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The Secretary
Ontario Securities Commission
20 Queen Street West
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Submitted via Email: comments@osc.gov.on.ca

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

October 3, 2013

Dear Mr. Stevenson,

BlackRock, Inc. ("we" or "BlackRock") is pleased to have the opportunity to respond to the Ontario Securities Commission ("OSC") Staff Consultation Paper 58-401 on disclosure requirements regarding women on boards and in senior management (the "Consultation Paper").

BlackRock supports greater overall diversity in boardrooms and senior management teams, including, but not limited to, gender diversity. We believe that a diverse set of skills, perspectives and backgrounds in the boardroom can enhance decision making, reduce risks, and ultimately lead to improved economic performance. We favour a voluntary, market-driven approach to improving gender diversity in boardrooms and in the ranks of senior management at public companies. We believe that establishing a voluntary disclosure regime, as contemplated in the Consultation Paper, will help facilitate this approach by encouraging companies to share their diversity objectives and any impediments that they have encountered in achieving those objectives.

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

Greater boardroom diversity needs to be understood as a challenge associated with changing corporate culture. The importance of greater diversity must be acknowledged and accepted before it can yield tangible and sustainable results. As such, we strongly support the use of voluntary initiatives to address the issue of gender imbalance in the composition of corporate boards. The voluntary approach could be strengthened by including principles on boardroom diversity in corporate governance codes, requiring disclosure of the board's policy on diversity in the context of its composition objectives, encouraging higher board turnover by considering director term limits and/or age limits, widening the candidate pool by encouraging the board of directors and executive recruitment firms to expand their search for candidates without previous board experience, and by encouraging investor engagement on the progress of diversity initiatives. We expect that doing so would lead to greater diversity of backgrounds and experience as well as gender.

As noted below, we believe that a formal appointment process is key to achieving more diverse boards. One straightforward approach, which we have found is not a standard practice in all companies, is the creation of an objective 'job description' prior to the identification of a preferred candidate. The job description should be drawn up for each board or senior management appointment, and should identify the expectations of the appointee in terms of skills, experience and contribution to the success of the company. This neutral framework enables the subsequent recruitment process to proceed with less bias and may result in the identification of candidates who would not otherwise have been considered.

While the debate on female representation in corporations has primarily concentrated on boardrooms in recent years, we believe the more important priority is the development of a sustainable pipeline of female candidates for executive positions, as the chain of professional development for board members generally includes experience in senior management.

We recommend that boards seek to better understand gender representation at each level of their organization, and also to understand the initiatives taken by management to address any gender imbalances. In doing so, an organization may identify varying levels of gender diversity across different working groups or tiers of management, which can help them to tailor their gender diversity policies in order to better redress any diagnosed imbalances.

We encourage companies to adopt policies that will help facilitate a gradual and sustainable gender-rebalance at senior management levels. Achieving a critical mass of female leadership within an organization allows more women to have opportunities to maximize their contributions to the company, ultimately generating a pipeline of talent well prepared for future boardroom appointments that reflects the gender diversity of the organization.

Given that the gender imbalance at senior management positions is a long-term structural challenge that, in some cases, may require a significant period of time to address, we recommend that the OSC focus its initial efforts on encouraging companies to understand the significance of gender diversity, both at the executive level as well as at the boardroom level.

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

BlackRock generally supports the OSC's proposal to require companies to publicly disclose their gender diversity policies, the consideration of the representation of women in the director selection and the board evaluation processes, and the representation of women in the company both at the senior management and the board levels. BlackRock supports the OSC's proposal to leverage the existing definition of the term "executive officer" currently used in the National Instrument 58-101 -- *Disclosure of Corporate Governance Practices* to facilitate the interpretation of the disclosure requirement on the proportion of women in senior executive positions.

BlackRock is a strong proponent of a formal and transparent nominating process for boards and senior management as we believe it increases the likelihood of identifying suitably qualified and experienced candidates from diverse backgrounds. We believe it would be helpful for the report of the nominating committee and/or the Form 58-101F1 -- *Corporate Governance Disclosure* to include a discussion of the company's policy on diversity and how it was taken into account in any appointments made during the period. It should also discuss its own composition in the context of the policy and any diversity objectives the board and/or management is working towards in the near term. To the extent it has been unable to meet these objectives, the company should discuss any obstacles encountered. In doing so, we believe this should help both identify any industry-specific, structural or fundamental impediments to achieving diverse corporate leadership which may need to be dealt with by policy makers and otherwise inform the broader societal discussion regarding gender diversity in the corporate context.

Are the proposed scope and content of the model disclosure requirements described in Part 4 of this consultation paper appropriate? Are there additional or different disclosure requirements that should be considered? Please explain.

We believe that the OSC's model disclosure requirements described in Part 4 of the Consultation Paper are appropriate. We believe that encouraging companies to disclose their gender diversity policies, the consideration of the representation of women in the director selection and the board evaluation processes, and the percentage of women in the company, at the senior management and at the board levels will help investors gain insight into company diversity policies and actions. We support the OSC's proposal to leverage the existing definition of the term "executive officer" currently used in in the National Instrument 58-101 -- *Disclosure of Corporate Governance Practices* to facilitate the interpretation of the disclosure requirement on the proportion of women in senior executive positions.

We would also support disclosure requirements regarding the obstacles that companies face in achieving their stated measurable objectives.

We encourage the OSC to weigh the effectiveness of all required disclosures on a regular basis to consider whether they are facilitating the intended change. We also believe that it is important to routinely assess whether additional disclosures or policies, or an alternative approach, might be beneficial for companies and their investors.

We agree that these disclosures should be expected of non-venture issuers (other than investment funds), but should not be required of venture 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?

BlackRock believes that the statistics proposed by the model disclosures, including the proportion of female employees within the organization, women in senior executive positions, and women on the board, are appropriate. We do not expect that the disclosure of these statistics would be overly burdensome for non-venture issuers as we believe that most public companies are already tracking these data points internally. In addition, we do not believe that the disclosure of this data would lead to competitive harm, particularly as the requirement would be uniformly applied across similarly-situated entities.

Consistent with the proposed disclosure requirements, we believe companies should disclose relevant diversity objectives. To the extent a company has been unable to meet the diversity objectives, the company should discuss any obstacles encountered. In doing so, we believe this should help identify any industry-specific, structural or fundamental impediments to achieving diverse corporate leadership which may need to be dealt with by policy makers or otherwise inform the broader societal discussion regarding gender diversity in the corporate context.

With regard to subsidiaries of non-venture issuers, we note that corporate structures are complex and varied. We believe that companies should be afforded the flexibility to determine whether it is more appropriate for data regarding subsidiaries to be collapsed into information of the parent company, or if it would be more informative for data from subsidiaries to be disclosed separately.

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

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?

We believe the OSC can encourage companies to embrace gender diversity by recommending that non-venture issuers to have a gender diversity policy. The provisions of a model gender diversity policy described in Part 4 of the Consultation Paper are appropriate and should be adopted by the OSC. In particular, we highlight the importance of companies setting measurable objectives and disclosing progress towards those objectives in addition to any significant obstacles faced in their achievement.

We believe that if an issuer has chosen not have such a policy, it should explain why it reached that conclusion and identify any risks or benefits associated with the decision not to have such a policy.

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)?

We believe that a "comply or explain" disclosure model is appropriate and is consistent with market practice under the National Instrument 58-101 -- *Disclosure of Corporate Governance Practices*. As part of a regular evaluation of the effectiveness of these disclosures, the OSC should consider whether the "comply or explain" model remains appropriate.

BlackRock appreciates the opportunity to address and comment on the issues raised by this Consultation Paper. We are prepared to assist the OSC in any way we can, and welcome continued dialogue on these important issues. Please contact us if you have any comments or questions regarding BlackRock's view.

Yours faithfully,

Michelle Edkins
Managing Director
Global Head of Corporate Governance and
Responsible Investment

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