

Peter P. Dhillon

Centre for Business Ethics

449 Henry Angus Building, 2053 Main Mall, Vancouver, BC V6T 1Z2

September 29, 2023

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
Email: comment@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar 2640, boulevard
Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-6381
Email: consultation-en-cours@lautorite.gc.ca

To whom it may concern,

Please accept this submission in response to the Canadian Securities Administrators call for comment on the Ontario Securities Commission's proposed amendments to Form 58-101F1, National Instrument 58-101 and National Policy 58-201.

We applaud the opportunity for broad consultation on the disclosure requirements. The position outlined in this letter, and the attached Report on Business opinion piece, co-authored by the executive director of the Peter P. Dhillon Centre for Business Ethics at UBC Sauder Business School, reflects the Dhillon Centre's belief that diversity is both an ethical imperative as well as a proven component of business success.

Acknowledging there can be challenges with voluntary self-disclosure by issuers, it is nevertheless clear that many investors require improved diversity disclosures. Although the Form B option could be improved upon, it is the approach more likely to provide the meaningful, comprehensive, comparable and decision-useful information needed by investors. However, the Form B option should be viewed as a minimum expectation.

Improvements to the Form B approach include requiring targets be set by issuers, requiring disclosure of diversity information broken down by group instead of presented in a consolidated format, employing a

“comply or explain” approach for issuers’ diversity of executive officers, and requiring these disclosure across all business lines.

In addition to the requirement for improved diversity disclosure in general, there is a particularly acute need for disclosure related to indigenous representation. To this end, the Dhillon Centre supports the suggestions for future reporting articulated by the First Nations Financial Management Board on page 14 of their submission ([see here](#)).

Thank you for your consideration of these views and please do not hesitate to reach out for clarification or to discuss further.

Sincerely,



Christie Stephenson
Executive Director
Peter P. Dhillon Centre for Business Ethics
University of British Columbia
christie.stephenson@sauder.ubc.ca

CC: Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission, New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission Office of the Superintendent of Securities,
Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Superintendent of Securities Nunavut
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Investors need disclosure on Indigenous representation; the CSA should require it

GEORDIE HUNGERFORD AND CHRISTIE STEPHENSON

CONTRIBUTED TO THE GLOBE AND MAIL

PUBLISHED 11 HOURS AGO

Geordie Hungerford is the CEO of the First Nations Financial Management Board.

Christie Stephenson is the executive director of the Peter P. Dhillon Centre for Business Ethics at the Sauder School of Business at the University of British Columbia.

Canada's economic future is dependent, in many ways, on having more Indigenous voices at the table when major development projects are being proposed and planned. That's because many of these initiatives will involve the traditional territories of Indigenous peoples or impact these territories. And they will have a disproportionately higher impact on Indigenous people and communities. This includes mining, energy (including oil and gas), telecommunications, clean technology and financial services projects.

More than half of Canadian companies are doing business on Indigenous land or impacting Indigenous peoples. Across Canada, projects have failed and shareholder value has been destroyed because of lack of Indigenous engagement. Take Taseko Mines' New Prosperity project and Enbridge Inc.'s

[ENB-T \(/investing/markets/stocks/ENB-T/\)](/investing/markets/stocks/ENB-T/) -0.49% ▼ Northern Gateway pipeline. They did not adequately incorporate the rights and interests of Indigenous peoples and both projects ultimately failed. These and other abandoned projects underscore that new resource projects cannot be built in Canada without First Nations' prior consent.

Conversely, many businesses are now reaping the benefits of building partnerships with Indigenous nations. A prime example is the \$1-billion acquisition of Clearwater Seafoods through a landmark partnership between Premium Brands and a coalition of Mi'kmaq First Nations in 2020. The deal is already proving very profitable: Clearwater announced a record \$71-million increase in sales in 2022.

So how do companies gain the competency and capacity to engage meaningfully with Indigenous peoples and benefit from their involvement? Having Indigenous people on the board and in senior management is a key element of that success. And investors need to know which companies have achieved this.

Investors want to know about diversity because diverse boards are better able to navigate today's complex, ever-changing business landscape. When members have a variety of perspectives, boards are better equipped to consider the various implications of decisions. Board diversity can also improve risk management and help build a more innovative company.

An important consultation happening right now will determine whether investors will soon be entitled to this diversity information, with the Canadian Securities Administrators (CSA) currently considering two reporting options.

The option supported by the [Ontario Securities Commission](#) would get investors the diversity information they want and deserve. It requires publicly traded companies to disclose specific information about the number of Indigenous people, racialized people, those with disabilities and LGBTQ2S+ people on their boards and executive teams.

The other option lets companies decide what diversity they feel is relevant to their business and to disclose accordingly. Although supported by the British Columbia, Alberta, Saskatchewan, and Northwest Territories securities commissions, there are concerns by many that such discretion could leave crucial reporting gaps.

The outcome of this consultation could mean the start of more robust disclosure about Indigenous representation and other diversity on corporate boards and executive teams. It's important not only for investors, but for all Canadians.

Similar diversity disclosure requirements for women (introduced in 2014) was followed by increased female representation on boards and in senior managements from 11 per cent to 24 per cent from 2011 to 2024. That's why we think this proposal is so important: the evidence shows it will increase representation. FMB believes mandatory reporting will lead to similar results for Indigenous people.

Data for federally regulated public companies show us that there is much work to be done. In 2022, despite making up 5 per cent of the Canadian population, Indigenous people made up only 0.9 per cent of directors. Only nine companies had at least one Indigenous executive officer.

Companies must truly understand Indigenous rights if they are to create investor certainty in Canadian projects, which leads to investor confidence.

Indigenous directors and senior managers can make this happen by building better and longer-lasting relationships with Indigenous communities, bringing awareness of Indigenous values to their companies, and ensuring better outcomes for companies and Nations.

Whether an investor is progressive or pragmatic, relationships with Indigenous communities are vital as we all work to advance reconciliation. Mandatory disclosure requirements are a good step in meeting this need, with the promise of positive outcomes for companies, investors and Indigenous peoples.

Influential Indigenous and non-Indigenous voices have added to the call for increased diversity throughout the CSA consultation and can do so until Sept. 29. The story of why this matters is shared by the First Nations Financial Management Board on its website.

Canada can do better when it comes to diversity in corporate decision-making. It's good business, good for diversity and good for Canada. Let's not miss this opportunity to get it right.

Sincerely,



Christie Stephenson
Executive Director
Peter P. Dhillon Centre for Business Ethics
University of British Columbia
christie.stephenson@sauder.ubc.ca

CC: Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission, New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission Office of the Superintendent of Securities,
Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Superintendent of Securities Nunavut
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island