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CSA consultation on DEI corporate governance disclosures

We refer to the consultation on the proposed amendments to Form 58-101F1 Corporate Governance Disclosure of National Instrument 58-101, Disclosure of Corporate Governance Practices and Proposed Changes to National Policy 58-201 Corporate Governance Guidelines. We welcome the opportunity to provide an investor perspective on the disclosures on board diversity and nomination processes in Canadian companies.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with 12,429 billion Norwegian kroner at year end 2022. Of this total, about 25 billion CAD was invested in the shares of 173 Canadian companies.

Our expectation document on human capital management¹ and our position paper on board diversity² provide the basis for our stewardship activities and voting decisions on the topic of gender diversity. We believe that a broad range of backgrounds and competences is likely to bring different experiences and perspectives to the board, resulting in more informed discussions. This is likely to improve the quality of the decision-making process. Moreover, a lack of board diversity may indicate that the board does not follow a rigorous nomination process, or that its search process only extends to a limited group of candidates. We believe that boards whose composition reflects society at large will enjoy greater legitimacy among a broader range of shareholders. The presence of women on boards also tends to improve gender balance throughout the company.

We welcome the CSA's intention to enhance transparency on diversity on company boards and in senior executive positions beyond gender, and on other aspects of the board nomination and composition process. We expect boards to have a formal nomination process

¹ [Human capital management \(nbim.no\)](https://www.nbim.no)

² [Board diversity | Norges Bank Investment Management \(nbim.no\)](https://www.nbim.no)

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to identify potential candidates who can contribute expertise, including industry expertise, and diversity to the board. Regarding the nomination committee, we highlight the importance of maintaining the requirement for disclosure of its responsibilities, powers and operation, noting that this information is not provided directly through any of the other suggested disclosure requirements. We support the disclosure of a board skills matrix, showing how each sitting director meets the criteria for board service, and the skills, knowledge, experience, and attributes of directors. However, we believe that similar disclosure covering all candidates under consideration could raise concerns from a confidentiality perspective.

Regarding the approach to diversity, we support the CSA's objective to increase transparency on diversity beyond gender. While we see the benefits of Form B in terms of providing for better comparability across companies, we support Form A as it allows preparers flexibility in determining and disclosing their approach to diversity. We support companies' discretion to add diversity categories which are relevant to the company. We also believe that the designated groups suggested in Form B could potentially not be comparable with board diversity disclosures in other markets. If Form A is adopted, disclosure could still be encouraged of information on self-identification that directors voluntarily decide to disclose. If Form B is adopted, clear definitions of the five designated groups would be needed for effective implementation.

Similarly, we find information on companies' approaches to diversity at the executive officer level useful. Diversity policies are a crucial aspect of human capital management. We welcome the suggestion that companies disclose information in a tabular format, which can facilitate comparison and ease data analysis for investors and research providers. Qualitative disclosures describing the company's strategy on diversity, equity and inclusion are an important complement to such tabular disclosure.

Finally, interoperability with forthcoming global standards is crucial for us as a global investor. We have encouraged the International Sustainability Standards Board to include diversity, equity and inclusion in its future standard setting projects, and we encourage the CSA to engage with the ISSB to ensure that any Canadian-specific disclosures are compatible with any potential future global standard.

We appreciate your willingness to consider our perspective, and we remain at your disposal should you wish to discuss these matters further.

Yours sincerely



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