



MAYTREE

For Leaders. For Change.

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8

September 20th, 2013

Re: Response to OSC Staff Consultation Paper 58-401

Dear Secretary,

Efforts to encourage and increase the number of qualified women on corporate boards and senior management are welcome and needed. But they are not enough.

Ontario is a highly diverse province and any initiative that aims to reap the rewards of this diversity must broaden its definition beyond gender to include visible minorities and other under-represented groups.

We need a broader view of diversity in governance

As you write in your consultation paper, "decision-making benefits from a diversity of opinions and viewpoint. This diversity is enhanced when leadership roles are filled with individuals who have different professional experience... and individual qualities and attributes such as gender, age, ethnicity and cultural background." (p.3)

In addition to better decision-making, diverse leadership can also bring links to new local and international markets, customers, talent pipelines and supply chains. In other words, companies that are confident and competent in diversity improve their business.

Ontario's population is highly diverse. Visible minorities make up 26% of Ontario's population. Immigrants make up 29% of the provincial population, and Aboriginals make up a further 2%. One-fifth of Ontarians are 20-34 years old; 16% of Ontarians live with a disability. And according to a recent poll, 5% of Canadians identify themselves as lesbian, gay, bisexual or transgender (LGBT).

Yet, we do not see corporate boards taking advantage of this diversity. In 2011, in the Greater Toronto Area (GTA) – where nearly half the population are visible minorities – only 4.2% of corporate board members are visible minorities.

Women are not the only group under-represented in the ranks of corporate leadership. In any consideration of diversity in leadership, we must look at a wider range of under-represented groups. To do otherwise would not only institutionalize the idea of diversity as gender, it would also set a precedent for other institutions who are beginning to act on diversity in governance. Using an expansive and progressive definition of diversity, on the other hand, will accelerate movement towards a system that capitalizes on the full range of talent in Ontario's population.



Public support for greater diversity

A recent poll of GTA residents by Nanos research shows that most want to see a more balanced representation in their leadership. Further, residents recognize the benefits that diverse leadership brings. They link diversity to economic and social prosperity, and so welcome it.

Our experience demonstrates that when presented with the right tools, forward-thinking organizations will start to diversify their governance boards. For example, Maytree's DiverseCity onBoard project matches public and non-profit boards with qualified candidates from visible minority and underrepresented immigrant communities. The project won a United Nations-BMW Group award for intercultural innovation in 2011 and is now being replicated in cities across Canada and internationally.

Investors, too, care about diversity. In the United States, companies report on the composition of their board using an open definition of "diversity." Yet, as the consultation paper points out, "investors have made it clear that they are particularly interested in board policies regarding gender, *racial and ethnic diversity*" (p.10, emphasis added). We are certain that Canadian investors will feel the same way.

Rather than wait, only to undergo similar, lengthy processes for other demographic groups in the near future, we must act now.

Ontario should move to the forefront

Other jurisdictions are already taking a broader view of diversity. Australia, a country with a similar social composition and similarly-sized economy as Canada, has chosen to require companies to establish a policy on diversity, which includes gender, age, ethnicity and cultural background. Similarly, the European Commission's approach is to consider diversity broadly, rather than gender alone.

It is not enough for Ontario to merely catch up to other jurisdictions and our demographic reality in a piecemeal fashion. In many ways, Ontario is already ahead on issues of diversity. For example, Ontario and Canada are leaders in welcoming and integrating new immigrants into our communities. But we are falling behind by failing to ensure that our diversity is expressed in our leadership.

We need clear action to encourage corporate boards to make use of the full spectrum of diverse talent that Ontarians bring to their businesses.

We urge the OSC to expand its current consideration to include visible minorities and other under-represented groups, and to help move Ontario to the forefront of diversity in governance.

Sincerely,

Alan Broadbent
Chairman

Ratna Omidvar
President