

### 1.1.5 OSC Notice 51-717 – Corporate Governance and Environmental Disclosure

#### OSC NOTICE 51-717 CORPORATE GOVERNANCE AND ENVIRONMENTAL DISCLOSURE

##### Purpose of this notice

The purpose of this notice is to communicate the Ontario Securities Commission's (OSC) plans regarding disclosure of corporate governance and environmental matters by reporting issuers (other than investment funds).

##### Corporate governance disclosure review

During 2010, we will conduct a review of compliance with the requirements of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. The review will build on the results of our 2007 review, described in CSA Staff Notice 58-303 *Corporate Governance Disclosure Compliance Review*. Our review will involve assessing the adequacy of corporate governance disclosure in information circulars (or annual information forms or annual management's discussion & analysis, if applicable) filed by issuers in spring 2010.

##### Environmental disclosure guidance

During 2010, we intend to issue a staff notice providing guidance on compliance with existing environmental disclosure requirements under National Instrument 51-102 *Continuous Disclosure Obligations*. In developing the notice, we plan to consult with our advisory committees and other experts in this area. We intend to publish the notice by December 2010 so that reporting issuers will have sufficient time to consider the guidance when preparing their 2010 annual continuous disclosure documents.

##### Background

These actions are the outcome of our corporate sustainability reporting initiative, which was undertaken in response to a broad resolution introduced by MPP Laurel Broten and unanimously approved by the Ontario Legislature on April 9, 2009. The non-binding resolution called on the OSC to undertake a broad consultation to establish best practice corporate social responsibility and environmental, social and governance reporting standards.

Following the approval of the resolution, the Ministry of Finance and the OSC agreed that the OSC would:

- review existing disclosure requirements under Ontario securities legislation for reporting issuers (other than investment funds) regarding corporate governance and environmental matters
- consult with investors, issuers, advisors and other stakeholders on these matters, and
- make recommendations to the Minister of Finance by January 1, 2010 regarding "next steps" to enhance disclosure of these matters, if determined necessary and appropriate.

In developing the mandate, a number of factors were considered, including the areas of concern expressed by investors and other stakeholders, various international developments and the relatively short timeline to complete this initiative. In light of those factors, the OSC and the Ministry of Finance agreed that the OSC should focus on the disclosure of corporate governance and environmental matters at this time. The Hennick Centre for Business and Law at York University (the Hennick Centre) is currently undertaking a review of disclosure requirements for social matters and will report to the Minister of Finance. As part of that initiative, the Hennick Centre and Jantzi-Sustainalytics hosted a roundtable on corporate social reporting on December 7, 2009, to which they invited representatives from government agencies (including the OSC), non-profit organizations and business.

As part of our initiative, we consulted with stakeholders, our Continuous Disclosure Advisory Committee, our Securities Advisory Committee and the Prospectors & Developers Association of Canada. We also held a roundtable discussion on September 18, 2009, to which we invited representatives of investors, issuers and professional bodies, analysts, legal and accounting advisors and academics. A consultation paper was distributed to the roundtable participants to seek their input on the initiative. An updated version of that paper is attached to our report to the Minister of Finance, which is being published concurrently with this notice.

The OSC's plans regarding disclosure of corporate governance and environmental matters as described in this notice and our report to the Minister of Finance reflect the feedback we received on this initiative during the consultation process.

The OSC will invite staff at other Canadian Securities Administrators to participate in the corporate governance compliance review and the development of the guidance for environmental disclosures.

## Questions

If you have questions with respect to this initiative, please contact one of the following individuals:

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