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October 1, 2013

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

Dear Mr. Stevenson,

**Subject: Response to Ontario Securities Commission (OSC) Staff Consultation Paper 58-401:  
Disclosure Requirements Regarding Women on Boards and in Senior Management**

Deloitte is pleased to respond to the request for comments related to Disclosure Requirements Regarding Women on Boards and in Senior Management (Consultation Paper). The representation of women on boards and in senior management in Canada is an issue that requires attention, and we are pleased that the OSC has been asked to prepare recommendations on the subject for the Minister of Finance and Minister Responsible for Women's Issues.

Deloitte is one of Canada's leading professional services firms, providing audit and assurance, tax, financial advisory, risk and management consulting services to a wide range of Canadian and international clients. We have 8,500 employees in Canada and more than 200,000 are employed worldwide by Deloitte member firms.

Diversity at Deloitte recognizes much more than gender, including age, education, ethnicity, race, family status, national origin, physical ability or qualities, religion, sexual orientation, first language, thought processes, personalities and lifestyles, and any other characteristic that makes a person an individual. Deloitte not only supports diversity by creating the appropriate tone at the top and through action planning, but measuring our successes to meet objectives and take action.

Our interest in commenting on the paper is two-fold. First, our firm's purpose is to help our clients excel by providing sound advice on a range of matters, and the composition of boards and senior management is critically important to the success of organizations.

Second, Deloitte is deeply committed to diversity and inclusion within our firm, including on our board and senior management, and we have experience that we believe will be informative to the OSC. We believe that a diverse team – not just in gender but as more broadly defined – results in better decision making, whether it be an audit, a consulting engagement or at the board level. From this experience we have determined that diversity is critical to our success as an organization. In addition, we find diversity

important in a business setting where our clients like to work with teams that reflect the population we live in and their own work force.

Our firm has undertaken a number of initiatives to address the issue of the advancement of women. Our Centre for Corporate Governance has produced research on women on boards, and provides training on board governance, and we recently collaborated with Carleton University's Centre for Women in Politics and Public Leadership on a benchmarking study of women in leadership. Deloitte Canada was one of the first Canadian organizations to establish a Chief Diversity Officer position, and we have achieved significant recognition for the work we have done to create a diverse and inclusive workplace.

Our responses to the specific consultation questions, for which input is being sought, are as follows:

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

Organizations need a clearly defined strategy or vision for developing women leaders and increasing women on their Boards (a recent survey shows that 82% of companies surveyed lacked such a strategy). For diversity initiatives to be successful they need the recognized support and championship from senior leadership including the Chief Executive Officer.

The means of increasing gender diversity on boards and in senior management are different: boards normally seek experienced candidates from the business community, while senior management candidates can be developed within the organization over a period of time, so we'll address each one separately.

Board policy:

To increase the number of women on boards, boards should have explicit policies that:

- Declare that the board seeks gender diversity;
- Require that the candidate pool for open positions have at least one third women;
- Take additional recruiting steps if required to identify female candidates; and
- Monitor success at recruiting and retaining female board members.

Senior Management:

To increase the number of women in senior management, executive committees should have policies that include all of the elements listed for Boards above, and that also:

- Consider a definition of senior management to ensure an appropriate measurement. At a minimum, it should include members of the executive committee or direct reports to the CEO.
- State explicitly that special measures will be taken to close gaps between the representation of men and women in senior management, including:
  - Identifying internal candidates early in their careers and ensuring they are given equivalent developmental opportunities to men in the form of assignments, training, and sponsors;
  - Having clear, objective requirements for promotion, and for measuring performance; and
  - Recognizing the importance of flexibility of working hours and location.

Therefore, we emphasize the importance of organizations considering the uniqueness of their diversity policies for increasing women on the board compared to senior management. This may lead to more success in achieving objectives. As well, ongoing education in the workplace on diversity and gender issues should be encouraged as part of any policy.

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

Disclosure of information should perform the function of informing shareholders of the efforts being made to increase diversity, and of enabling companies to compare their progress with others. By providing a comparison, more advanced companies will be setting an example for others of the art of the possible.

Appropriate and useful disclosure requirements are:

- The company's diversity policy;
- Measurable objectives for increasing diversity on the board and in senior management, and the plans and timeframes for achieving them; and
- Annual reports on progress toward the objectives, including plans for closing any gaps in progress.

**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 the model disclosure requirements outlined in Part 4 of the paper are appropriate. Our rationale is covered in our answers to the other questions.

**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?**

Diversity indicators that should be disclosed are:

- Number and percentage of women on the board and in senior management;
- Number and percentage of women candidates considered for board positions, compared to the number and percentage selected;
- Description of efforts made to identify women board candidates; and
- Description of succession planning process for senior management, and of efforts being made to expand the pool of women candidates.

In our view, in order to get a full picture of the gender diversity efforts of an organization, information on subsidiary entities should also be required.

**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? 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)?**

A gender diversity policy should provide the framework for an organization’s practices. So developing a gender diversity policy should be the first step that boards and organizations take. The OSC should recommend that the policy describes why the organization believes gender diversity is important, i. e. how it links to the organization’s overall strategy, and what key steps will be taken to implement the policy and monitor performance against it. Organizations should then be given the leeway to determine how they wish to shape their policy. There are many good examples of gender diversity policies in the public domain, and any one of these could form the starting point for an organization just beginning to develop their thinking in this area.

In order for policies to be effective, they must be translated into practices that are carried out routinely in the organization. In addition to developing and disclosing diversity policies, it would be useful to recommend that companies consider the following practices:

Boards:

- Have more than one woman on the board. Research shows that having a minimum of three women on a board is more likely to result in women’s voices being heard – women will be more likely to contribute fully, and therefore will be of greater value to the board.
- Broaden the definition of what makes a good board member: having a narrow set of criteria e. g. seeking only someone with experience as a CEO, significantly reduces the candidate pool.

Senior Management:

- Ensure succession planning processes for senior management positions provide equitable opportunities for women.
- Identify executive candidates earlier in their careers and match them with strong executive-level sponsors.
- Ensure cohort consistency at all levels when hiring, promoting, and establishing performance ratings and compensation, i. e. there should be no gaps in these metrics based on the proportion of men and women at each level.

In our view, requiring organizations to comply with the recommendation to develop a gender diversity policy, and consider recommended practices, or explain why they have not, is a reasonable request to make of organizations. History has shown that interventions are required to bring about change for women: legislation was required to give women the right to vote, to end discriminatory hiring practices, and to require equal pay for work of equal value. “Comply or explain” requirements for non-venture issuers, not an unfamiliar approach for compliance, are effective ways to engage organizations to think through their current practices, and to understand the benefits of having greater gender diversity on their

boards and in senior management while considerate of their size and potential resource constraints. We believe this approach could significantly accelerate the advancement of women.

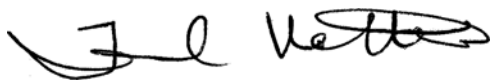
Within this broad diversity and inclusion strategy we place gender diversity as a critical component. We believe that developing a truly inclusive culture, environment and set of management processes serves all of an organization's people and ultimately supports better gender representation. However, we encourage the consideration of other diversity factors and how these may be incorporated in companies' diversity policies.

The OSC, the Minister of Finance and Minister Responsible for Women's Issues should consider the following recommendations when implementing a diversity policy:

- Summarize the public company filings related to diversity, including the results of any regulatory reviews and a summary of best practices, and provide a publicly available annual overview report.
- Prepare guidance documentation that provides examples of policies and disclosures to help companies succeed in meeting their objectives.
- Consider holding webinars or seminars before and during the implementation of the new policies in order to educate preparers and address their questions.
- Focus on non-venture issuers first before considering venture issuers.

We would be pleased to discuss any of our comments or our Deloitte publications and research related to Diversity. You can contact our Chief Diversity Office, **Jane Allen** at 416-874-3136 or at [janallen@deloitte.ca](mailto:janallen@deloitte.ca).

Yours truly,



**Frank Vettese**  
Deloitte Managing Partner and Chief Executive



**Glenn Ives**  
Deloitte Chair of the Board