

Schedule B Summary of Changes to the January 2014 Materials and July 2014 Materials
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The following is a summary of notable changes between the Rule Amendments and the January 2014 Materials and July 2014 Materials.

Director term limits and other mechanisms of board renewal

The January 2014 Materials and the July 2014 Materials contemplated requiring non-venture issuers to disclose whether or not the issuer has adopted term limits for the directors on its board and if the issuer has not adopted director term limits, it should explain why it has not. In proposing this disclosure requirement, the Participating Jurisdictions noted that regular renewal of board membership contributes to the effectiveness of a board. Director term limits can promote an appropriate level of board renewal and in doing so provide opportunities for qualified board candidates, including those who are women.

Many commenters expressed support for this disclosure requirement. However, some commenters noted that there are other mechanisms of board renewal. After considering the comments, we have revised this disclosure requirement to recognize that there are many mechanisms of board renewal, including director term limits and the regular assessment of the effectiveness and contribution of directors. This disclosure requirement now reads:

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

Policies regarding the representation of women on the board

The January 2014 Materials and the July 2014 Materials contemplated requiring non-venture issuers to disclose whether the issuer has adopted a policy for the identification and nomination of women directors.

Many commenters supported a narrow interpretation of the term “policy” in this context, which would only include written policies and not informal, unwritten policies. After considering the comments, we have clarified that the reference to “policy” is to a written policy. This disclosure requirement now reads:

- (a) Disclose whether the issuer has adopted a written policy ~~for~~relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

- (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:
 - (i) a short summary of its objectives and key provisions,
 - (ii) the measures taken to ensure that the policy has been ~~implemented~~ effectively implemented,
 - (iii) annual and cumulative progress by the issuer ~~on~~in achieving the objectives of the policy, and
 - (iv) whether and, if so, how, the board or its nominating committee measures the effectiveness of the policy.

Issuer's targets regarding the representation of women on the board and in executive officer positions

The January 2014 Materials and the July 2014 Materials contemplated requiring non-venture issuers to disclose whether the issuer has adopted target(s) regarding women on the issuer's board and, if so, the annual and cumulative progress of the issuer in achieving the target(s).

One commenter suggested that issuers should also be required to disclose the actual targets themselves. After considering the comment, we have clarified that if an issuer has adopted such a target, it should disclose the target as well as the annual and cumulative progress of the issuer in achieving the target. This disclosure requirement now reads:

- (a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers ~~and~~or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.
- (b) Disclose whether the issuer has adopted a target(s) regarding women on the issuer's board. If the issuer has not adopted ~~such a~~ a target(s), disclose why it has not done so.
- (c) Disclose whether the issuer has adopted a target(s) regarding women in executive officer positions of the issuer. If the issuer has not adopted ~~such a~~ a target(s), disclose why it has not done so.
- (d) If the issuer has adopted a target(s) referred to in either Item 14(b) or (c), disclose:
 - (i) the target(s), and
 - (ii) the annual and cumulative progress of the issuer in achieving it~~sthe~~ target(s).

Number of women on the board and in executive officer positions

The January 2014 Materials and the July 2014 Materials contemplated requiring non-venture issuers to disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all subsidiary entities of the issuer, who are women.

Several commenters supported this disclosure requirement. However, a few commenters expressed concern regarding the disclosure obligations relating to subsidiary entities where an issuer has several subsidiary entities. After considering the comments, we have clarified that this disclosure is only required in respect of “major subsidiaries”. The term “major subsidiary” has the same meaning as in National Instrument 55-104 *Insider Reporting Requirements and Exemptions*, which is:

“major subsidiary” means a subsidiary of an issuer if

- (a) the assets of the subsidiary, as included in the issuer’s most recent annual audited or interim balance sheet, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of financial position, are 30 per cent or more of the consolidated assets of the issuer reported on that balance sheet or statement of financial position, as the case may be, or
- (b) the revenue of the subsidiary, as included in the issuer’s most recent annual audited or interim income statement, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of comprehensive income, is 30 per cent or more of the consolidated revenue of the issuer reported on that statement;

This disclosure requirement now reads:

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer’s board who are women.
- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all ~~subsidiary entities~~ major subsidiaries of the issuer, who are women.

Application of Rule Amendments

We have clarified when the Rule Amendments will apply. The Rule Amendments apply to management information circulars and annual information forms (AIFs), as the case may be, which are filed following an issuer’s financial year ending on or after December 31, 2014.