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Continuing a Critical Conversation: A Message from the Co-Sponsors of the Charting the Future of Canadian Governance Report

In December 2022, the Institute of Corporate Directors and TMX Group introduced “*Charting the Future of Canadian Governance: A Principled Approach to Navigating Rising Expectations for Boards of Directors.*” The [report](#) is the product of a diverse, 13-member committee of eminent directors and governance experts.

The committee, known as the Committee on the Future of Corporate Governance in Canada, was asked to study the current state of corporate governance in Canada and outline recommendations for ensuring Canadian boards are well-equipped to meet new challenges in a dynamic environment.

When the report was introduced, we committed to encouraging an open and constructive conversation around governance in Canada amid these new challenges. We are pleased to see that the report has done just that.

The engagement has been excellent. More than 1,700 people in total attended three webinars hosted by the ICD and TMX Group to discuss the report, submitting a wide range of insightful questions to our panellists. The report was covered in all of Canada’s major newspapers, including the Calgary Herald, Montreal Gazette, Financial Post and the Globe and Mail. There were editorial submissions, as well as interviews on broadcast media such as CBC and BNN Bloomberg.

The report has been a topic of discussion in boardrooms across the country, covering topics ranging from heightened expectations of corporations and associated risks of liability, to E-ESG (grounding ESG goals within the current economic reality), to the challenges of board oversight in a multi-stakeholder environment.

Every comment – positive and critical – contributed to a vital conversation that will help advance the state of corporate governance in this country.

Building on Canada’s Strength in Corporate Governance

As co-sponsors, we recognized the need to address the rapid pace of change facing Canadian businesses and boards of directors. The pace of change for business is not slowing down; if anything, it is accelerating, bringing with it continued complexity and challenge for boards of directors. Corporate governance in Canada must keep up by building on Canada’s already strong governance practices.

To assist, the report offers a principled approach to advancing the state of corporate governance in Canada across all critical areas, and it recognizes and embraces that corporate governance is not a “one size fits all”. The report was not intended to be the final word on any one issue or topic, nor is it being put forward as

the basis for new public policy or amended capital markets regulation as it relates to corporate governance in Canada.

Over the last nine months, the report has generated a robust discussion and debate. But as directors, we remain united by our duty to the corporation. Canadian courts have made it clear that we have a stakeholder model where the best interests of the corporation are not to be equated with the interests of any single stakeholder group but rather are to be determined having regard to the interests of all relevant constituencies that together make up the corporate enterprise.

For directors, the relative weights to attach to the interests of different stakeholders are matters of business judgment. This is in substance what we commonly refer to as the business judgment rule, and it recognizes that courts will generally defer to informed and unconflicted decision-making by directors.

The report was drafted with the intention that directors would – and should – continue to rely on the business judgment rule in contending with the ever-expanding, and potentially conflicting, expectations of a corporation’s shareholders and other stakeholders.

Where do we go from here? Continuing the Conversation about Canadian Corporate Governance

As co-sponsors, we will continue to encourage and engage in this important discussion happening across Canada and globally. The ICD is incorporating key elements of the report into its director education programming, and it will continue to convene comprehensive and constructive conversations across the ICD community around how we evolve and strengthen Canadian corporate governance. TMX Group will continue its long-standing support of good governance in Canada, as well as the initiatives and dialogue that foster it.

Canada is fortunate to have a director community that is engaged, thoughtful and unified by the belief that good corporate governance helps drive good corporate performance. It is an exciting time to be a director and to have an opportunity to influence the future of corporate governance in this country. The *Charting the Future of Canadian Governance* report is just one of an array of tools and resources for directors. The responsibility falls to individual boards of directors to determine how best to evolve and strengthen their own governance. In doing so, we encourage them to engage in an objective assessment of their board’s governance to ensure it is well equipped to meet the new challenges facing Canadian boards of directors.

Regards,



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