

Chapter 6

Request for Comments

6.1.1 Notice and Request for Comment – Proposed Amendments to Form 51-102F6 *Statement of Executive Compensation* and Consequential Amendments

NOTICE AND REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO FORM 51-102F6 *STATEMENT OF EXECUTIVE COMPENSATION*

AND

CONSEQUENTIAL AMENDMENTS

Introduction

We, the Canadian Securities Administrators (**CSA**), are seeking comments on proposals to improve the disclosure shareholders receive regarding executive compensation and corporate governance contained in Form 51-102F6 *Statement of Executive Compensation* (in respect of financial years ending on or after December 31, 2008) (**Form 51-102F6** or the **Amended Form**).

We are also publishing for comment related consequential amendments (the **Consequential Amendments**) to the following:

- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**),
- Form 58-101F1 *Corporate Governance Disclosure* (**Form 58-101F1**), and
- Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* (**Form 58-101F2**) of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (**NI 58-101**).

(together with Form 51-102F6, the **Proposed Amendments**).

The Proposed Amendments have been prepared on the assumption that amendments made recently to Form 51-102F6 relating to the upcoming changeover to International Financial Reporting Standards (**IFRS**) have the force of law in all provinces and territories of Canada. These IFRS amendments, which were published by the CSA on October 1, 2010, come into force on January 1, 2011 subject to ministerial approval requirements in British Columbia, Ontario, Quebec, New Brunswick and Nova Scotia.

In Alberta, the consequential amendments to NI 58-101 described in this CSA Notice are subject to the approval of the Minister of Finance and Enterprise. Provided the necessary approval is obtained, these amendments are expected to come into force on October 31, 2011.

We think the effect of the Proposed Amendments we are recommending, which range from drafting changes to clarify existing disclosure requirements to new substantive requirements, would enhance the quality of information provided to investors and assist companies in fulfilling their executive compensation disclosure obligations.

The Proposed Amendments are set out in the following appendices to this Notice:

- Appendix A Amendments to Form 51-102F6 and Consequential Amendments
 - Schedule A-1 Amendment Instrument for Form 51-102F6
 - Schedule A-2 Amendment Instrument for NI 51-102
 - Schedule A-3 Amendment Instrument for Form 58-101F1
 - Schedule A-4 Amendment Instrument for Form 58-101F2
- Appendix B Blackline of Form 51-102F6
- Appendix C Local amendments or local information

We invite comment on the Proposed Amendments generally. In addition, we have included specific questions for your consideration. The comment period will end on **February 17, 2011**.

Substance and Purpose of the Proposed Amendments

On September 18, 2008, we announced the adoption of Form 51-102F6, which became effective across all CSA jurisdiction on December 31, 2008. Form 51-102F6 replaced the previous version of Form 51-102F6 (in respect of financial years ending before December 31, 2008) (the **Old Form**). In adopting Form 51-102F6, the CSA's stated intention was to create a document that would continue to provide a suitable framework for disclosure as compensation practices change over time.

On November 20, 2009, CSA Staff Notice 51-331 *Report on Staff's Review of Executive Compensation Disclosure* (the **Staff Notice**) was issued and reported the findings of a targeted compliance review of executive compensation disclosure. 70 reporting issuers were selected for this review. Staff of the British Columbia Securities Commission, the Alberta Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers participated in the targeted compliance reviews.

The focus of the reviews was to:

- (i) assess compliance with Form 51-102F6,
- (ii) use the review results to educate companies about the new requirements, and
- (iii) identify any requirements that need clarification or further explanation to assist companies in fulfilling their disclosure obligations.

We asked most of the companies reviewed to improve their disclosure in future filings in respect of the disclosure issues that were identified in the targeted reviews and discussed in the Staff Notice.

In addition, we have seen a number of recent international developments in the area of executive compensation. In particular, on December 16, 2009, the Securities and Exchange Commission (**SEC**) adopted rules amending compensation and corporate governance disclosure requirements for U.S. companies in the 2010 proxy season (the **2010 SEC Amendments**). Under the 2010 SEC Amendments, companies are required to provide additional compensation-related disclosures about conducting a risk analysis, grant date fair value of equity-based awards and services provided by compensation advisors.

More recently, on July 15, 2010, the United States Congress passed a final version of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (the **Dodd-Frank Act**). The Dodd-Frank Act was signed into law on July 21, 2010 and will affect the 2011 proxy disclosures. The Dodd-Frank Act includes a number of provisions aimed at greater shareholder and regulatory oversight of executive compensation and includes provisions that will affect corporate governance practices at many public companies. The impact of many of the changes to the rules and regulations applicable to U.S. public companies will not be known until the SEC adopts new regulations on the matters required by the Dodd-Frank Act.

We have reviewed the issues discussed in the Staff Notice and the amendments in the 2010 SEC Amendments and the Dodd-Frank Act that we think are also relevant to Canadian reporting issuers. As a result, we are recommending amendments to Form 51-102F6 to improve the information companies provide investors about key risks, governance and compensation matters. We think the Proposed Amendments will help investors make more informed voting and investment decisions.

Summary of Substantive Proposed Changes to Form 51-102F6

The Proposed Amendments include drafting changes to clarify certain existing disclosure requirements and new substantive requirements. This section describes only the substantive changes in the Proposed Amendments. It is not a complete list of all the changes.

A. ITEM 2 – Compensation Discussion and Analysis (CD&A)

1. Serious prejudice exemption in relation to the disclosure of performance goals or similar conditions

Subsection 2.1(4) provides an exemption from the requirement to disclose specific performance goals or similar conditions on the basis that disclosure would "seriously prejudice the interests of the company". Our reviews have shown that it is difficult to recognize in the CD&A when the company is relying on this exemption.

We propose to amend subsection 2.1(4) to require the company to explicitly state that it is relying on the exemption and explain why disclosing the relevant performance goals or similar conditions would seriously prejudice the company's interests.

2. Risk management in relation to the company's compensation policies and practices

The 2010 SEC Amendments require disclosures in proxy and information statements about the company's compensation policies and practices for all employees if the compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the company. These amendments were made in response to concerns that, at some companies, compensation policies have become disconnected from long-term company performance and create incentives that influence behaviour inconsistent with the overall interests of the company. One of the many contributing factors cited as a basis for the recent problems in the financial markets is that, at a number of large financial institutions, the short-term incentives created by their compensation policies were misaligned with their long-term objectives.

We propose to amend the CD&A requirements to broaden their scope to include a new provision that will require companies to disclose whether the board of directors considered the implications of the risks associated with the company's compensation policies and practices.

If the company has completed a risk analysis, the proposed subsection 2.1(5) would require a company to discuss and analyze its broader compensation policies and overall actual compensation practices for executive officers and at a business unit of the company, if risks arising from those compensation policies or practices are reasonably likely to have a material effect on the company. More specifically, a company would be required to disclose: (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) the identified risks arising from the policies and practices that are reasonably likely to have a material adverse effect on the company.

The disclosure required under this amendment will vary depending on the company and its particular compensation policies and practices. We have added commentary to illustrate situations where an executive officer or a business unit of the company could potentially be encouraged to take inappropriate or excessive risks.

Question:

In addition to any general comments, please consider the following questions:

1. Would expanding the scope of the CD&A to require disclosure concerning a company's compensation policies and practices as it relates to risk provide meaningful disclosures to investors?
2. Is the commentary of the issues that a company may consider to discuss and analyze sufficient?
3. Are there certain risks that are more clearly aligned with compensation practices the disclosure of which would be material to investors?
4. Are there any other specific items we should list as possibly material information?

3. Disclosure Regarding Executive Officer and Director Hedging

We propose to broaden the CD&A requirements to include a provision (subsection 2.1(6)) requiring the company to disclose whether any named executive officer (NEO) or director is permitted to purchase financial instruments (such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Although investors can generate reports of securities transactions by reporting insiders, including NEOs and directors, from the System for Electronic Disclosure by Insiders (**SEDI**), we think investors will benefit from companies specifically disclosing their compensation policies and practices on this issue.

4. Disclosure of fees paid to compensation advisors

In response to the perception that there may be a conflict of interest when compensation consultants work on projects both for the company and its board of directors, the 2010 SEC Amendments introduced new rules requiring disclosure of the fees paid to compensation consultants and their affiliates in certain circumstances. This amendment was proposed in response to critics who contend that compensation advisors may be influenced in recommending executive compensation packages and policies in situations where the compensation advisor is providing additional services to the company, such as human resource, actuarial or benefit administration services.

We propose a similar amendment to expand our current requirements to disclose information about compensation advisors retained by the company, including a description of the advisor's mandate and any other work performed for the company, by including a requirement to provide a breakdown of all fees paid to compensation advisors for each service provided. The amendment proposed would be consistent with the disclosure currently required in National Instrument 52-110 *Audit Committees* for audit-related, tax and other fees.

Since the current disclosure requirements related to compensation advisors are found in National Instrument 58-101 *Corporate Governance Disclosure*, we also propose to include a new section 2.4 entitled "Compensation Governance", which would include these requirements and incorporate the other requirements found in NI 58-101 to describe the process by which the board of directors determines compensation for the company's directors and officers.

Question:

In addition to any general comments, please consider the following question:

5. The proposed disclosure requirement calls for disclosure of all fees paid to compensation advisors for each service provided. Should we impose a materiality threshold in disclosing the fees paid to compensation advisors based on a certain dollar amount?

B. ITEM 3 – Summary Compensation Table (SCT)

1. SCT Format

Subsection 1.3(2) permits companies to add tables, columns, and other information, if necessary, to satisfy the objective of executive compensation disclosure in section 1.1. Our reviews have shown that some companies relied on this subsection to present the SCT in a format different than that required by subsection 3.1(1).

We propose to amend subsection 1.3(2) to clarify that a company may not alter the presentation of the SCT by adding columns or other information. We have included a commentary to clarify that companies may choose to add another table and other information, so long as the additional information does not detract from the SCT prescribed in subsection 3.1(1).

2. Reconciliation to "accounting fair value"

For share-based and option-based awards reported in the SCT, subsection 3.1(5) requires companies to reconcile any difference between the grant date fair value reported in the SCT and the accounting fair value of share-based and option-based awards. Under this requirement, companies must both state and explain the difference and include a description of the methodology used to calculate the grant date fair value, a description of the key assumptions and estimates used for each calculation, and an explanation of why the company chose that methodology. Our reviews showed that companies did not always satisfy this requirement.

In addition, we received comments from investors in the course of our reviews that they currently refer to the company's financial statements to understand the key assumptions and estimates used to calculate the accounting fair value reported in the company's SCT and in its financial statements. We think it would be useful to also disclose this information in a footnote to the SCT.

We propose to amend subsection 3.1(5) to require all companies to disclose 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.

C. ITEM 5 – Pension Plan Benefits

1. Non-compensatory amount for defined contribution pension plans

- (i) *Personal registered retirement savings plan (RRSP)*

Subsection 5.2(3) requires disclosure of non-compensatory amounts of all defined contribution pension plans, including employee contributions and regular investment earnings on employer and employee contributions. We have had several inquiries as to whether companies are required to disclose non-compensatory amounts in situations where an NEO is contributing to a personal RRSP.

We propose an amendment to clarify that any company contribution made on behalf of the NEO that is not reported in the defined contribution plan table under section 5.2 should be reported in column (h) (all other compensation) of the SCT, in accordance with paragraph 3.1(10)(i).

(ii) *Tabular disclosure of non-compensatory amounts*

When we first published for comment the proposed repeal and substitution of the Old Form on March 29, 2007 (the **2007 Proposal**), we received submissions questioning the different disclosure requirements for defined benefit plans (**DB Plans**) and defined contribution plans (**DC Plans**).

The 2007 Proposal did not require the tabular disclosure of DC Plans. Instead, we proposed that companies explain, in narrative form, the material terms of any DC Plans, which made it somewhat more difficult to compare pension offerings among companies. To answer these comments, we modified our proposal to require the tabular format for DC Plans, similar to that proposed for DB Plans. The change was intended to provide complete and consistent disclosure of pension obligations and provide a better basis to compare across issuers.

Since Form 51-102F6 came into force, we received several inquiries questioning the relevance of the requirement in subsection 5.2(3) requiring companies to disclose in the table the non-compensatory amount, including employee contributions and regular investment earnings on employer and employee contributions, for DC Plans.

In addition to the amendment proposed above, we are contemplating the relative benefit of retaining column (d) of the DC Plans table currently required by section 5.2. Accordingly, we are requesting comment from market participants on whether there is value in requiring disclosure of non-compensatory amounts for DC Plans. Depending on the comments received, the final amendments to Form 51-102F6 may include an amendment to the requirements in section 5.2 that would remove column (d) of the DC Plans table.

Questions:

In addition to any general comments, please consider the following questions:

6. Does the disclosure of the non-compensatory amounts for defined contribution plans that an NEO may elect to make with funds received from their salary (currently required by subsection 5.2(3)) provide appropriate and relevant information for an investor?
7. If we removed column (d) of section 5.2, which would limit the disclosure to the compensatory amounts such as employer contributions and above-market or preferential earnings credited on employer and employee contributions, would this provide adequate transparency of a company's pension obligations to its NEOs?

D. Consequential Amendments

We are making consequential amendments to Form 58-101F1 and Form 58-101F2 to clarify that companies may incorporate disclosure regarding compensation practices by reference to the information required to be included under proposed section 2.4 entitled "Compensation Governance" described above.

In addition, we are making consequential amendments to section 9.3.1 and section 11.6 of NI 51-102 to clarify the drafting amendments made to section 1.1 of the Amended Form.

E. Transition

We intend the Proposed Amendments to be in effect for the 2012 proxy season and will require companies to comply with the Proposed Amendments for financial years ending on or after October 31, 2011. Given the length of our comment process, we feel companies will have enough time to consider these changes and prepare for the additional disclosures that will result from the Proposed Amendments.

F. Other Issues

1. Amount realized upon exercise of equity awards

The Old Form included a requirement to disclose the aggregate dollar value realized upon the exercise of options or stock appreciation rights.

Request for Comments

Under the new requirements of Form 51-102F6 adopted in 2008, companies are required to disclose specific information about equity-based and non-equity awards in two new tables. The table required under subsection 4.1(1) requires companies to disclose information about all outstanding share-based and option-based awards. The purpose of this table is to give readers information about the position of outstanding equity-based awards (both in and out-of-the-money). The table required under subsection 4.2(1) shows any amounts an NEO realized during the most recently completed financial year from the vesting of equity-based awards if the equity-based award had been exercised on the vesting date. We think this information provides readers with a clear picture of what has happened to an award after it was disclosed in the SCT.

Form 51-102F6 focuses on the fair value of equity-based awards at the time the board of directors decided to grant the award, rather than the value the executive officer realized when they exercised the option. We continue to think that the executive compensation disclosure rules are focused on the board's compensation-based decisions, rather than the executive officer's investment decisions. We also think that the information to calculate gains on the exercise or sale of equity-based awards is available on SEDI and can be calculated for individual NEOs. In light of this, we do not intend to reintroduce this requirement at this time.

Local Notices

Certain jurisdictions will publish other information required by local securities legislation in Appendix C to this Notice.

Request for Comments

We would like your input on the Proposed Amendments. We need to continue our open dialogue with all stakeholders if we are to achieve our regulatory objectives while balancing the interest of investors and market participants. To allow for sufficient review, we are providing you with 90 days to comment.

Please provide your comments by **February 17, 2011**.

All comments will be posted on the Ontario Securities Commission website at www.osc.gov.on.ca

Thank you in advance for your comments.

All comments will be made publicly available

Please note that we cannot keep submissions confidential because securities legislation in certain provinces requires that we publish a summary of the written comments received during the comment period. In this context, you should be aware that some information which is personal to you, such as your e-mail and residential or business address, may appear in the websites. It is important that you state on whose behalf you are making the submission.

How to Provide Your Comments

Please address your comments to all the CSA member commissions, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

You do not need to deliver your comments to all CSA members. Please deliver your comments **only** to the following addresses. Your comments will be forwarded to the remaining CSA member jurisdictions.

Request for Comments

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If you are not sending your comments by e-mail, please send your comments in Word, Windows format.

Questions

Please refer your questions to any of,

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Request for Comments

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November 19, 2010

APPENDIX A

Proposed Amendments to
Form 51-102F6
Statement of Executive Compensation
(in respect of financial years ending on or after December 31, 2008)
and Consequential Amendments

Schedule A-1

Amendment Instrument for
Form 51-102F6 *Statement of Executive Compensation*
(in respect of financial years ending on or after December 31, 2008)

Although this amendment instrument amends section headers in Form 51-102F6, section headers do not form part of the instrument and are inserted for ease of reference only.

1. **Form 51-102F6 Statement of Executive Compensation (in respect of financial years ending on or after December 31, 2008) is amended by this instrument.**
2. **Section 1.1 of Form 51-102F6 is amended by**
 - (a) **deleting** “the board of directors intended”,
 - (b) **replacing** “to pay, make payable, award, grant, give or otherwise provide” **with** “paid, made payable, awarded, granted, gave or otherwise provided”,
 - (c) **adding** “and the decision-making process relating to compensation” **after** “financial year”, **and**
 - (d) **adding** “and subsections 9.3.1(1) or 11.6(1) of the Instrument.” **after** “objective.”.
3. **Section 1.2 of Form 51-102F6 is amended by**
 - (a) **in the definition of** “NEO or named executive officer”,
 - (i) **adding** “of the company, including any of its subsidiaries” **after** “executive officers”, **and**
 - (ii) **adding** “or its subsidiaries” **after** “company”.
4. **Section 1.3 of Form 51-102F6 is amended by**
 - (a) **in subsection (1), adding** “and for services to be provided” **after** “services provided”,
 - (b) **in subsection (2),**
 - (i) **replacing paragraphs (a) and (b) with the following:**
 - (a) Although the required disclosure must be made in accordance with this form, the disclosure may
 - (i) omit a table, column of a table, or other prescribed information, if it does not apply, and
 - (ii) add tables, columns, and other information, if necessary to satisfy the objective in section 1.1.
 - (ii) **adding the following after paragraph (b):**
 - (b) Despite subsection (a), a company must not add a column in the summary compensation table in section 3.1.

Commentary

A company may add another table and other information that is related to the Company's executive compensation disclosure if that table or other information does not, to a reasonable person, detract from the prescribed information in the summary compensation table in section 3.1.

(c) in subsection (4),

(i) in paragraph (c), deleting clause (c)(i), and

(ii) in paragraph (c), replacing paragraph (c) and clause (c)(ii) with the following:

(c) If an external management company provides the company's executive management services and also provides executive management services to another company, disclose the entire compensation the external management company paid to the individual acting as an NEO or director, or acting in a similar capacity, in connection with services the external management company provided to the company, or the parent or a subsidiary of the company. If the management company allocates the compensation paid to an NEO or director, disclose the basis or methodology used to allocate this compensation.

(d) in subsection (8), replacing "for any part of that" with "at any time during the most recently completed",

(e) after subsection (8), adding the following:

(9) Currencies

Companies must report amounts required by this form in Canadian dollars or in the same currency that the company uses for its financial statements. A company must use a single currency throughout the form.

If compensation awarded to, earned by, paid to, or payable to an NEO was in a currency other than Canadian dollars, or the currency that the company uses in its financial statements, state the currency in which compensation was awarded, earned, paid, or payable, disclose the currency exchange rate and describe the methodology used to translate the compensation into Canadian dollars or the currency that the company uses in its financial statements.

(10) Plain language

Information required to be disclosed under this form must be clear, concise, and presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of,

(a) how decisions about NEO and director compensation are made; and

(b) how specific NEO and director compensation relates to the overall stewardship and governance of the company.

Commentary

Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP Continuous Disclosure Obligations for further guidance.

5. Section 2.1 of Form 51-102F6 is amended by

(a) in subsection (4), replacing "Companies do not qualify for this exemption if they have publicly disclosed the performance goals or similar conditions." with "For the purposes of this exemption, a company's interest's are not considered to be seriously prejudiced solely by disclosing performance goals or similar conditions if those goals or conditions are based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, and earnings before interest, taxes, depreciation and amortization (EBITDA).

Companies do not qualify for this exemption if they have publicly disclosed the performance goals or similar conditions. If the company is relying on this exemption, state this fact and explain why disclosing these performance goals or similar conditions would seriously prejudice the company's interests."

(b) after subsection (4) adding the following:

- (5)** Disclose whether or not the board of directors considered the implications of the risks associated with the company's compensation policies and practices. If so, disclose:
- (a) the extent and nature of the board of directors' role in the risk oversight of the company's compensation policies and practices;
 - (b) any practices the company uses to identify and mitigate compensation policies and practices that could potentially encourage an NEO or individual at a principal business unit or division to take inappropriate or excessive risks; and
 - (c) any identified risks arising from the company's compensation policies and practices that are reasonably likely to have a material adverse effect on the company.

(c) in Commentary 3, adding "whether the board of directors can exercise its discretion, either to award compensation absent attainment of the relevant performance goal or similar condition or to reduce or increase the size of any award or payout, including if they exercised discretion and whether it applied to one or more named executive officers" **and** "whether the company will be making any significant changes to its compensation policies and practices in the next financial year" **before** "the role of executive officers in determining executive compensation",

(d) after Commentary 3, adding the following:

4. *The following are examples of situations that could potentially encourage executive officers to take inappropriate or excessive risks that could materially increase the risks to the company:*

- *compensation policies and practices at a principal business unit of the company or a subsidiary of the company that are structured significantly differently than others within the company;*
- *compensation policies and practices for certain executive officers that are structured significantly differently than other executive officers within the company;*
- *compensation policies and practices that do not include effective risk management and regulatory compliance as part of the performance metrics used in determining compensation;*
- *compensation policies and practices where the compensation expense to executive officers is a significant percentage of the company's revenue;*
- *compensation policies and practices that vary significantly from the overall compensation structure of the company*
- *compensation policies and practices 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*
- *compensation policies and practices that contain performance goals or similar conditions that are heavily weighed to short-term rather than long-term objectives.*

(6) Disclose whether or not an NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that is designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

6. Section 2.3 of Form 51-102F6 is amended by

(a) replacing the section header with "Share-based and option-based awards",

(b) adding "share-based or" **after** "grant",

- (c) *replacing* “an” *with* “a share-based or” *after* “under which”, *and*
- (d) *deleting* “of option-based awards” *after* “previous grants”.

7. Form 51-102F6 is amended by adding the following after section 2.3:

2.4 Compensation governance

- (1) Describe any policies and practices adopted by the board of directors to determine the compensation for the company’s directors and executive officers.
- (2) If the company has established a compensation committee:
 - (a) disclose the name of each committee member and state whether or not the committee is composed entirely of independent directors;
 - (b) disclose whether or not one or more of the committee members has any direct experience that is relevant to his or her responsibilities in executive compensation;
 - (c) describe the skills and experience that enable the committee to make decisions on the suitability of the company’s compensation policies and practices that are consistent with a reasonable assessment of the company’s risk profile; and
 - (d) describe the responsibilities, powers and operation of the committee.
- (3) If a compensation consultant or advisor has, at any time since the company’s most recently completed financial year, been retained to assist the board of directors or the compensation committee in determining compensation for any of the company’s directors or executive officers:
 - (a) state the name of the consultant or advisor and a summary of the mandate the consultant or advisor has been given;
 - (b) disclose when the consultant or advisor was originally retained; and
 - (c) if the consultant or advisor, or any of its affiliates, has provided any other non-executive compensation services for the company,
 - (i) state this fact and briefly describe the nature of the work,
 - (ii) disclose whether the board of directors or compensation committee must pre-approve other services the consultant or advisor, or any of its affiliates, performs for the company at the request of management, and
 - (d) For each of the two most recently completed financial year, disclose.
 - (i) under the caption "Executive Compensation-Related Fees", the aggregate fees billed by the consultant or advisor, or any of its affiliates, for services related to determining compensation for any of the company’s directors and executive officers, and
 - (ii) under the caption "All Other Fees", the aggregate fees billed for all other services provided by the consultant or advisor, or any of its affiliates, that are not reported under subparagraph (i). Include a description of the nature of the services comprising the fees disclosed under this category.

Commentary

For section 2.4, a director is independent if he or she would be independent within the meaning of section 1.4 of NI 52-110 Audit Committees.

8. **Section 3.1 of Form 51-102F6 is amended by**(a) **replacing subsection (5) with the following:**

For an award disclosed in column (d) or (e), in a narrative after the table,

- (a) describe the methodology used to calculate the fair value of the award on the grant date, disclose the key assumptions and estimates used for each calculation, and explain why the company chose that methodology, and
- (b) if the fair value of the award on the grant date is different from the fair value determined in accordance with IFRS 2 *Share-based Payment* (accounting fair value), state the amount of the difference and explain the reasons for the difference.

(b) **in Commentary 2,**

- (i) **replacing** “board of directors intended to pay, make payable, award, grant, give or otherwise provide” **with** “company paid, made payable, awarded, granted, gave or otherwise provided”.

(c) **in Commentary 3,**

- (i) **replacing** “it intends to award or pay” **with** “to be awarded or paid”, **and**
- (ii) **replacing** “it intends to transfer” **with** “to be transferred”.

(d) **in subsection (10), adding the following after paragraph (h):**

- (i) any company contribution to a personal registered retirement savings plan made on behalf of the NEO.

9. **Section 3.3 of Form 51-102F6 is deleted.**10. **Section 4.1 of Form 51-102F6 is amended by**(a) **in subsection (1), adding column “(h)” entitled “Market or payout value of vested share-based awards not paid out or distributed (\$)”, and**(b) **adding the following after subsection (7)**

- (8) In column (h), disclose the aggregate market value or payout value of vested share-based awards that have not yet been paid out or distributed.

11. **Section 5.1 of Form 51-102F6 is amended by adding the following after paragraph (4):****Commentary**

For purposes of quantifying the annual lifetime benefit payable at the end of the most recently completed financial year in column (c1), the company must assume at year end that the NEO is eligible to receive payments or benefits. In this case, the company must calculate the annual lifetime benefit payable as follows:

$$\text{annual benefits payable at the presumed retirement age used to calculate the closing present value of the defined benefit obligation} \quad \times \quad \frac{\text{years of credited service at year end}}{\text{years of credited service at the presumed retirement age}}$$

12. **Section 5.2 of Form 51-102F6 is amended by replacing the Commentary with the following:**

1. *For pension plans that provide the maximum of: (i) the value of a defined benefit pension; and (ii) the accumulated value of a defined contribution pension, companies should disclose the global value of the pension plan in the defined benefit plans table under section 5.1.*

For pension plans that provide the sum of a defined benefit component and a defined contribution component, companies should disclose the respective components of the pension plan. The defined benefit component should be disclosed in the defined benefit plans table under section 5.1 and the defined contribution component should be disclosed in the defined contribution plans table under section 5.2.

2. *Any contributions made by the company or a subsidiary of the company to a personal registered retirement savings plan on behalf of the NEO that are not reported in the defined contribution plans table under section 5.2 must be disclosed in column (h) of the summary compensation table, as required by paragraph 3.1(10)(i).*

13. Section 6.1 of Form 51-102F6 is amended by adding the following after Commentary 3:

4. *A company may disclose estimated incremental payments, payables and benefits that are triggered by, or result from, a scenario described in subsection (1), in a tabular format.*

14. This instrument only applies to documents required to be prepared, filed, delivered or sent under National Instrument 51-102 Continuous Disclosure Obligations for periods relating to financial years ending on or after October 31, 2011.

15. This instrument comes into force on October 31, 2011.

Schedule A-2

Amendment Instrument for
National Instrument 51-102 *Continuous Disclosure Obligations*

1. **National Instrument 51-102 Continuous Disclosure Obligations is amended by this instrument.**
2. **Section 9.3.1 is amended by:**
 - (a) **in clause (1)(b)(ii),**
 - (i) **deleting** “the board of directors intended”,
 - (ii) **replacing** “to pay, make payable, award, grant, give or otherwise provide” **with** “paid, made payable, awarded, granted or otherwise provided”, **and**
 - (iii) **adding** “for the financial year” **after** “director”.
3. **Section 11.6 is amended by:**
 - (a) **in clause (1)(b)(ii),**
 - (i) **deleting** “the board of directors intended”,
 - (ii) **replacing** “to pay, make payable, award, grant, give or otherwise provide” **with** “paid, made payable, awarded, granted or otherwise provided”, **and**
 - (iii) **adding** “for the financial year” **after** “director”.
4. **This instrument comes into force on October 31, 2011.**

Schedule A-3

Amendment Instrument for
Form 58-101F1 Corporate Governance Disclosure

1. ***Form 58-101F1 Corporate Governance Disclosure is amended by this instrument.***
2. ***Item 7 is amended by deleting paragraph (d).***
3. ***The Instruction is amended by replacing paragraph (3) with the following:***
 - (3) *Issuers may incorporate disclosure regarding compensation made under Item 7 of this Form by reference to the information required to be included in Form 51-102F6 Statement of Executive Compensation. Clearly identify the referenced information that is incorporated into this Form.*
 - (4) *Disclosure regarding board committees made under Item 8 of this Form may include the existence and summary content of any committee charter.*
4. ***This instrument comes into force on October 31, 2011.***

Schedule A-4

**Amendment Instrument for
Form 58-101F2 Corporate Governance Disclosure (Venture Issuers)**

- 1. Form 58-101F2 Corporate Governance Disclosure (Venture Issuers) is amended by this instrument.**
- 2. The Instruction is amended by replacing paragraph (3) with the following:**
 - (3) *Issuers may incorporate disclosure regarding compensation made under Item 6 of this Form by reference to the information required to be included in Form 51-102F6 Statement of Executive Compensation. Clearly identify the referenced information that is incorporated into this Form.*
 - (4) *Disclosure regarding board committees made under Item 7 of this Form may include the existence and summary content of any committee charter.*
- 3. This instrument comes into force on October 31, 2011.**

APPENDIX B

FORM 51-102F6
STATEMENT OF EXECUTIVE COMPENSATION
(in respect of financial years ending on or after December 31, 2008)

Table of Contents

| | |
|---------------|--|
| Item 1 | General Provisions |
| | 1.1 Objective |
| | 1.2 Definitions |
| | 1.3 Preparing the form |
| Item 2 | Compensation Discussion and Analysis |
| | 2.1 Compensation discussion and analysis |
| | 2.2 Performance graph |
| | 2.3 Option Share-based and option-based awards |
| | 2.4 <u>Compensation governance</u> |
| Item 3 | Summary Compensation Table |
| | 3.1 Summary compensation table |
| | 3.2 Narrative discussion |
| | 3.3 Currencies "deleted" |
| | 3.4 Officers who also act as directors |
| Item 4 | Incentive Plan Awards |
| | 4.1 Outstanding share-based awards and option-based awards |
| | 4.2 Incentive plan awards – value vested or earned during the year |
| | 4.3 Narrative discussion |
| Item 5 | Pension Plan Benefits |
| | 5.1 Defined benefit plans table |
| | 5.2 Defined contribution plans table |
| | 5.3 Narrative discussion |
| | 5.4 Deferred compensation plans |
| Item 6 | Termination and Change of Control Benefits |
| | 6.1 Termination and change of control benefits |
| Item 7 | Director Compensation |
| | 7.1 Director compensation table |
| | 7.2 Narrative discussion |
| | 7.3 Share-based awards, option-based awards and non-equity incentive plan compensation |
| Item 8 | Companies Reporting in the United States |
| | 8.1 Companies reporting in the United States |
| Item 9 | Effective Date and Transition |
| | 9.1 Effective date |
| | 9.2 Transition |

FORM 51-102F6
STATEMENT OF EXECUTIVE COMPENSATION
(in respect of financial years ending on or after December 31, 2008)

ITEM 1 – GENERAL PROVISIONS

1.1 Objective

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the company or a subsidiary of the company must be disclosed in this form.

The objective of this disclosure is to communicate the compensation the ~~board of directors intended the company to pay~~ ~~paid, made~~ payable, ~~award, grant, give~~ ~~awarded, granted, gave~~ or otherwise ~~provide~~ ~~provided~~ to each NEO and director for the financial year, and the decision-making process relating to compensation. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the company and will help investors understand how decisions about executive compensation are made.

A company's executive compensation disclosure under this form must satisfy this objective and subsections 9.3.1(1) or 11.6(1) of the Instrument.

1.2 Definitions

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 *Definitions*.

In this form,

“**CEO**” means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**closing market price**” means the price at which the company's security was last sold, on the applicable date,

(a) in the security's principal marketplace in Canada, or

(b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

“**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**grant date**” means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**incentive plan award**” means compensation awarded, earned, paid, or payable under an incentive plan;

“**NEO**” or “**named executive officer**” means each of the following individuals:

(a) a CEO;

(b) a CFO;

(c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO

and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6), for that financial year; and

- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

“non-equity incentive plan” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“option-based award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“plan” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“replacement grant” means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

“repricing” means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

1.3 Preparing the form

(1) All compensation to be included

- (a) When completing this form, the company must disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to each NEO and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the company or a subsidiary of the company.
- (b) Despite paragraph (a), in respect of the Canada Pension Plan, similar government plans, and group life, health, hospitalization, medical reimbursement and relocation plans that do not discriminate in scope, terms or operation and are generally available to all salaried employees, the company is not required to disclose as compensation
- (i) any contributions or premiums paid or payable by the company on behalf of an NEO, or of a director, under these plans, and
- (ii) any cash, securities, similar instruments or any other property received by an NEO, or by a director, under these plans.
- (c) For greater certainty, the plans described in paragraph (b) include plans that provide for such benefits after retirement.
- (d) If an item of compensation is not specifically mentioned or described in this form, it is to be disclosed in column (h) (“All other compensation”) of the summary compensation table in section 3.1.

(2) Departures from format

(a) _____ Although the required disclosure must be made in accordance with this form, the disclosure may

- (a*i*) omit a table, column of a table, or other prescribed information, if it does not apply, and
- (b*ii*) add tables, columns, and other information, if necessary to satisfy the objective in section 1.1.

(b) Despite subsection (a), a company must not add a column in the summary compensation table in section 3.1.

Commentary

A company may add another table or information that is related to the Company's executive compensation disclosure if that table or other information does not, to a reasonable person, detract from the prescribed information in the summary compensation table in section 3.1.

(3) Information for full financial year

If an NEO acted in that capacity for the company during part of the financial year for which disclosure is required in the summary compensation table, provide details of all of the compensation that the NEO received from the company for that financial year. This includes compensation the NEO earned in any other position with the company during the financial year.

Do not annualize compensation in a table for any part of a year when an NEO was not in the service of the company. Annualized compensation may be disclosed in a footnote.

(4) External management companies

(a) If one or more individuals acting as an NEO of the company are not employees of the company, disclose the names of those individuals.

(b) If an external management company employs or retains one or more individuals acting as NEOs or directors of the company and the company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the company directly or indirectly, disclose any compensation that:

(i) the company paid directly to an individual employed, or retained by the external management company, who is acting as an NEO or director of the company; and

(ii) the external management company paid to the individual that is attributable to the services they provided to the company directly or indirectly.

(c) If an external management company provides the company's executive management services and also provides executive management services to another company, disclose:

~~(i) the portion of the compensation paid to the individual acting as an NEO or director that the external management company attributes to services the external management company provided to the company; or (ii) the entire compensation the external management company paid to the individual acting as an NEO or director in connection with services the external management company provided to the company, the parent or a subsidiary of the company.~~ If the management company allocates the compensation paid to an NEO or director, disclose the basis or methodology used to allocate this compensation.

Commentary

An NEO may be employed by an external management company and provide services to the company under an understanding, arrangement or agreement. In this case, references in this form to the CEO or CFO are references to the individuals who performed similar functions to that of the CEO or CFO. They are generally the same individuals who signed and filed annual and interim certificates to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

(5) Director and NEO compensation

Disclose any compensation awarded to, earned by, paid to, or payable to each director and NEO, in any capacity with respect to the company. Compensation to directors and NEOs must include all compensation from the company and its subsidiaries.

Disclose any compensation awarded to, earned by, paid to, or payable to, an NEO, or director, in any capacity with respect to the company, by another person or company.

(6) Determining if an individual is an NEO

For the purpose of calculating total compensation awarded to, earned by, paid to, or payable to an individual under paragraph (c) of the definition of NEO,

- (a) use the total compensation that would be reported under column (i) of the summary compensation table required by section 3.1 for each executive officer, as if that executive officer were an NEO for the company's most recently completed financial year, and
- (b) exclude from the calculation,
 - (i) any compensation that would be reported under column (g) of the summary compensation table required by section 3.1,
 - (ii) any incremental payments, payables, and benefits to an executive officer that are triggered by, or result from, a scenario listed in section 6.1 that occurred during the most recently completed financial year, and
 - (iii) any cash compensation that relates to foreign assignments that is specifically intended to offset the impact of a higher cost of living in the foreign location, and is not otherwise related to the duties the executive officer performs for the company.

Commentary

The \$150,000 threshold in paragraph (c) of the definition of NEO only applies when determining who is an NEO in a company's most recently completed financial year. If an individual is an NEO in the most recently completed financial year, disclosure of compensation in prior years must be provided if otherwise required by this form even if total compensation in a prior year is less than \$150,000 in that year.

(7) Compensation to associates

Disclose any awards, earnings, payments, or payables to an associate of an NEO, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the NEO or the director, in any capacity with respect to the company.

(8) New reporting issuers

- (a) Subject to paragraph (b) and subsection 3.1(1), disclose information in the summary compensation table for the three most recently completed financial years since the company became a reporting issuer.
- (b) Do not provide information for a completed financial year if the company was not a reporting issuer ~~for any part of that~~ at any time during the most recently completed financial year, unless the company became a reporting issuer as a result of a restructuring transaction.
- (c) If the company was not a reporting issuer at any time during the most recently completed financial year and the company is completing the form because it is preparing a prospectus, discuss all significant elements of the compensation to be awarded to, earned by, paid to, or payable to NEOs of the company once it becomes a reporting issuer, to the extent this compensation has been determined.

Commentary

1. *Unless otherwise specified, information required to be disclosed under this form may be prepared in accordance with the accounting principles the company uses to prepare its financial statements, as permitted by National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
2. *The definition of "director" under securities legislation includes an individual who acts in a capacity similar to that of a director.*

(9) Currencies

A company must report amounts required by this form in Canadian dollars or in the same currency that the company uses for its financial statements. A company must use a single currency throughout the form.

If the compensation awarded to, earned by, paid to, or payable to an NEO was in a currency other than Canadian dollars, or the currency that the company uses in its financial statements, state the currency in which compensation was awarded, earned, paid, or payable, disclose the currency exchange rate and describe the methodology used to translate the compensation into Canadian dollars or the currency that the company uses in its financial statements.

(10) Plain language

Information required to be disclosed under this form must be clear, concise, and presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of,

- (a) how decisions about NEO and director compensation are made; and
- (b) how specific NEO and director compensation relates to the overall stewardship and governance of the company.

Commentary

Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP Continuous Disclosure Obligations for further guidance.

ITEM 2 – COMPENSATION DISCUSSION AND ANALYSIS

2.1 Compensation discussion and analysis

- (1) Describe and explain all significant elements of compensation awarded to, earned by, paid to, or payable to NEOs for the most recently completed financial year. Include the following:
 - (a) the objectives of any compensation program or strategy;
 - (b) what the compensation program is designed to reward;
 - (c) each element of compensation;
 - (d) why the company chooses to pay each element;
 - (e) how the company determines the amount (and, where applicable, the formula) for each element; and
 - (f) how each element of compensation and the company's decisions about that element fit into the company's overall compensation objectives and affect decisions about other elements.
- (2) If applicable, describe any new actions, decisions or policies that were made after the end of the most recently completed financial year that could affect a reasonable person's understanding of an NEO's compensation for the most recently completed financial year.
- (3) If applicable, clearly state the benchmark and explain its components, including the companies included in the benchmark group and the selection criteria.
- (4) If applicable, disclose performance goals or similar conditions that are based on objective, identifiable measures, such as the company's share price or earnings per share. If performance goals or similar conditions are subjective, the company may describe the performance goal or similar condition without providing specific measures.

The company is not required to disclose performance goals or similar conditions in respect of specific quantitative or qualitative performance-related factors if a reasonable person would consider that disclosing them would seriously prejudice the company's interests. ~~Companies do not qualify for this exemption if they have publicly disclosed the performance goals or similar conditions. For the purposes of this exemption, a company's interests are not considered to be seriously prejudiced solely by disclosing performance goals or similar conditions if those goals or conditions are based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, and earnings before interest, taxes, depreciation and amortization (EBITDA).~~

Companies do not qualify for this exemption if they have publicly disclosed the performance goals or similar conditions. If the company is relying on this exemption, state this fact and explain why disclosing these performance goals or similar conditions would seriously prejudice the company's interests.

If the company does not disclose specific performance goals or similar conditions, state what percentage of the NEO's total compensation relates to this undisclosed information and how difficult it could be for the NEO, or how likely it will be for the company, to achieve the undisclosed performance goal or similar condition.

If the company discloses performance goals or similar conditions that are non-GAAP financial measures, explain how the company calculates these performance goals or similar conditions from its financial statements.

(5) Disclose whether or not the board of directors considered the implications of the risks associated with the company's compensation policies and practices. If so, disclose:

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

(b) any practices the company uses to identify and mitigate compensation policies and practices that could potentially encourage an NEO or individual at a principal business unit or division to take inappropriate or excessive risks; and

(c) any identified risks arising from the company's compensation policies and practices that are reasonably likely to have a material adverse effect on the company.

Commentary

1. *The information disclosed under section 2.1 will depend on the facts. Provide enough analysis to allow a reasonable person, applying reasonable effort, to understand the disclosure elsewhere in this form. Describe the significant principles underlying policies and explain the decisions relating to compensation provided to an NEO. Disclosure that merely describes the process for determining compensation or compensation already awarded, earned, paid, or payable is not adequate. The information contained in this section should give readers a sense of how compensation is tied to the NEO's performance. Avoid boilerplate language.*
2. *If the company's process for determining executive compensation is very simple, for example, the company relies solely on board discussion without any formal objectives, criteria and analysis, then make this clear in the discussion.*
3. *The following are examples of items that will usually be significant elements of disclosure concerning compensation:*
 - *contractual or non-contractual arrangements, plans, process changes or any other matters that might cause the amounts disclosed for the most recently completed financial year to be misleading if used as an indicator of expected compensation levels in future periods;*
 - *the process for determining perquisites and personal benefits;*
 - *policies and decisions about the adjustment or recovery of awards, earnings, payments, or payables if the performance goal or similar condition on which they are based are restated or adjusted to reduce the award, earning, payment, or payable;*
 - *the basis for selecting events that trigger payment for any arrangement that provides for payment at, following or in connection with any termination or change of control;*
 - *whether the company used any benchmarking in determining compensation or any element of compensation;*
 - *any waiver or change to any specified performance goal or similar condition to payout for any amount, including whether the waiver or change applied to one or more specified NEOs or to all compensation subject to the performance goal or similar condition;*
 - *whether the board of directors can exercise a discretion, either to award compensation absent attainment of the relevant performance goal or similar condition or to reduce or increase the size of any award or payout, including if they exercised discretion and whether it applied to one or more named executive officers;*
 - *whether the company will be making any significant changes to its compensation policies and practices in the next financial year;*

- *the role of executive officers in determining executive compensation; and*
- *performance goals or similar conditions in respect of specific quantitative or qualitative performance-related factors for NEOs.*

4. The following are examples of situations that could encourage executive officers to take inappropriate or excessive risks that could materially increase the risks to the company:

- compensation policies and practices at a principal business unit of the company or a subsidiary of the company that are structured significantly differently than others within the company;
- compensation policies and practices for certain executive officers that are structured significantly differently than other executive officers within the company;
- compensation policies and practices that do not include effective risk management and regulatory compliance as part of the performance metrics used in determining compensation;
- compensation policies and practices where the compensation expense to executive officers is a significant percentage of the company's revenues;
- compensation policies and practices that vary significantly from the overall compensation structure of the company;
- compensation policies and practices 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
- compensation policies and practices that contain performance goals or similar conditions that are heavily weighed to short-term rather than long-term objectives.

(6) Disclose whether or not an NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that is designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

2.2 Performance graph

- (a) This section does not apply to
- venture issuers,
 - companies that have distributed only debt securities or non-convertible, non-participating preferred securities to the public, and
 - companies that were not reporting issuers in any jurisdiction in Canada for at least 12 calendar months before the end of their most recently completed financial year, other than companies that became new reporting issuers as a result of a restructuring transaction.
- (b) Provide a line graph showing the company's cumulative total shareholder return over the five most recently completed financial years. Assume that \$100 was invested on the first day of the five-year period. If the company has been a reporting issuer for less than five years, use the period that the company has been a reporting issuer.

Compare this to the cumulative total return of at least one broad equity market index that, to a reasonable person, would be an appropriate reference point for the company's return. If the company is included in the S&P/TSX Composite Total Return Index, use that index. In all cases, assume that dividends are reinvested.

Discuss how the trend shown by this graph compares to the trend in the company's compensation to executive officers reported under this form over the same period.

Commentary

For section 2.2, companies may also include other relevant performance goals or similar conditions.

2.3 ~~Option~~Share-based and option-based awards

Describe the process the company uses to grant ~~share-based or option-based~~ awards to executive officers. Include the role of the compensation committee and executive officers in setting or amending any equity incentive plan under which ~~a~~ share-based or option-based award is granted. State whether previous grants of ~~option-based awards~~ are taken into account when considering new grants.

2.4 Compensation governance

(1) Describe any policies and practices adopted by the board of directors to determine the compensation for the company's directors and executive officers.

(2) If the company has established a compensation committee:

(a) disclose the name of each committee member and state whether or not the committee is composed entirely of independent directors;

(b) disclose whether or not one or more of the committee members has any direct experience that is relevant to his or her responsibilities in executive compensation;

(c) describe the skills and experience that enable the committee to make decisions on the suitability of the company's compensation policies and practices that are consistent with a reasonable assessment of the company's risk profile; and

(d) describe the responsibilities, powers and operation of the committee.

(3) If a compensation consultant or advisor has, at any time since the company's most recently completed financial year, been retained to assist the board of directors or the compensation committee in determining compensation for any of the company's directors or executive officers:

(a) state the name of the consultant or advisor and a summary of the mandate the consultant or advisor has been given;

(b) disclose when the consultant or advisor was originally retained; and

(c) if the consultant or advisor, or any of its affiliates, has provided any other non-executive compensation services for the company,

(i) state this fact and briefly describe the nature of the work,

(ii) disclose whether the board of directors or compensation committee must pre-approve other services the consultant or advisor, or any of its affiliates, performs for the company at the request of management, and

(d) For each of the two most recently completed financial year, disclose.

(i) under the caption "Executive Compensation-Related Fees", the aggregate fees billed by the consultant or advisor, or any of its affiliates, for services related to determining compensation for any of the company's directors and executive officers, and

(ii) under the caption "All Other Fees", the aggregate fees billed for all other services provided by the consultant or advisor, or any of its affiliates, that are not reported under subparagraph (i). Include a description of the nature of the services comprising the fees disclosed under this category.

Commentary

For section 2.4, a director is independent if he or she would be independent within the meaning of section 1.4 of NI 52-110 Audit Committees.

ITEM 3 – SUMMARY COMPENSATION TABLE

3.1 Summary compensation table

(1) For each NEO in the most recently completed financial year, complete this table for each of the company's three most recently completed financial years that end on or after December 31, 2008.

| Name and principal position (a) | Year (b) | Salary (\$) (c) | Share-based awards (\$) (d) | Option-based awards (\$) (e) | Non-equity incentive plan compensation (\$) (f) | | Pension value (\$) (g) | All other compensation (\$) (h) | Total compensation (\$) (i) |
|--|-------------------------|------------------------|------------------------------------|-------------------------------------|--|---------------------------------------|-------------------------------|--|------------------------------------|
| | | | | | Annual incentive plans (f1) | Long-term incentive plans (f2) | | | |
| | | | | | | | | | |
| CEO | _____ _____ | | | | | | | | |
| CFO | _____ _____ _____ | | | | | | | | |
| A | _____ _____ _____ | | | | | | | | |
| B | _____ _____ _____ | | | | | | | | |
| C | _____ _____ _____ | | | | | | | | |

Commentary

Under subsection (1), a company is not required to disclose comparative period disclosure in accordance with the requirements of either Form 51-102F6 Statement of Executive Compensation, which came into force on March 30, 2004, as amended, or this form, in respect of a financial year ending before December 31, 2008.

- (2) In column (c), include the dollar value of cash and non-cash base salary an NEO earned during a financial year covered in the table (a covered financial year). If the company cannot calculate the amount of salary earned in a financial year, disclose this in a footnote, along with the reason why it cannot be determined. Restate the salary figure the next time the company prepares this form, and explain what portion of the restated figure represents an amount that the company could not previously calculate.
- (3) In column (d), disclose the dollar amount based on the fair value of the award on the grant date for a covered financial year.
- (4) In column (e), disclose the dollar amount based on the fair value of the award on the grant date for a covered financial year. Include option-based awards both with or without tandem share appreciation rights.

- (5) For an award disclosed in column (d) or (e), in a ~~footnote to the table or in a narrative~~ after the table,
- (a) ~~describe the methodology used to calculate the fair value of the award on the grant date, disclose the key assumptions and estimates used for each calculation, and explain why the company chose that methodology, and~~
- (b) if the fair value of the award on the grant date is different from the fair value determined in accordance with IFRS 2 *Share-based Payment* (accounting fair value), state the amount of the difference and explain the ~~reasons for the difference, and~~(b) ~~describe the methodology used to calculate the fair value of the award on the grant date, disclose the key assumptions and estimates used for each calculation, and explain why the company chose that methodology.~~

Commentary

1. *This commentary applies to subsections (3), (4) and (5).*
 2. *The value disclosed in columns (d) and (e) of the summary compensation table ~~should~~ **must** reflect what the ~~board of directors intended to pay, make company paid, made payable, award, grant, give awarded, granted, gave or otherwise provide provided~~ as compensation on the grant date (fair value of the award) as set out in comment 3, below. This value might differ from the value reported in the issuer's financial statements.*
 3. *While compensation practices vary, there are generally two approaches that boards of directors use when setting compensation. A board of directors may decide the value in securities of the company ~~it intends to award be awarded or pay paid~~ as compensation. Alternatively, a board of directors may decide the portion of the potential ownership of the company ~~it intends to transfer to be transferred~~ as compensation. A fair value ascribed to the award will normally result from these approaches.*

*A company may calculate this value either in accordance with a valuation methodology identified in IFRS 2 *Share-based Payment* or in accordance with another methodology set out in comment 5 below.*
 4. *In some cases, the fair value of the award disclosed in columns (d) and (e) might differ from the accounting fair value. For financial statement purposes, the accounting fair value amount is amortized over the service period to obtain an accounting cost (accounting compensation expense), adjusted at year end as required.*
 5. *While the most commonly used methodologies for calculating the value of most types of awards are the Black-Scholes-Merton model and the binomial lattice model, companies may choose to use another valuation methodology if it produces a more meaningful and reasonable estimate of fair value.*
 6. *The summary compensation table requires disclosure of an amount even if the accounting compensation expense is zero. The amount disclosed in the table should reflect the fair value of the award following the principles described under comments 2 and 3, above.*
 7. *Column (d) includes common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, stock, and similar instruments that do not have option-like features.*
- (6) In column (e), include the incremental fair value if, at any time during the covered financial year, the company has adjusted, amended, cancelled, replaced or significantly modified the exercise price of options previously awarded to, earned by, paid to, or payable to, an NEO. The repricing or modification date must be determined in accordance with IFRS 2 *Share-based Payment*. The methodology used to calculate the incremental fair value must be the same methodology used to calculate the initial grant.
- This requirement does not apply to any repricing that equally affects all holders of the class of securities underlying the options and that occurs through a pre-existing formula or mechanism in the plan or award that results in the periodic adjustment of the option exercise or base price, an antidilution provision in a plan or award, or a recapitalization or similar transaction.
- (7) Include a footnote to the table quantifying the incremental fair value of any adjusted, amended, cancelled, replaced or significantly modified options that are included in the table.
- (8) In column (f), include the dollar value of all amounts earned for services performed during the covered financial year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards.

- (a) If the relevant performance goal or similar condition was satisfied during a covered financial year (including for a single year in a plan with a multi-year performance goal or similar condition), report the amounts earned for that financial year, even if they are payable at a later date. The company is not required to report these amounts again in the summary compensation table when they are actually paid to an NEO.
 - (b) Include a footnote describing and quantifying all amounts earned on non-equity incentive plan compensation, whether they were paid during the financial year, were payable but deferred at the election of an NEO, or are payable by their terms at a later date.
 - (c) Include any discretionary cash awards, earnings, payments, or payables that were not based on pre-determined performance goals or similar conditions that were communicated to an NEO. Report any performance-based plan awards that include pre-determined performance goals or similar conditions in column (f).
 - (d) In column (f1), include annual non-equity incentive plan compensation, such as bonuses and discretionary amounts. For column (f1), annual non-equity incentive plan compensation relates only to a single financial year. In column (f2), include all non-equity incentive plan compensation related to a period longer than one year.
- (9) In column (g), include all compensation relating to defined benefit or defined contribution plans. These include service costs and other compensatory items such as plan changes and earnings that are different from the estimated earnings for defined benefit plans and above-market earnings for defined contribution plans.

This disclosure relates to all plans that provide for the payment of pension plan benefits. Use the same amounts included in column (e) of the defined benefit plan table required by Item 5 for the covered financial year and the amounts included in column (c) of the defined contribution plan table as required by Item 5 for the covered financial year.

- (10) In column (h), include all other compensation not reported in any other column of this table. Column (h) must include, but is not limited to:
- (a) perquisites, including property or other personal benefits provided to an NEO that are not generally available to all employees, and that in aggregate are worth \$50,000 or more, or are worth 10% or more of an NEO's total salary for the financial year. Value these items on the basis of the aggregate incremental cost to the company and its subsidiaries. Describe in a footnote the methodology used for computing the aggregate incremental cost to the company.

State the type and amount of each perquisite the value of which exceeds 25% of the total value of perquisites reported for an NEO in a footnote to the table. Provide the footnote information for the most recently completed financial year only;
 - (b) other post-retirement benefits such as health insurance or life insurance after retirement;
 - (c) all "gross-ups" or other amounts reimbursed during the covered financial year for the payment of taxes;
 - (d) the incremental payments, payables, and benefits to an NEO that are triggered by, or result from, a scenario listed in section 6.1 that occurred before the end of the covered financial year;
 - (e) the dollar value of any insurance premiums paid or payable by, or on behalf of, the company during the covered financial year for personal insurance for an NEO if the estate of the NEO is the beneficiary;
 - (f) the dollar value of any dividends or other earnings paid or payable on share-based or option-based awards that were not factored into the fair value of the award on the grant date required to be reported in columns (d) and (e);
 - (g) any compensation cost for any security that the NEO bought from the company or its subsidiaries at a discount from the market price of the security (through deferral of salary, bonus or otherwise). Calculate this cost at the date of purchase and in accordance with IFRS 2 *Share-based Payment*; ~~and~~
 - (h) above-market or preferential earnings on compensation that is deferred on a basis that is not tax exempt other than for defined contribution plans covered in the defined contribution plan table in Item 5. Above-market or preferential applies to non-registered plans and means a rate greater than the rate ordinarily paid by the

company or its subsidiary on securities or other obligations having the same or similar features issued to third parties; and

(i) any company contribution to a personal registered retirement savings plan made on behalf of the NEO.

Commentary

1. *Generally, there will be no incremental payments, payables, and benefits that are triggered by, or result from, a scenario described in section 6.1 that occurred before the end of a covered financial year for compensation that has been reported in the summary compensation table for the most recently completed financial year or for a financial year before the most recently completed financial year.*

If the vesting or payout of the previously reported compensation is accelerated, or a performance goal or similar condition in respect of the previously reported compensation is waived, as a result of a scenario described in section 6.1, the incremental payments, payables, and benefits should include the value of the accelerated benefit or of the waiver of the performance goal or similar condition.

2. *Generally, an item is not a perquisite if it is integrally and directly related to the performance of an executive officer's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit.*

If the company concludes that an item is not integrally and directly related to performing the job, it may still be a perquisite if the item provides an NEO with any direct or indirect personal benefit. If it does provide a personal benefit, the item is a perquisite, whether or not it is provided for a business reason or for the company's convenience, unless it is generally available on a non-discriminatory basis to all employees.

Companies must conduct their own analysis of whether a particular item is a perquisite. The following are examples of things that are often considered perquisites or personal benefits. This list is not exhaustive:

- *Cars, car lease and car allowance;*
- *Corporate aircraft or personal travel financed by the company;*
- *Jewellery;*
- *Clothing;*
- *Artwork;*
- *Housekeeping services;*
- *Club membership;*
- *Theatre tickets;*
- *Financial assistance to provide education to children of executive officers;*
- *Parking;*
- *Personal financial or tax advice;*
- *Security at personal residence or during personal travel; and*
- *Reimbursements of taxes owed with respect to perquisites or other personal benefit.*

(11) In column (i), include the dollar value of total compensation for the covered financial year. For each NEO, this is the sum of the amounts reported in columns (c) through (h).

(12) Any deferred amounts must be included in the appropriate column for the covered financial year in which they are earned.

(13) If an NEO elected to exchange any compensation awarded to, earned by, paid to, or payable to the NEO in a covered financial year under a program that allows the NEO to receive awards, earnings, payments, or payables in another

form, the compensation the NEO elected to exchange must be reported as compensation in the column appropriate for the form of compensation exchanged: Do not report it in the form in which it was or will be received by the NEO. State in a footnote the form of awards, earnings, payments, or payables substituted for the compensation the NEO elected to exchange.

3.2 Narrative discussion

Describe and explain any significant factors necessary to understand the information disclosed in the summary compensation table required by section 3.1.

Commentary

The significant factors described in section 3.2 will vary depending on the circumstances of each award but may include:

- *the significant terms of each NEO's employment agreement or arrangement;*
- *any repricing or other significant changes to the terms of any share-based or option-based award program during the most recently completed financial year; and*
- *the significant terms of any award reported in the summary compensation table, including a general description of the formula or criterion to be applied in determining the amounts payable and the vesting schedule. For example, if dividends will be paid on shares, state this, the applicable dividend rate and whether that rate is preferential.*

3.3 Currencies

~~Report amounts in this form using the same currency that the company uses in its financial statements. If compensation awarded to, earned by, paid to, or payable to an NEO was in a currency other than the presentation currency, state in a footnote the currency in which compensation was awarded, earned, paid, or payable, disclose the translation rate and describe the methodology used to translate the compensation into the presentation currency.~~**3.4**
~~"deleted"~~

3.4 Officers who also act as directors

If an NEO is also a director who receives compensation for services as a director, include that compensation in the summary compensation table and include a footnote explaining which amounts relate to the director role. Do not provide disclosure for that NEO under Item 7.

ITEM 4 – INCENTIVE PLAN AWARDS

4.1 Outstanding share-based awards and option-based awards

- (1) Complete this table for each NEO for all awards outstanding at the end of the most recently completed financial year. This includes awards granted before the most recently completed financial year. For all awards in this table, disclose the awards that have been transferred at other than fair market value.

| Name | Option-based Awards | | | | Share-based Awards | | |
|------|---|----------------------------|------------------------|--|--|--|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | <u>Market or payout value of vested share-based awards not paid out or distributed (\$)</u> |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| CEO | | | | | | | |
| CFO | | | | | | | |
| A | | | | | | | |
| B | | | | | | | |
| C | | | | | | | |

- (2) In column (b), for each award, disclose the number of securities underlying unexercised options.
- (3) In column (c), disclose the exercise or base price for each option under each award reported in column (b).
- (4) In column (d), disclose the expiration date for each option under each award reported in column (b).
- (5) In column (e), disclose the aggregate dollar amount of in-the-money unexercised options held at the end of the year. Calculate this amount based on the difference between the market value of the securities underlying the instruments at the end of the year, and the exercise or base price of the option.
- (6) In column (f), disclose the total number of shares or units that have not vested.
- (7) In column (g), disclose the aggregate market value or payout value of share-based awards that have not vested.

If the share-based award provides only for a single payout on vesting, calculate this value based on that payout.

If the share-based award provides for different payouts depending on the achievement of different performance goals or similar conditions, calculate this value based on the minimum payout. However, if the NEO achieved a performance goal or similar condition in a financial year covered by the share-based award that on vesting could provide for a payout greater than the minimum payout, calculate this value based on the payout expected as a result of the NEO achieving this performance goal or similar condition.

- ~~(8) In column (h), disclose the aggregate market value or payout value of vested share-based awards that have not yet been paid out or distributed.~~

4.2 Incentive plan awards – value vested or earned during the year

- (1) Complete this table for each NEO for the most recently completed financial year.

| Name | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|------|---|--|--|
| (a) | (b) | (c) | (d) |
| CEO | | | |
| CFO | | | |
| A | | | |
| B | | | |
| C | | | |

- (2) In column (b), disclose the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. Compute the dollar value that would have been realized by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date. Do not include the value of any related payment or other consideration provided (or to be provided) by the company to or on behalf of an NEO.
- (3) In column (c), disclose the aggregate dollar value realized upon vesting of share-based awards. Compute the dollar value realized by multiplying the number of shares or units by the market value of the underlying shares on the vesting date. For any amount realized upon vesting for which receipt has been deferred, include a footnote that states the amount and the terms of the deferral.

4.3 Narrative discussion

Describe and explain the significant terms of all plan-based awards, including non-equity incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at the year end, to the extent not already discussed under sections 2.1, 2.3 and 3.2. The company may aggregate information for different awards, if separate disclosure of each award is not necessary to communicate their significant terms.

Commentary

The items included in the narrative required by section 4.3 will vary depending on the terms of each plan, but may include:

- *the number of securities underlying each award or received on vesting or exercise;*
- *general descriptions of formulae or criteria that are used to determine amounts payable;*
- *exercise prices and expiry dates;*
- *dividend rates on share-based awards;*
- *whether awards are vested or unvested;*
- *performance goals or similar conditions, or other significant conditions;*
- *information on estimated future payouts for non-equity incentive plan awards (performance goals or similar conditions and maximum amounts); and*
- *the closing market price on the grant date, if the exercise or base price is less than the closing market price of the underlying security on the grant date.*

ITEM 5 – PENSION PLAN BENEFITS

5.1 Defined benefit plans table

- (1) Complete this table for all pension plans that provide for payments or benefits at, following, or in connection with retirement, excluding defined contribution plans. For all disclosure in this table, use the same assumptions and methods used for financial statement reporting purposes under the accounting principles used to prepare the company's financial statements, as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

| Name (a) | Number of years credited service (#) (b) | Annual benefits payable (\$) (c) | | Opening present value of defined benefit obligation (\$) (d) | Compensatory change (\$) (e) | Non-compensatory change (\$) (f) | Closing present value of defined benefit obligation (\$) (g) |
|-----------------|---|---|-----------------------|---|-------------------------------------|---|---|
| | | At year end (c1) | At age 65 (c2) | | | | |
| CEO | | | | | | | |
| CFO | | | | | | | |
| A | | | | | | | |
| B | | | | | | | |
| C | | | | | | | |

- (2) In columns (b) and (c), the disclosure must be as of the end of the company’s most recently completed financial year. In columns (d) through (g), the disclosure must be as of the reporting date used in the company’s audited annual financial statements for the most recently completed financial year.
- (3) In column (b), disclose the number of years of service credited to an NEO under the plan. If the number of years of credited service in any plan is different from the NEO’s number of actual years of service with the company, include a footnote that states the amount of the difference and any resulting benefit augmentation, such as the number of additional years the NEO received.
- (4) In column (c), disclose
 - (a) the annual lifetime benefit payable at the end of the most recently completed financial year in column (c1) based on years of credited service reported in column (b) and actual pensionable earnings as at the end of the most recently completed financial year, and
 - (b) the annual lifetime benefit payable at age 65 in column (c2) based on years of credited service as of age 65 and actual pensionable earnings through the end of the most recently completed financial year, as per column (c1).

Commentary

For the purpose of quantifying the annual lifetime benefit payable at the end of the most recently completed financial year in column (c1), the company must assume at year end that the NEO is eligible to receive payments or benefits. In this case, the company must calculate the annual lifetime benefit payable as follows:

$$\begin{array}{l}
 \text{annual benefits payable at the presumed} \\
 \text{retirement age used to calculate the closing present} \\
 \text{value of the defined benefit obligation}
 \end{array}
 \times
 \frac{\text{years of credited service} \\
 \text{at year end}}{\text{years of credited service} \\
 \text{at the presumed} \\
 \text{retirement age}}$$

- (5) In column (d), disclose the present value of the defined benefit obligation at the start of the most recently completed financial year.
- (6) In column (e), disclose the compensatory change in the present value of the defined benefit obligation for the most recently completed financial year. This includes service cost net of employee contributions plus plan changes and differences between actual and estimated earnings, and any additional changes that have retroactive impact, including, for greater certainty, a change in valuation assumptions as a consequence of an amendment to benefit terms.

Disclose the valuation method and all significant assumptions the company applied in quantifying the closing present value of the defined benefit obligation. The company may satisfy all or part of this disclosure by referring to the disclosure of assumptions in its financial statements, footnotes to the financial statements or discussion in its management's discussion and analysis.

- (7) In column (f), disclose the non-compensatory changes in the present value of the defined benefit obligation for the company's most recently completed financial year. Include all items that are not compensatory, such as changes in assumptions other than those already included in column (e) because they were made as a consequence of an amendment to benefit terms, employee contributions and interest on the present value of the defined benefit obligation at the start of the most recently completed financial year.
- (8) In column (g), disclose the present value of the defined benefit obligation at the end of the most recently completed financial year.

5.2 Defined contribution plans table

- (1) Complete this table for all pension plans that provide for payments or benefits at, following or in connection with retirement, excluding defined benefit plans. For all disclosure in this table, use the same assumptions and methods used for financial statement reporting purposes under the accounting principles used to prepare the company's financial statements, as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

| Name | Accumulated value at start of year (\$) | Compensatory (\$) | Non-compensatory (\$) | Accumulated value at year end (\$) |
|------|---|-------------------|-----------------------|------------------------------------|
| (a) | (b) | (c) | (d) | (e) |
| CEO | | | | |
| CFO | | | | |
| A | | | | |
| B | | | | |
| C | | | | |

- (2) In column (c), disclose the employer contribution and above-market or preferential earnings credited on employer and employee contributions. Above-market or preferential earnings applies to non-registered plans and means a rate greater than the rate ordinarily paid by the company or its subsidiary on securities or other obligations having the same or similar features issued to third parties.
- (3) In column (d), disclose the non-compensatory amount, including employee contributions and regular investment earnings on employer and employee contributions. Regular investment earnings means all investment earnings in registered defined contribution plans and earnings that are not above market or preferential in other defined contribution plans.
- (4) In column (e), disclose the accumulated value at the end of the most recently completed financial year.

Commentary

1. For pension plans that provide the maximum of: (i) the value of a defined benefit pension; and (ii) the accumulated value of a defined contribution pension, companies should disclose the global value of the pension plan in the defined benefit plans table under section 5.1.

For pension plans that provide the sum of a defined benefit component and a defined contribution component, companies should disclose the respective components of the pension plan. The defined benefit component should be disclosed in the defined benefit plans table under section 5.1 and the defined contribution component should be disclosed in the defined contribution plans table under section 5.2.

2. Any contributions made by the Company or a subsidiary of the company to a personal registered retirement savings plan on behalf of the NEO that are not reported in the defined contribution plans table under section 5.2 must be disclosed in column (h) of the summary compensation table, as required by paragraph 3.1(10)(i).

5.3 Narrative discussion

Describe and explain for each retirement plan in which an NEO participates, any significant factors necessary to understand the information disclosed in the defined benefit plan table in section 5.1 and the defined contribution plan table in section 5.2.

Commentary

Significant factors described in the narrative required by section 5.3 will vary, but may include:

- *the significant terms and conditions of payments and benefits available under the plan, including the plan's normal and early retirement payment, benefit formula, contribution formula, calculation of interest credited under the defined contribution plan and eligibility standards;*
- *provisions for early retirement, if applicable, including the name of the NEO and the plan, the early retirement payment and benefit formula and eligibility standards. Early retirement means retirement before the normal retirement age as defined in the plan or otherwise available under the plan;*
- *the specific elements of compensation (e.g., salary, bonus) included in applying the payment and benefit formula. If a company provides this information, identify each element separately; and*
- *company policies on topics such as granting extra years of credited service, including an explanation of who these arrangements relate to and why they are considered appropriate.*

5.4 Deferred compensation plans

Describe the significant terms of any deferred compensation plan relating to each NEO, including:

- (a) the types of compensation that can be deferred and any limitations on the extent to which deferral is permitted (by percentage of compensation or otherwise);
- (b) significant terms of payouts, withdrawals and other distributions; and
- (c) measures for calculating interest or other earnings, how and when these measures may be changed, and whether an NEO or the company chose these measures. Quantify these measures wherever possible.

ITEM 6 – TERMINATION AND CHANGE OF CONTROL BENEFITS

6.1 Termination and change of control benefits

- (1) For each contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in an NEO's responsibilities, describe, explain, and where appropriate, quantify the following items:
 - (a) the circumstances that trigger payments or the provision of other benefits, including perquisites and pension plan benefits;
 - (b) the estimated incremental payments, payables, and benefits that are triggered by, or result from, each circumstance, including timing, duration and who provides the payments and benefits;
 - (c) how the payment and benefit levels are determined under the various circumstances that trigger payments or provision of benefits;
 - (d) any significant conditions or obligations that apply to receiving payments or benefits. This includes but is not limited to, non-compete, non-solicitation, non-disparagement or confidentiality agreements. Include the term of these agreements and provisions for waiver or breach; and
 - (e) any other significant factors for each written contract, agreement, plan or arrangement.
- (2) Disclose the estimated incremental payments, payables, and benefits even if it is uncertain what amounts might be paid in given circumstances under the various plans and arrangements, assuming that the triggering event took place

on the last business day of the company's most recently completed financial year. For valuing share-based awards or option-based awards, use the closing market price of the company's securities on that date.

If the company is unsure about the provision or amount of payments or benefits, make a reasonable estimate (or a reasonable estimate of the range of amounts) and disclose the significant assumptions underlying these estimates.

- (3) Despite subsection (1), the company is not required to disclose the following:
- (a) Perquisites and other personal benefits if the aggregate of this compensation is less than \$50,000. State the individual perquisites and personal benefits as required by paragraph 3.1(10)(a).
 - (b) Information about possible termination scenarios for an NEO whose employment terminated in the past year. The company must only disclose the consequences of the actual termination.
 - (c) Information in respect of a scenario described in subsection (1) if there will be no incremental payments, payables, and benefits that are triggered by, or result from, that scenario.

Commentary

1. *Subsection (1) does not require the company to disclose notice of termination without cause, or compensation in lieu thereof, which are implied as a term of an employment contract under common law or civil law.*
2. *Item 6 applies to changes of control regardless of whether the change of control results in termination of employment.*
3. *Generally, there will be no incremental payments, payables, and benefits that are triggered by, or result from, a scenario described in subsection (1) for compensation that has been reported in the summary compensation table for the most recently completed financial year or for a financial year before the most recently completed financial year.*

If the vesting or payout of the previously reported compensation is accelerated, or a performance goal or similar condition in respect of the previously reported compensation is waived, as a result of a scenario described in subsection (1), the incremental payments, payables, and benefits should include the value of the accelerated benefit or of the waiver of the performance goal or similar condition.

4. A company may disclose estimated incremental payments, payables and benefits that are triggered by, or result from, a scenario described in subsection (1), in a tabular format.

ITEM 7 – DIRECTOR COMPENSATION

7.1 Director compensation table

- (1) Complete this table for all amounts of compensation provided to the directors for the company's most recently completed financial year.

| Name | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|------|------------------|-------------------------|--------------------------|---|--------------------|-----------------------------|------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| A | | | | | | | |
| B | | | | | | | |
| C | | | | | | | |
| D | | | | | | | |
| E | | | | | | | |

- (2) All forms of compensation must be included in this table.
- (3) Complete each column in the manner required for the corresponding column in the summary compensation table in section 3.1, in accordance with the requirements of Item 3, as supplemented by the commentary to Item 3, except as follows:

- (a) In column (a), do not include a director who is also an NEO if his or her compensation for service as a director is fully reflected in the summary compensation table and elsewhere in this form. If an NEO is also a director who receives compensation for his or her services as a director, reflect the director compensation in the summary compensation table required by section 3.1 and provide a footnote to this table indicating that the relevant disclosure has been provided under section 3.4.
- (b) In column (b), include all fees awarded, earned, paid, or payable in cash for services as a director, including annual retainer fees, committee, chair, and meeting fees.
- (c) In column (g), include all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to a director in any capacity, under any other arrangement. This includes, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the director for services provided, directly or indirectly, to the company or a subsidiary of the company. In a footnote to the table, disclose these amounts and describe the nature of the services provided by the director that are associated with these amounts.
- (d) In column (g), include programs where the company agrees to make donations to one or more charitable institutions in a director's name, payable currently or upon a designated event such as the retirement or death of the director. Include a footnote to the table disclosing the total dollar amount payable under the program.

7.2 Narrative discussion

Describe and explain any factors necessary to understand the director compensation disclosed in section 7.1.

Commentary

Significant factors described in the narrative required by section 7.2 will vary, but may include:

- *disclosure for each director who served in that capacity for any part of the most recently completed financial year;*
- *standard compensation arrangements, such as fees for retainer, committee service, service as chair of the board or a committee, and meeting attendance;*
- *any compensation arrangements for a director that are different from the standard arrangements, including the name of the director and a description of the terms of the arrangement; and*
- *any matters discussed in the compensation discussion and analysis that do not apply to directors in the same way that they apply to NEOs such as practices for granting option-based awards.*

7.3 Share-based awards, option-based awards and non-equity incentive plan compensation

Provide the same disclosure for directors that is required under Item 4 for NEOs.

ITEM 8 – COMPANIES REPORTING IN THE UNITED STATES

8.1 Companies reporting in the United States

- (1) Except as provided in subsection (2), SEC issuers may satisfy the requirements of this form by providing the information required by Item 402 “Executive compensation” of Regulation S-K under the 1934 Act.
- (2) Subsection (1) does not apply to a company that, as a foreign private issuer, satisfies Item 402 of Regulation S-K by providing the information required by Items 6.B “Compensation” and 6.E.2 “Share Ownership” of Form 20-F under the 1934 Act.

ITEM 9 – EFFECTIVE DATE AND TRANSITION

9.1 Effective date

- (1) This form comes into force on December 31, 2008.
- (2) This form applies to a company in respect of a financial year ending on or after December 31, 2008.

9.2 Transition

- (1) The form entitled Form 51-102F6 *Statement of Executive Compensation*, which came into force on March 30, 2004, as amended,
- (a) does not apply to a company in respect of a financial year ending on or after December 31, 2008, and
 - (b) for greater certainty, applies to a company that is required to prepare and file executive compensation disclosure because
 - (i) the company is sending an information circular to a securityholder under paragraph 9.1(2)(a) of National Instrument 51-102 *Continuous Disclosure Obligations*, the information circular includes the disclosure required by Item 8 of Form 51-102F5, and the information circular is in respect of a financial year ending before December 31, 2008, or
 - (ii) the company is filing an AIF that includes the disclosure required by Item 8 of Form 51-102F5, in accordance with Item 18 of Form 51-102F2, and the AIF is in respect of a financial year ending before December 31, 2008.
- (2) A company that is required to prepare and file executive compensation disclosure for a reason set out in paragraph (1)(b) may satisfy that requirement by preparing and filing the disclosure required by this form.

APPENDIX C

Ontario Securities Commission Notice and Request for Comment

Proposed Amendments to Form 51-102F6 *Statement of Executive Compensation and Consequential Amendments*

Anticipated Costs and Benefits

The Proposed Amendments are intended to improve the information companies provide investors about key risks, governance and compensation matters. We think the Proposed Amendments will enhance the transparency of the company's compensation policies and practices and will provide readers with clearer and more meaningful executive compensation disclosure. Improved disclosure will provide investors insight into executive compensation as a key aspect of the overall stewardship and governance of the company and allow investors to understand how boards of directors make decisions about executive compensation. Without proper compensation disclosure, shareholder cannot determine if management's incentives are aligned with shareholder interests and whether the level of compensation reflects the executive's performance.

Some of the Proposed Amendments clarify current requirements or improve drafting in Form 51-102F6. These changes will not impose any additional costs to companies. Some of the more substantive disclosure requirements will enable investors to better compare the compensation policies and practices across companies. Some of the Proposed Amendments follow current disclosure requirements in the United States. Having similar Canadian executive compensation disclosure requirements with those in the United States fosters confidence in the integrity of our capital markets.

In addition, we have identified the following specific changes for which we considered the anticipated costs and benefits to various stakeholders.

- *Risk management in relation to the company's compensation policies and practices (subsection 2.1(5) of the Amended Form)*

We believe that the additional CD&A disclosure requirements will impose some increased costs to companies as the Proposed Amendments would impose additional information gathering and drafting requirements. There may be costs associated in assessing whether risk arising from compensation policies and practices may have a material effect on the company and costs in drafting the additional disclosure. This could include the cost of hiring advisors to assist in the analysis of risks related to the company's compensation program. These additional costs should not be material, as the company will be providing information about its current compensation policies and practices.

Expanding the CD&A to include a discussion of the company's overall compensation program and how it relates to the company's approach to risk management may benefit investors in several ways. Investors would benefit from an enhanced ability to identify compensation policies and practices that may have a material adverse effect on the company. This disclosure may also encourage the board and executive officers to review and improve incentive structures for management and employees of the company. These benefits should also lead to increased value to investors as the additional disclosure will help them evaluate how incentives to executive officers and directors are aligned with the company's long-term objectives.

- *Disclosure of fees paid to compensation advisors (section 2.2 of the Amended Form)*

Companies may face some additional costs related to new disclosure about other services provided by compensation consultants and aggregate fees. For instance, costs may increase if companies decide to contract with multiple different compensation consultants for services that had previously been provided by only one compensation consultant.

Compensation consultants may earn fees from other services to the company, including benefits administration, human resources consulting, and actuarial services. The proposed disclosure requirement regarding fees paid to compensation consultants will benefit investors by allowing them to evaluate whether there are any concerns, such as a potential conflict of interest, related to the compensation consultants' financial interest and objectivity in recommending executive compensation packages.

The disclosure requirement to provide a breakdown of all fees paid to compensation advisors for each service provided will not impose any material costs, since companies will already have this information. In addition, the requirement will be consistent with the disclosure currently required for auditors in National Instrument 52-110 *Audit Committees*, in connection with audit-related, tax and other fees.

Alternatives Considered

We considered maintaining the status quo. However, a number of issues were identified in the targeted reviews and discussed in the Staff Notice. As a result, and given the 2010 SEC Amendments, we felt it was appropriate to propose amendments to Form 51-102F6 to incorporate the latest developments and improve requirements that need clarification. The Proposed Amendments are intended to assist companies in fulfilling their disclosure obligations as executive compensation practices change over time.

We considered no other alternatives.

Unpublished Materials

In developing the Proposed Amendments, we have not relied on any significant unpublished study, report, or other written materials.

Authority

The following provisions of the *Securities Act* (Ontario) (the **Act**) provide the Ontario Securities Commission (the **OSC**) with authority to adopt the Proposed Amendments and the Consequential Amendments, as described in the CSA Notice and Request for Comment.

- Paragraph 143(1)22 authorizes the OSC to make rules prescribing requirements in respect of the preparation and dissemination by reporting issuers of documents providing for continuous disclosure that are in addition to the requirements under the Act, including requirements in respect of an annual report, an annual information form and supplemental analysis of financial statements.
- Paragraph 143(1)23 authorizes the OSC to exempt reporting issuers from any requirement of Part XVII (Continuous Disclosure) of the Act.
- Paragraph 143(1)24 authorizes the OSC to require issuers to comply with Part XVIII of the Act relating to continuous disclosure or to rules made under Paragraph 143(1)22.
- Paragraph 143(1)39 authorizes the OSC to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents, including proxies and information circulars.

November 19, 2010