he or she is independent under section 1.4 of Regulation 52-110.

1.3. Application

This Regulation applies to a reporting issuer, other than

- (a) an investment fund;
- (b) an issuer of asset-backed securities;
- (c) a designated foreign issuer;
- (d) an SEC foreign issuer;
- (e) an exchangeable security issuer or credit support issuer that is exempt under section 13.3 or 13.4 of Regulation 51-102, as applicable; and
- (f) an issuer that is a subsidiary entity if
 - (i) the subsidiary entity does not have equity securities trading on a marketplace, other than non-convertible, non-participating preferred securities; and
 - (ii) the parent of the subsidiary entity is
 - (A) in compliance with the requirements of this Regulation; or
 - (B) an issuer that
 - (I) has equity securities listed or quoted on the New York Stock Exchange or Nasdaq Stock Market;
 - (II) is not on the list of issuers that are non-compliant with continued listing standards of that exchange; and
 - (III) has publicly disclosed its corporate governance practices in a document filed with or furnished to the SEC or that exchange.

PART 2 DISCLOSURE REQUIREMENTS

2.1. Required disclosure

- (1) If management of an issuer solicits a proxy from a security holder of the issuer for the purpose of electing directors to the issuer's board of directors, the issuer must include in its information circular the disclosure required by Form 58-101F1.
- (2) An issuer that does not send an information circular to its security holders must include the disclosure required by Form 58-101F1 in its AIF.
- (3) An issuer that does not send an information circular to its security holders or file an AIF must include the disclosure required by Form 58-101F1 in its annual MD&A.

PART 3 EXEMPTION

3.1. Exemption

- (1) The regulator or securities regulatory authority may grant an exemption from this Regulation, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of Regulation 14-101 respecting Definitions opposite the name of the local jurisdiction.

PART 4 EFFECTIVE DATE AND REPEAL

4.1. Effective date

This Regulation comes into force on *(insert the date of coming into force of this Regulation)*.

4.2. Repeal

Regulation 58-101 respecting Disclosure of Corporate Governance Practices which came into force on the date set out below, is repealed:

- (a) June 30, 2005, in all jurisdictions other than the Northwest Territories, Nunavut, Prince-Edward Island and Yukon;
- (b) September 19, 2005, in Nunavut;
- (c) March 17, 2008, in Prince-Edward Island and Yukon; and
- (d) October 26, 2008, in the Northwest Territories.

**FORM 58-101F1
CORPORATE GOVERNANCE STATEMENT**

Principle 1 – Create a framework for oversight and accountability

- (a) Describe the practices the issuer uses to establish the roles and responsibilities of the board of directors (the board) and executive officers of the issuer.
- (b) State the names of the chair, any lead director, all other directors and the CEO.
- (c) Describe the roles and responsibilities of the board and the terms of any written mandate or formal board charter.
- (d) For each standing committee of the board:
 - (i) state the names of its chair and all other members;
 - (ii) describe the roles and responsibilities and the terms of any written mandate or formal charter;
 - (iii) describe the qualifications of its members;
 - (iv) describe the process for appointing and removing members; and
 - (v) describe the process for reporting to the board.
- (e) Describe any directors' authority and responsibilities that have been delegated to an executive officer or officers of the issuer, if any.

Principle 2 – Structure the board to add value

- (a) Describe any practices the board uses to address its composition and size and the commitment of its directors.
- (b) Describe the competencies and other attributes the board determines are necessary to fulfill its functions.
- (c) Describe the relevant competencies and other attributes that each director brings to the board.
- (d) State the names of the directors considered by the board to be independent, with the following information for each of those directors, if any:
 - (i) a description of any relationship with the issuer or any of its executive officers that the board considered in determining the director's independence; and
 - (ii) if the director has a relationship referred to in sub-paragraph (i), a discussion of why the board considers the director to be independent.
- (e) State the names of the directors considered by the board to be not independent and the basis for that determination.
- (f) If a director has a business or other relationship with another director on the issuer's board, other than common membership on the issuer's board, provide information about that relationship.
- (g) If a director is a director of any other issuer that is a reporting issuer in any jurisdiction of Canada or the equivalent in any foreign jurisdiction, state the names of both the director and the other issuer.

(h) Provide the attendance record of each director for all board meetings, and any board committee meetings, held since the beginning of the issuer's most recently completed financial year. For the purposes of this disclosure, "attendance" is limited to those means permitted under the issuer's constating documents.

Principle 3 – Attract and retain effective directors

(a) Describe any practices the issuer uses to select and nominate, and attract and retain, effective directors.

(b) If a consultant or advisor has assisted the board or the nomination committee since the beginning of the issuer's most recently completed financial year:

(i) state the name of the consultant or advisor and a summary of the mandate it has been given;

(ii) disclose when the consultant or advisor was originally retained; and

(iii) if the consultant or advisor has performed any other work for the issuer, state this fact and briefly describe the nature of the work.

Principle 4 – Continuously strive to improve the board's performance

(a) Describe any practices the board uses that are intended to improve the performance of the board, any board committee or individual directors, including:

(i) orientation of new directors;

(ii) continuing education for directors; and

(iii) the assessment process and outcomes, if a performance assessment of the board, any board committee or individual directors was conducted during the most recently completed financial year.

Principle 5 – Promote integrity

(a) Describe any practices the issuer uses to promote ethical and responsible behaviour and decision-making.

(b) Provide a summary of any standards of ethical and responsible behaviour and decision-making or code of business conduct and ethics adopted by the issuer.

(c) Describe how a person may obtain a copy of the issuer's code of business conduct and ethics, if any.

Principle 6 – Recognize and manage conflicts of interest

(a) Describe any practices the issuer uses to identify, assess and resolve significant conflicts of interest.

(b) If the board has appointed an ad hoc committee to address a significant conflict of interest:

(i) state the names of the chair and its members; and

(ii) describe the purpose of its appointment and its roles and responsibilities.

(c) If a consultant or advisor has assisted the board or a committee in carrying out their responsibilities in relation to a significant conflict of interest since the beginning of the issuer's most recently completed financial year:

(i) state the name of the consultant or advisor and a summary of the mandate it has been given;

(ii) disclose when the consultant or advisor was originally retained;
and

(iii) if the consultant or advisor has performed any other work for the issuer, state this fact and briefly describe the nature of the work.

Principle 7 – Recognize and manage risk

(a) Disclose a summary of any policies on risk oversight and management adopted by the issuer.

Principle 8 – Compensate appropriately

(a) Describe any practices the issuer uses to establish and maintain appropriate compensation policies for executive officers and directors.

(b) If a compensation consultant or advisor has assisted the board or the compensation committee since the beginning of the issuer's most recently completed financial year:

(i) state the name of the consultant or advisor and a summary of the mandate it has been given;

(ii) disclose when the consultant or advisor was originally retained;

(iii) if the consultant or advisor has performed any other work for the issuer, state this fact and briefly describe the nature of the work; and

(iv) disclose the aggregate fees billed by the consultant or advisor in each of the last two financial years for:

(A) professional services relating to executive compensation;
and

(B) professional services other than those relating to executive compensation. Include a description of the nature of the services comprising the fees disclosed under this category.

Principle 9 – Engage effectively with shareholders

(a) Describe any practices or policies of the issuer that are related to the shareholder voting process or that promote a voting process that:

(i) is understandable, transparent and robust; and

(ii) facilitates the board obtaining meaningful information on shareholder views.

(b) Describe how directors of the issuer are elected, including if the issuer has adopted a majority or plurality voting standard.