CSCS 51-102F6 Report

Type of Organization

Response	Percentage
Issuer company (publicly traded on a stock exchange)	74%
Private company	11%
Crown corporation	0%
Co-operative	5%
Not-for-profit organization	0%
Charitable organization	0%
Proxy solicitor	0%
Transfer agent	0%
Other (Specified as Consultants)	11%

Risks associated with compensation policies and practices

The current proposal will require disclosure in the Compensation Discussion & Analysis (CD&A) of whether the board of directors has considered the implications of the risks associated with the company's compensation policies and practices, including:

(i) the nature and extent of the board's role in the risk oversight of compensation policies and practices;

(ii) any practices used to identify and mitigate compensation policies and practices that could potentially encourage a named executive officer (NEO) or individual at a principal business unit or division to take inappropriate or excessive risks; and

(iii) identified risks arising from the policies and practices that are reasonably likely to have a material adverse effect on the company.

The proposal includes commentary to illustrate situations where an executive officer or a business unit could be encouraged to take excessive risks, such as compensation policies and practices:

1. *at a principal business unit of the company or a subsidiary of the company that are structured significantly differently than others within the company;*
2. *for certain executive officers that are structured significantly differently than for other executive officers within the company;*
3. *that do not include effective risk management and regulatory compliance as part of the performance metrics used in determining compensation;*
4. *where the compensation expense to executive officers is a significant percentage of the company's revenues;*
5. *that vary significantly from the overall compensation structure of the company;*
6. *where incentive plan awards are awarded upon accomplishment of a task while the risk to the company from that task extends over a significantly longer period of time; and*
7. *that contain performance goals or similar conditions that are heavily*

Meaningful Disclosure of Compensation Risk

Does the proposed disclosure regarding a company's compensation policies and procedures as they relate to risk provide meaningful disclosure to investors?

Response	Percentage
Yes	61%
No	39%

Issues to be Considered

Is the commentary describing the issues that a company may consider to discuss and analyze sufficient?

Response	Percentage
Yes	67%
No	33%

Comments

What, if any, comments do you have with the new required disclosures around compensation and risk?

See comment letter for representative respondents' comments.

Fees Paid to Compensation Advisors

The current proposal will require additional disclosure about compensation advisors retained to assist the board or the compensation committee, including:

(i) a description of the advisor's mandate;

(ii) whether any other work has been performed for the company; and,

(iii) a breakdown of all fees paid to the advisor.

These requirements are similar to the current requirements for disclosure of audit fees. Many larger Canadian issuers already provide this disclosure.

Dollar Value Materiality Threshold

Should there be a dollar value materiality threshold under which fees paid to a compensation advisor would not have to be disclosed?

Response	Percentage
Yes	26%
No	74%

If yes, what dollar value or other ratio would be an appropriate threshold?

See comment letter for representative respondents' comments.

Comments

What, if any, comments do you have with the requirement to disclose details of fees paid to compensation advisors?

See comment letter for representative respondents' comments.

Additional CD&A Disclosure

The current proposal expands the information required in the CD&A to include:

1. *whether the board of directors can exercise discretion, either to award compensation absent attainment of the relevant performance goal or reduce or increase the size of any award or payout, including if they exercised that discretion and to which executives it applied; and*
2. *whether the company will be making any significant changes to its compensation policies and practices in the next year.*

Many companies continually review their compensation programs with a view to amending them if appropriate circumstances exist. Accordingly, the second requirement is likely already covered by discussions of the annual process and a requirement to discuss potential pending changes would be inappropriate until they are actually approved.

Comments on Board Discretion

What, if any, comments do you have with the requirement to disclose whether or not the board can exercise and has exercised its discretion in regard to executive compensation?

See comment letter for representative respondents' comments.

Comments on Upcoming Changes

What, if any, comments do you have with the requirement to discuss whether or not the company will be making significant changes to its compensation in the next year?

See comment letter for representative respondents' comments.

Mandatory Disclosure of Market Value of Vested Share-based Awards

The current proposal will require a column to be added to the Incentive Plan Awards Table to disclose the aggregate market value or payout value of vested share-based awards that have not yet been paid out or distributed for each executive.

*For share-based award plans that do **not** provide for payout on vesting (like deferred share unit plans) the proposed requirement could result in an element of double counting, as the same vested awards would appear in each year's disclosure until they are paid out.*

What, if any, comments do you have with the requirement to disclose the market value of vested share-based awards?

Serious Prejudice Exemption

The Canadian Securities Administrators have noted that it is difficult to recognize when a company is relying on the serious prejudice exemption in regard to disclosure of specific performance goals.

Accordingly, the current proposal will require a company to explicitly state that it is relying on the exemption and explain why disclosing the performance goals would seriously prejudice the company's interests.

The proposal goes on to clarify that a company's interests are not considered to be seriously prejudiced solely by disclosing performance goals based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, and EBITDA (earnings before interest, taxes, depreciation and amortization).

This is similar to rules in place for US companies.

What, if any, comments do you have with the requirement to specifically state and explain any reliance on the serious prejudice exemption?

See comment letter for representative respondents' comments.

Summary Compensation Table Format

In order to show executive compensation in the appropriate context of an individual organization, many companies add a column or columns to the Summary Compensation Table. This is generally done to put all compensation into appropriate context while avoiding the repetition of information in similar and, possibly confusing, additional tables.

Under the current proposal companies will not be allowed to add columns to the Summary Compensation Table, even if the additions support the objective of communicating the compensation paid.

What, if any, comments do you have regarding companies not being allowed to add columns to the Summary Compensation Table?

See comment letter for representative respondents' comments.

Additional Items

There are a number of proposed amendments that appear to be relatively minor, either because there is already disclosure required of similar information or because disclosure is required elsewhere. In some cases, a disclosure requirement is being removed.

Expanded Disclosure of Share-based Awards

Disclosure of the process the company uses to grant option-based awards is already required. The current proposal will require similar disclosure for all share-based awards, including the role of the compensation committee and executive officers is setting up plans and whether previous awards are considered when new grants are made.

For many companies, the process for option-based awards plans and grants will be the same or very similar to the process for share-based awards.

Are there any concerns with the requirement for expanded disclosure for all share-based awards?

Response	Percentage
Yes	7%
No	93%

If yes, what are the concerns?

See comment letter for representative respondents' comments.

Reconciliation to Accounting Fair Value

The current proposal will require disclosure of the methodology used to calculate grant date fair value of all equity-based awards, including key assumptions and estimates used for each calculation and why the company chose that methodology, regardless of whether there are any differences with the accounting fair value.

Currently, this information only needs to be disclosed if the methodology is different from the accounting fair value as set out in the financial statements. Accordingly, in many cases, this will require that the financial statement disclosure be repeated as a footnote to the Summary Compensation Table.

Are there any concerns with the requirement for disclosure of the methodology used to calculate grant date fair value?

Response	Percentage
Yes	43%
No	57%

If yes, what are the concerns?

See comment letter for representative respondents' comments.

Executive Officer and Director Hedging

The current proposal will require disclosure of whether any named executive officer or director is allowed to purchase financial instruments (such as, collars, swaps, forward contracts, etc.) that would hedge or offset a decrease in the market value of securities held by or granted as compensation to that person.

This information is generally available on SEDI (the System for Electronic Disclosure by Insiders). The Canadian Securities Administrators comment that investors would benefit from including this information in the Compensation Discussion and Analysis.

Are there any concerns with the requirement for disclosure of executive officer and director hedging?

Response	Percentage
Yes	29%
No	71%

If yes, what are the concerns?

See comment letter for representative respondents' comments.

New Compensation Committee Disclosure

The current proposal will require additional disclosure about any established compensation committee. For the most part, the required disclosure will mirror information required under Form 58-101F1 - Corporate Governance Disclosure and may be incorporated by reference into that form.

It does expand disclosure in regard to skills the committee has that allow it to make decisions consistent with a reasonable assessment of the company's risk profile. This will be relevant information in light of the broader requirements for disclosure of risk factors, assessment and analysis related to executive compensation.

The disclosure specifically includes:

1. *the name of each committee member and whether or not the committee is composed entirely of independent directors;*
2. *whether any committee member has any direct experience that is relevant to his or her responsibilities in executive compensation;*
3. *a description of the skills and experience that enables the committee to make decisions on the company's compensation policies and practices that are consistent with a reasonable assessment of the company's risk profile; and*
4. *a description of the responsibilities, powers and operation of the committee.*

Are there any concerns with the requirement for additional compensation committee disclosure?

Response	Percentage
Yes	29%
No	71%

If yes, what are the concerns?

See comment letter for representative respondents' comments.

Pension Plan Benefits Disclosure

Depending on the comments received from market participants, the Canadian Securities Administrators are considering removing the requirement to disclose non-compensatory amounts for defined contribution plans.

Are there any concerns with the removal of non-compensatory amounts for defined contribution pension plans?

Response	Percentage
Yes	8%
No	92%

If yes, what are the concerns?

See comment letter for representative respondents' comments.

Intended to Pay Versus Paid

The current proposal will redefine the objective of required disclosure "to communicate actual amounts paid or payable". It will also add an objective of communicating the decision-making process relating to compensation.

The Canadian Securities Administrators are seeking to rectify the confusion and ambiguity caused by the existing objective of communicating "the compensation the board of directors intended the company to pay".

Intended to Pay Versus Paid

Are there any concerns with the revisions to the objectives regarding compensation disclosure?

Response	Percentage
Yes	14%
No	86%

If yes, what are the concerns?

See comment letter for representative respondents' comments.

General Comments

Do you have any other comments or concerns about the proposed amendments?

See comment letter for representative respondents' comments.