

A Discussion Guide  
for the Report by  
**the Committee on the  
Future of Corporate  
Governance in Canada**

December 2022





# Engaging with all Relevant Stakeholders

(Chapter 1)

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1. Does the board require management to regularly engage in a stakeholder mapping exercise to identify, and periodically revisit the company's key stakeholders?
2. Are the board and management aligned on who the company's key stakeholders are?
3. What processes are the board and management following to (i) identify the interests of its key stakeholders, and (ii) regularly engage with all stakeholder groups? Are the views of any key or emerging stakeholders underrepresented?
4. Does the board have a shareholder or stakeholder engagement policy? Is the policy posted on the company's website and does it contain a phone number and email address that is regularly monitored?
5. What efforts is the company making towards reconciliation with Indigenous peoples? Where in the company and within the board are those efforts being spearheaded and where in the company does accountability for these efforts lie?

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# ESG and Climate Change

(Chapter 2)

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1. Does the board have sufficient “climate fluency”? Are there sufficient skills and experience around the board table to assess climate risks and opportunities? Is climate change part of the board’s continuous education program? Is the Board getting sufficient and up to date information on how climate change may impact the company, including from external experts?
2. Is there sufficient acumen and clear accountability within management for driving the priorities of the company related to ESG and climate change?
3. Is there clarity on what ESG and climate-positive behaviours the company will adopt?
4. Does the board receive regular reporting of environmental (including climate change) risk and opportunities, and on emerging environmental-related laws that might have a material impact on the company? How are these risks and opportunities reflected in the company’s strategy?
5. Is the company voluntarily reporting on its GHG emissions and relevant climate-related risks and opportunities? If so, is it following the recommendations of the Task Force on Climate-Related Financial Disclosures or another voluntary standard? If not, has the company developed a plan to be able to prepare TCFD-compliant disclosure?

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# High-Quality Strategy for a Multi-Stakeholder World

(Chapter 3)

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1. Has the company clearly articulated and communicated its purpose? Do the board and management have a shared understanding of the company's purpose?
2. Is the company's purpose still valid? Does it fully reflect a broad focus on the importance of value creation for all relevant stakeholders?
3. At what frequency is the company's strategy reviewed and revisited? Does management provide the board with the necessary information to enable the directors to determine whether the current strategy reflects the company's purpose and goals or must be reconsidered? Do the directors have a shared understanding of the criteria used to evaluate whether the strategy is succeeding or not?
4. Is an appropriate amount of time dedicated to discussing strategy at each board meeting and at the right time during the meeting? Is the board allocating its time appropriately as between oversight of historical performance/operational matters and forward-looking strategy?
5. Does the company clearly articulate the critical uncertainties it faces and its assumption about the future on which the strategy is based? Does the company engage in scenario planning exercises to test whether the assumptions underpinning the strategy remain valid (Strategic Risk)? Does the Board monitor whether these key assumptions are holding true and if not, the appropriateness of the changes in strategy necessary to evolve the strategy to respond to the current reality?
6. Does the board approve, at least annually, the strategy and related allocations of investment and resources to ensure they reflect the company's purpose or goals and expected benefits to stakeholders?

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# Raising the Bar on Risk Management

(Chapter 4)

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1. Beyond the oversight of strategic risk (Chapter 3), are the board's/board committee's Enterprise Risk Management (ERM) efforts appropriate as between mitigating known risks and identifying emerging risks? Does the board ensure that management is considering the interconnectedness of the risks to achieving the results expected by shareholders and other stakeholders?
2. Does the company have a clear ERM Framework which delineates roles and responsibilities for identification, measurement (where possible), and mitigation of the risks faced by the company? Does the board approve the Framework delineating the nature and amount of each risk the company is prepared to take (its Risk Appetite )?
3. Does the board monitor the appropriateness of the company's buffers to provide appropriate resilience against risks that are interconnected or hard to quantify?
4. Does the company's ERM framework tie back to the company's strategy? Are risks being appropriately considered in the setting and monitoring of the strategy?
5. Does the company's ERM system address physical and transition risks related to climate change? What measures has the company put in place to address these risks?
6. What steps has the company taken to assess modern slavery risks in the company's operations and supply chains?



# More Meaningful Performance Measurement and Reporting

(Chapter 5)

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1. Is the board satisfied that there is robust performance measurement across the organization and aligned with the company's purpose? For instance, in addition to traditional financial targets, are other performance targets being set for management based on non-financial outcomes for other relevant stakeholders (such as sustainability-related goals)?
2. How does the board satisfy itself that it is using the right criteria for assessing performance?
3. Is the board regularly briefed on the development of ISSB and CSSB sustainability-related standards and reporting requirements? In addition to the evolving standards, has the board assessed whether the company should adopt an appropriate framework on a voluntary basis to communicate its value creation activities in a robust and consistent manner?
4. Is the company regularly measuring and monitoring workplace belonging and inclusion among employees? Are these results being regularly reported to the board? Does the company conduct a periodic independent review of its workplace policies and DE&I efforts?
5. Has the board been briefed on modern slavery legislative requirements applicable to the company? Does the company have the proper internal controls and procedures to monitor, identify and address forced labour, child labour or human trafficking in its operations and supply chain?



# A Changing World Needs a New Kind of CEO

(Chapter 6)

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1. Does the CEO lead with the company's purpose at the forefront of all management decision-making? Does the CEO model the attitudes and behaviours that the board wishes employees to adopt? Is the leadership of the organization committed to value creation for its shareholders and all of its relevant stakeholders, including through appropriate incentives (financial or otherwise) to encourage that behaviour? Does the board receive regular reporting on the company's plans to achieve these goals? How does the company define and evaluate success in creating a diverse and inclusive workplace?
2. Does the board monitor how effectively the CEO and senior management team identify and regularly engage with the company's key stakeholders?
3. Does the board monitor the effectiveness of the program of continuous learning for employees?
4. Do the succession plans for the CEO and other key executives include appropriate targets and timelines to achieve diversity? Does the board understand the barriers to increasing diversity amongst the senior management team and what is the company's plan over the short and long term to address those barriers?



# Fresh Challenges for High-Performing Boards

(Chapter 7)

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## **BOARD ACCOUNTABILITY, EFFECTIVENESS, AGILITY AND RELATIONSHIP WITH MANAGEMENT**

1. Does the Board Charter or Mandate acknowledge the interrelationships between long-term corporate success and the interests of all relevant stakeholders?
2. Is the board positioned for effective and agile governance and carefully prioritizing the issues for board focus?
3. Is the board receiving fit-for-purpose information that provides insights into the company's achievement of its strategy for value creation for all relevant stakeholders?
4. As the ultimate decision maker of the company, is there clarity about the decision rights of the board and its delegations to management? Is there trust and openness between the board and management?
5. Does the board have an effective process to assess the performance of individual directors and of the board as a whole, including the performance of the chair, board committees and committee chairs?
6. Does the board individually and collectively spend enough time to stay current of the changes in the broader external environment which may impact the business of the company?





## **BOARD COMPOSITION AND LEADERSHIP**

7. Does the board meet the DE&I diversity, equity, and inclusion standards that it is requiring from management? If not, how can the board ensure that it is reaping the benefits of diversity around the boardroom table and is reflective of the company's stakeholders?
8. Has the board set targets for gender representation, Indigenous Persons, underrepresented minorities, and disabled persons at the board and senior management level?
9. Does the board have robust mechanisms in place to ensure board renewal through the adoption of comprehensive board assessment practices, director term limits (based on age or tenure), or otherwise?
10. What skills and experience does the board currently lack that can be addressed by increasing the representation of underrepresented groups? Are the criteria for recruitment of new directors sufficiently inclusive or is there anything that could inadvertently create barriers for underrepresented groups?
11. Does our Chair have a trusting and open relationship with the CEO? Does the Chair effectively facilitate open and constructive dialogue around the boardroom table?
12. Do we have a succession plan for our Chair? Do we have a board policy setting out term limits for the Chair and the process for selecting the next Chair? When selecting nominee directors, does the Governance Committee consider their potential to chair committees or the board?



# Overseeing Both Culture and Conduct

(Chapter 8)

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1. Is the board helping to build an organizational culture that is aligned with the company's purpose?
2. Does the board ensure that both the company's corporate culture and values as well as its conduct and ethical standards are clearly and explicitly defined and communicated within the organization?
3. Does the board oversee both culture and conduct to drive high performance and earn the trust of stakeholders as well as adhering to the conduct and ethical standards that have always been expected? Does the board ensure that there is alignment of the corporate culture among the board, senior management, and employees?
4. Does the board receive regular reporting on the state of the company's culture, values, conduct and ethics and whether there is a gap between the current and desired state? Where a gap exists, does the board monitor management's progress in closing the gap?
5. Does the board monitor the frequency and nature of incidents where employees' behaviours and values are inconsistent with the corporate culture and/or are violations of conduct and ethics? Is the board monitoring the timeliness and appropriateness of the consequences to the relevant employees?
6. Does the board ensure that there is a robust whistleblowing process which provides anonymity and freedom from reprisal and provides a channel which is independent of management for employees to contact the board directly?

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# Navigating Tensions and Trade-Offs

(Chapter 9)

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1. Is the board relentlessly prioritizing its time to focus properly on the highest priority matters that require its consideration? Do matters currently come before it that should be delegated to senior management? Has the board established (or does it need to establish) guidelines regarding the nature and volume of materials submitted to it?
2. Does the board have the tools it needs to implement ruthless prioritization, agenda and time management to enable it to focus appropriately? Has the board put in place ongoing review mechanisms to ensure this way of operating is constant and not a one-off?



**INSTITUTE OF  
CORPORATE  
DIRECTORS**  
*THINK BEYOND  
THE BOARDROOM.*

**INSTITUT DES  
ADMINISTRATEURS  
DE SOCIÉTÉS**  
*PENSER AU-DELÀ  
DE LA SALLE DU CONSEIL.*



\* TMX Group is participating in this initiative as part of its role in Canada's capital markets to promote long-term sustainable investment. TMX Group is committed to embracing progressive change and as such is embarking on this Committee to connect with its various stakeholders with a goal to provide recommendations on good corporate governance practices. However, we note that any views and recommendations advanced by the Committee may serve as a tool and/or guidelines for issuers listed on Toronto Stock Exchange and/or TSX Venture Exchange (the "Exchanges").

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