

AMENDMENTS TO *POLICY STATEMENT 58-201 TO CORPORATE GOVERNANCE GUIDELINES*

1. Section 1.1 of *Policy Statement 58-201 to Corporate Governance Guidelines* is amended by replacing the second and third paragraphs by the following:

“The guidelines in this Policy are not intended to be prescriptive. We encourage issuers to consider the guidelines in developing their own corporate governance practices and to apply and adapt these guidelines based on their individual circumstances as they evolve.”.

2. Section 2.1 of the Policy Statement is amended by replacing “he or she” by “the director”.

3. The Policy Statement is amended by adding, after section 3.11, the following:

“3.11.1. The nominating committee should be responsible for reviewing and making recommendations to the board in relation to:

- (a) the appropriate size of the board, with a view to effective decision-making;
- (b) board succession planning;
- (c) orientation and continuing education for directors;
- (d) the development and implementation of a process for assessing the effectiveness of the board, its committees and directors; and
- (e) the process for director recruitment.

“3.11.2. A board should have a composition matrix setting out the mix of skills, knowledge, experience, competencies, attributes and independence that the board currently has or is looking to achieve in its membership. In order for the board to effectively fulfill its mandate and address existing and emerging business and governance issues relevant to the issuer, the board should regularly review the composition matrix and use this review process to recruit new directors or provide continuing education opportunities to existing directors.

“3.11.3. The board should adopt a written policy respecting the director nomination process that sets out the process used in relation to director appointments and the board’s approach to succession planning.

“3.11.4. Recommendations for appointments to the board should be based on objective criteria. In making its recommendations, the nominating committee should consider the skills, knowledge, experience, competencies, attributes and level of independence that:

- (a) are necessary for the board, as a whole, to function effectively; and
- (b) are held by each existing director and each new nominee.

The nominating committee should also consider whether or not each new nominee can devote sufficient time and resources to their duties as a board member.

“Board Renewal

“3.11.5. The board should maintain an effective succession plan for directors, which:

- (a) provides a transparent process and timeline for replacing board members so as to ensure that necessary skills, knowledge, experience, competencies and attributes are maintained;

(b) maintains a mix of longer-serving directors with a deep understanding of the issuer and its business and newer directors with fresh ideas and perspective; and

(c) maintains the board's independence from management.

“3.11.6. The board should adopt mechanisms of board renewal that are appropriate to its circumstances. These mechanisms may include:

(a) establishing director term limits;

(b) assessing the effectiveness of an individual director when proposing the director as a candidate for re-election to the board; and

(c) using a composition matrix to identify gaps in the board's collective skills, knowledge, experience, competencies, attributes and independence.

“3.11.7. If an issuer establishes term limits, factors that may be considered include:

(a) the board's current size and composition and its composition matrix;

(b) the board's independence from management and the issuer's ownership structure;

(c) characteristics of the issuer, including its industry, size and stage of development; and

(d) the existence of other mechanisms, such as regular assessments, to ensure the effectiveness of board members.

“Diversity and Targets

“3.11.8. A board should adopt a written diversity policy to promote a broad range of perspectives and experiences on the board. The policy should:

(a) reflect a commitment to ensuring that recruitment of directors is appropriately structured so that a diverse range of candidates are considered;

(b) include the following as considerations for the board when identifying new candidates:

(i) qualifications, including skills, knowledge, experience, competencies and attributes the board identifies as necessary for the board to effectively fulfill its mandate and address existing and emerging business and governance issues relevant to the issuer;

(ii) characteristics that will foster a board culture that welcomes multiple perspectives and is free of conscious or unconscious bias and discrimination, and that contribute to board diversity;

(iii) legal and regulatory requirements, such as those relating to residency and independence;

(c) set out objectives regarding diversity on the board that are specific, measurable and time bound;

(d) discuss the ability of the board or nominating committee to engage independent advisors to assist in identifying candidates and require advisors to present a diverse slate of candidates for consideration;

(e) set out the responsibility of the board or nominating committee to consider any changes to the policy, the board composition and recruitment process that are necessary to achieve the objectives outlined in the policy; and

(f) consider the board and nominating committee's effectiveness at implementing the policy during regular assessments.

“3.11.9. For purposes of this Policy, a “target” has the same meaning as in Form 58-101F1 under *Regulation 58-101 respecting Disclosure of Corporate Governance Practices*. A board should set measurable and time-bound objectives, such as targets, for achieving diversity in the composition of its board and executive officer positions. If a board sets targets for the representation of any of the groups referenced in Item 6.4 of Form 58-101F1, the board should review and assess the appropriateness of the targets on an annual basis. When considering an appropriate target, a board should consider various factors, including

(a) the board's current size and composition and its composition matrix;

(b) characteristics of the issuer, including its industry, size and stage of development, location of its operations and stakeholders;

(c) the issuer's investors and their expectations regarding diversity on the board and executive officers; and

(d) whether the issuer has a truth and reconciliation action plan regarding its relationship with Indigenous peoples or its business operations intersect with an Indigenous right, title, or jurisdiction.

Other mechanisms for achieving diversity in the composition of its board and executive officer positions may include establishing a diversity council, implementing training and leadership programs, and expanding strategic outreach directed at developing a diverse pipeline of candidates for director and executive officer positions.”.

4. Sections 3.12 to 3.14 of the Policy Statement are repealed.

5. Section 3.18 of the Policy Statement is amended:

(1) by replacing “his, her”, in the text preceding paragraph (a), by “their”;

(2) by replacing paragraphs (a) and (b) by the following:

“(a) in the case of the board or a board committee, its mandate or charter, composition and how effectively directors work together to achieve the objectives of the issuer; and

“(b) in the case of an individual director, the applicable position description(s), as well as the skills, knowledge, experience, competencies and attributes each individual director is expected to bring to the board.”.