

Dear Sirs,

I am writing as an active corporate director and as someone who has participated in the process of reforming the quality of governance of Canadian corporations. My participation in the reform process has been driven by my belief that a commitment to good governance can improve the competitiveness of any enterprise.

I support the OSC proposal to require Canadian corporations to explicitly address diversity. Although the OSC proposal and my comments focus on gender diversity, the principles underlying the proposal and my comments are applicable to diversity generally.

My support is not motivated by any sense of political correctness but by my belief that Canadian corporations which include diversity in their criteria for constituting boards of directors and management positions will be more competitive. They will draw upon a much broader human resource base.

Canadian corporations have been slow to embrace diversity. Through their reticence they have denied themselves an important resource. Those charged with developing public policy, in particular the provincial and federal governments, have asked the regulators to intervene. It is apparent that our policy makers are not prepared to rely on the market to address the issue and want a regulatory response. Our policy makers appear to endorse the proposition that diversity can increase the competitiveness of enterprises.

The regulator has a spectrum of responses available, from imposing quotas to doing nothing and waiting for the market to deal with the issue. I think the OSC is at the right end of the spectrum by giving the private sector the opportunity to address the issue more effectively. Based on some exposure to the next generation (I have three daughters) I don't think the women members of this generation will need any external support to assume roles in management and on boards of directors. I think the days when boards take the time-worn position: "If the best candidate for the position is a woman, then of course we will elect a woman" is being replaced by the position that "We are satisfied that there are enough qualified women to fill the board's need for (expertise/experience) and therefore we will give priority to women candidates for this board position". This is the approach boards should be taking today. If the private sector does not address diversity proactively, it can expect a response from the regulators that is closer to the quota end of the spectrum, a position nobody wants.

Most boards will address diversity when they are filling a vacancy. In embarking on the process the board will have a skills matrix which will identify the expertise to be brought to the board by the new director. A board which is committed to diversity will, as a threshold matter, obtain advice, usually from an executive recruiter, that there are many highly qualified women with the required expertise, e.g. financial literacy, marketing, governance, banking, operational, CEO experience etc. The board can then embark on a search limiting the candidates to qualified women. There may be circumstances where there are genuine reservations about the availability of qualified women with a particular expertise, in which case the board will have to recruit the most qualified person regardless of gender.

Shareholders have a critical role to play in achieving diversity. Shareholders get the directors they deserve. It is important that shareholders embrace diversity in their board selection and make these views known in their board reviews.

A couple of thoughts on the OSC proposal: every public company (other than companies listed on the Venture Exchange) should be required to develop and disclose its policy concerning diversity and its strategy for implementing its policy. At this time I do not have a view on the establishment of target percentages and a target date. The private sector needs, in its own interests, to demonstrate that it has heard the policy and is acting on it. Without targets it will be more difficult to measure progress but measuring progress is a project the OSC should undertake annually and assess whether the private sector has effectively responded.

In summary, the private sector, in the OSC approach to diversity, is being given the opportunity to address diversity. If the private sector does not respond constructively to this opportunity it can expect that the regulator will move further along the spectrum and may prescribe percentages and deadlines, a result which will undermine the efforts of the many women who qualify and are qualifying for management and director positions.

The views expressed in this note are my personal views.

Respectfully submitted

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