



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

September 30, 2013

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.on.ca

Dear Sir:

OSC Staff Consultation Paper 58-401

This submission is made by the Pension Investment Association of Canada (PIAC) in response to the OSC Staff Consultation paper on Disclosure Requirements Regarding Women on Boards and in Senior Management published on July 30, 2013.

Background:

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

Comments on Discussion Paper:

PIAC commends the OSC for addressing the issue of gender diversity on boards and in senior management at Canadian companies and welcomes the opportunity to participate in this important discussion.

As illustrated in the discussion paper, Canada lags behind other developed markets in terms of board diversity.

PIAC is of the view that, in the near term, the “comply or explain” approach proposed by the OSC is reasonable and preferable to mandating a specific quota. The proposal to

require issuers to disclose gender diversity at the board and management level will encourage dialogue between issuers and investors and motivate issuers to enhance their efforts to address diversity.

We suggest that the OSC consider revisiting this issue within three years to determine whether these enhanced disclosure requirements have had a positive impact on the gender diversity of Canadian boards. At that point, if no positive change is realized, it may be appropriate to consider other measures such as quotas for the number of female candidates that nominating committees must consider as part of the recruitment process or requiring disclosure of the number of female directors considered for each board position.

While enhanced disclosure requirements may eventually advance gender diversity, PIAC believes that companies should also encourage their nominating committees to cast a wider net when recruiting director nominees and promote practices to avoid entrenchment. These practices may include policies to limit interlocking relationships on the board or to apply restrictions to director "overboarding". Companies should be encouraged to conduct rigorous individual director evaluations and avoid automatic re-nomination of directors. Such provisions could lead to more frequent renewal of boards that, combined with a transparent and professional recruitment process, may contribute to better representation of women on Canadian boards.

PIAC supports the model of disclosure requirements proposed in the discussion paper, particularly those with regard to the consideration of women in the director selection process. All information necessary for an investor to understand an issuer's approach to gender diversity, such as their diversity policies, initiatives, targets and progress, have been captured. We feel these disclosure requirements are appropriate for all issuers.

PIAC encourages the OSC to also provide guidance and definitions to issuers on any new disclosure requirements to avoid possible reliance on generic boilerplate policies that are ineffectual for their intended purpose.

Thank you again for this opportunity to comment on this discussion paper. Please do not hesitate to contact Stéphanie Lachance, Chair of the Corporate Governance Committee (514-925-5441; slachance@investpsp.ca), if you wish to discuss any aspect of this letter in further detail.

Yours sincerely,



Brenda McInnes
Chair