

September 23, 2013

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

Via fax: 416-593-2318

And e-mail: comments@osc.gov.on.ca

Re: OSC Staff Consultation Paper 58-401
Disclosure Requirements Regarding Women on Boards and in Senior Management

Vancity Investment Management Ltd. (VCIM) is an investment manager and sub-advisor to the IA Clarington Inhance SRI mutual funds. VCIM applies environmental, social and governance (ESG) criteria in combination with financial analysis of issuing companies to determine which securities are appropriate for the IA Clarington Inhance SRI funds. One key area of ESG performance that VCIM takes into consideration is gender diversity: i.e. the policies and practices companies undertake to increase gender diversity among employees, board and management.

We believe that policies aimed at promoting gender diversity within company leadership may provide competitive advantage. While many companies have articulated a commitment to being a diverse and inclusive employer, a lack of diversity in leadership provides a confusing signal to potential employees, and candidates for management, regarding career advancement. A strong commitment to increasing gender diversity at the highest levels will help businesses compete for, and retain, the best professional talent. Today women comprise slightly more than 50 per cent of the population, however, over 60 percent of university graduates are women. Women make up 54 per cent of graduates in business, management and public administration. Many of Canada's next generation of corporate leaders will likely be among those graduates.

In 2010 the United Nations Development Fund for Women, in collaboration with the UN Global Compact, developed and launched the Women's Empowerment Principles (WEP), seven key

principles encouraging companies to increase gender equality in business and in the community. The Principles suggest companies:

1. Establish high-level corporate leadership for gender equality.
2. Treat all women and men fairly at work — respect and support human rights and nondiscrimination.
3. Ensure the health, safety and well-being of all women and men workers.
4. Promote education, training and professional development for women.
5. Implement enterprise development, supply chain and marketing practices that empower women.
6. Promote equality through community initiatives and advocacy.
7. Measure and publicly report on progress to achieve gender equality

In June 2010 the office of the United Nations Global Compact issued the CEO Statement of Support for the Principles. The CEO's statement provides an opportunity for business leaders and Global Compact companies to publicly demonstrate commitments to gender diversity. CEO's from over 400 companies, including Aviva, BNP Paribas, Deloitte Touche, Microsoft, Merck, PepsiCo, Novo Nordisk, and Petrobras demonstrated support for gender diversity by endorsing the Principle. To date one CEO from a Canadian publicly traded company has endorsed the statement of support. Given the lack of uptake by Canada's corporate leaders, we believe the OSC policy may be a necessary first step in addressing barriers to greater gender diversity on boards and in senior management.

The following is our response to the specific questions presented in the discussion paper.

What are effective policies for increasing the number of women on boards and in senior management?

The most effective policy for increasing board diversity appears to be a quota system, based on the achievement of full compliance within Norway, over a period of seven years. The likely path to achieve similar levels of board diversity in Canada would be to adopt a principles based approach encouraging issuers to establish a voluntary target of 25 to 40 per cent over the next five years, with an evaluation for effectiveness, and progress, during that period. Should the principles based approach fail to alter the gender balance, or increase the prevalence of female directors and managers, then the appropriateness of a quota for issuers should be considered.

- *What type of disclosure requirements regarding women on boards and in senior management would be most appropriate and useful?*

Issuers could disclose policies and practices for addressing gender diversity on the board through board succession planning and recruitment. Issuers could also disclose the current gender balance and trends in recruitment of board and senior management over the most recent five year period. This information will be useful to investors wishing to assess the effectiveness of company voluntary strategies to increase gender diversity. Issuers should be required to disclose information on the gender split on the board and in senior management.

- *Are the proposed scope and content of the model disclosure requirements appropriate? Are there additional or different disclosure requirements that should be considered? Please explain.*

The proposed scope and content should be expanded to include more information on overall performance regarding gender diversity. Issuers could disclose information on the gender split within organization, on the board, in management and in senior management. Information on gender split for new hires, pay statistics and turnover statistics will also help in the evaluation and identification of best practices and trends. By including these measures in the model disclosure requirements, issuers will be able to demonstrate whether they are successfully addressing gender diversity over time, on a voluntary basis. Investors can use these statistics and disclosures for two purposes:

1. To evaluate issuers ability to compete for talent from an increasingly diverse population of qualified candidates.
2. To assess relative performance within sectors and identify trends among comparable issuers.

- *What type of statistics, data and/or accompanying qualitative information regarding the representation of women in their organization should non-venture issuers be required to disclose? Should such disclosure be reported for the non-venture issuer only or for all of its subsidiary entities also?*

Issuers should be required to disclose statistics on gender split on a company-wide basis including all subsidiaries, as well as policies and practices for encouraging greater gender diversity on the board and in senior management. Issuers may also wish to disclose the existence of programs to foster greater gender diversity in the organization e.g. facilitation of flexible return to work for new parents, mentoring and networking programs for career advancement, adequate daycare provisions and enhanced paternity leave.

- *What practices should we recommend for facilitating increased representation of women on boards and in senior management?*

Issuers should strive to ensure board nominating committees are comprised of diverse members. The nominating committee should formally recognize the value of diversity in facilitating good corporate governance. Achieving gender diversity and or gender balance among the board members could be included as an objective of the nominating committee and as criteria for identifying potential board members. Issuers could employ executive search firms to increase the pool of potential candidates for board membership and in senior management, with a specific directive to identify a given percentage of qualified female candidates for each role. Nominating committees could be encouraged to disclose the gender split among the pool of potential board members contacted by the nominating committee.

- *For example, should we recommend that non-venture issuers have a gender diversity policy? If so, should we set out recommended content for the policy?*

Currently, issuers who disclose any information on diversity policies, include it in the code of conduct, or in policies covering non-discrimination, anti-harassment or equal opportunity. Few issuers have an explicit diversity policy, or gender diversity policy, although a number of large Canadian companies do provide information on specific commitments to support diversity and inclusion. A gender diversity policy could include a statement demonstrating the value of gender diversity, non-discrimination, and equal opportunity, to the issuer. A policy could also include specific commitments to advancing diversity, with measurable goals and objectives regarding board, management or employees. Anti-harassment policies and policies governing workplace behavior should be stand-alone policies.

- *Should non-venture issuers be required to comply with the recommended practices or explain why they have not complied (i.e. a "comply or explain" model of disclosure)?*

Issuers should be required to comply with the recommended practices or fully describe how they will achieve gender balance among board members and senior management through current practices or alternative methods.

Respectfully submitted by:

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