

October 03, 2013

Delivered by email

The Secretary
Ontario Securities Commission
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Fax: 416-593-2318
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**Re: OSC Staff Consultation Paper 58-401
Disclosure Requirements Regarding Women on Board and in Senior
Management**

The Canadian Society of Corporate Secretaries (CSCS) focuses on good corporate governance and reporting practices, shareholder communications, and effective board administration. It is within our scope of interest to engage with Canadian securities regulators to represent the views of CSCS and those of our Members in matters of regulator concern. We are pleased to have the opportunity offered by the OSC to respond to the request for comments on OSCP 58-401.

We applaud the OSC for addressing the critical issue of gender diversity on boards and in senior management of Canadian publicly traded corporations (Corporations). Although there is research to be quoted on both sides of this issue, there is significant emerging evidence that gender diverse management teams and boards are equipped with a greater range of skills, perspectives and experience that foster clear judgment in both the common place and complex situations facing today's corporations.

Member Consultation

In preparation for this response CSCS undertook a consultation with our Members at open sessions held in Vancouver, Calgary and Toronto. The consultations were well attended and small, mid and large cap issuers were all represented. The comments provided herein represent the general views of our Members who participated in the consultations for a course of action that is believed to be both effective and not overly prescriptive. We believe that it is the responsibility of each Corporation to manage its internal processes and that each board of directors is the most knowledgeable about its business and industry practices to determine its policies and targets with respect to realization of effective gender diversity.



Approach to Achieving Gender Diversity

Quotas are particularly undesirable. Quotas may result in under-qualified directors being appointed merely to comply with regulatory requirements, to the detriment of a well-functioning board. Simply, *quotas ensure quantity, but not quality.*

Best practice guidelines, together with mandated disclosure, are the ideal combination – allowing a Corporation to determine the appropriate path for it to reach gender diversity and ensure transparency to stakeholders. Members who participated in the consultations were divided in their views as to whether Corporations should be required to: (i) disclose their approach to gender diversity with reference to such best practice guidelines, explaining any differences (“comply or explain”) or (ii) satisfy certain minimum best practice guidelines including a target percentage of 20% to 40% to be achieved over a five year or longer period.

In either case, we expect that most Corporations would be able to:

- determine the target and time line (based solely on its own assessment or within the minimum guidelines, as the case may be) appropriate to its circumstances;
- as information becomes available, benchmark the target;
- disclose the reasoning behind the selected target;
- disclose the details of the plan to be implemented in order to reach the target through board renewal process, proactive management or inclusion of new policies or practices, such as term limits; and
- annually report on progress.

Requiring Corporations to explain their self-governing approach to implementing gender diversity practices in their senior management and on their boards will result in clear and useful disclosure (rather than boilerplate language) and provide stakeholders with good information on each Corporation’s views and commitments to creating gender diversity within their own organization.

Board and Management Disclosure

It is essential to require disclosure on gender diversity both at the board level and for the senior management team. In addition, preparing internal female candidates for senior management roles begins to prepare them for board service which assists in increasing the pool of available female director candidates. Specific usage of the “named executive officer” definition may be overly narrow and may not provide a true picture of women in senior management in organizations. Corporations should be required to choose and disclose a definition of “senior executive” and report the percentage of women at that level of management.

The disclosure should be required to narrate how the Corporation encourages gender diversity throughout the organization and what programs it incorporates to develop its female workforce.

Developing Women for Future Board Roles

Members noted that an often heard concern is that the pool of appropriate female candidates for board positions is too small. This is, at least in part, a mere excuse to avoid the issue of achieving gender diversity. The real problem is not that the pool of well-qualified candidates is too small but that, although significant in size, the pool is generally unfamiliar to and untapped by Corporations.

A critical issue in any board candidate identification and appointment is culture and chemistry. This is no less an issue when identifying female candidates. However, female director candidates are likely to be less known to an existing board and therefore remain undiscovered or be less comfortable option. Corporations should examine and disclose the means by which they intend to identify female candidates for board appointment.

Venture Companies

CSCS and a majority of Members, including those employed by venture issuers, who participated in the consultation process, agree that the OSC should not limit its policies on gender diversity to non-venture issuers. Unlike many regulations that have a significant financial burden associated with compliance, the issue of gender diversity presents no more of a hardship for venture issuers than it does for non-venture issuers. In some circumstances compliance is less of a burden as venture issuers tend to have smaller boards and smaller management team. Therefore, they will therefore be searching for fewer female director and executive candidates.

Engaging women in senior management and on boards of venture issuers will result in an increased pool of candidates, who will gain their experience as venture issuers grow into mid-size and larger cap non-venture issuers. It also engrains good board practices early in a Corporation's life.

Broader Diversity

Finally, achieving gender diversity is a positive step towards greater diversity and we encourage the OSC to consider further diversity initiatives that will encourage Corporations to work towards including under-represented groups in senior management and on the board of directors.

CSCS thanks the OSC for this opportunity to share our comments and those of our Members on OSCP 58-401. We look forward to the implementation of effective and appropriate gender diversity requirements for all Canadian publicly traded corporations. Please contact the writer for additional information or to answer any questions on the consultation process.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Beauregard". The signature is stylized and cursive.

Lynn Beauregard
President
Canadian Society of Corporate Secretaries