

October 4, 2013

Sent by email

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd floor
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Dear Sirs/Madams:

Re: BMO Comments on *Disclosure Requirements Regarding Women on Boards and in Senior Management* - OSC Staff Consultation Paper 58-401 (OSC Proposal)

We commend the OSC's efforts to encourage more women on Boards and in leadership positions among non-venture issuers. At BMO, diversity and inclusion are part of our core values. BMO is a demonstrated leader in promoting diversity in the workplace and in particular, we continue to strive for greater diversity participation on our Board. We recognize the direct link between diversity and performance and we agree, as the OSC Proposal points out, "corporate decision-making benefits from a diversity of opinions and viewpoints."

Our specific comments on the OSC Proposal are as follows:

1. *Application of Disclosure Requirements*

We agree that the disclosure requirements should be limited to non-venture issuers. Although not specifically addressed in the OSC Proposal, we also believe that the disclosure requirements should *not* apply to their subsidiaries. Issuers with multiple subsidiaries of varying size and in different jurisdictions would not be able to consistently comply with these requirements.

2. *Addressing diversity more broadly*

We encourage the OSC to expand the scope of the OSC Proposal from gender diversity to diversity more broadly. While we recognize the importance of advancing women on Boards and senior management, we believe that other aspects of diversity are also important to advance. BMO's board diversity policy includes a range of criteria including gender, age, ethnicity and geographic background.

3. *Diversity Policies*

We support the OSC's effort to encourage issuers to establish diversity policies at the Board and senior management level. These policies would compel the issuer to articulate its commitment to diversity and give substance on how the Board of Directors or management intend to meet

their objectives. BMO has both Board and management diversity policies. These policies set BMO up well to be composed of highly qualified directors from diverse backgrounds who reflect the changing population demographics of the markets in which BMO operates and the bank's evolving customer and employee base.

We also support the OSC's "comply or explain" approach which will allow issuers who do not have formal Board or management policies to explain why not. This will provide issuers with an opportunity to explain what efforts they are making on the issue or explain any steps they are taking toward having a policy.

4. *Board Evaluation*

We regularly assess how well the BMO Board is doing with respect to diversity criteria including adherence to the Board diversity policy through the Board's ongoing discussions about succession planning. These discussions are held to ensure that we continue to meet our goals and objectives relating to diversity practices.

5. *Measurement*

At BMO we believe that measurement is a key component in evaluating the effectiveness of our policies and practices and demonstrating change. BMO is proud of the progress we have made in advancing women on our Board and in senior management positions. Currently, one third of BMO's independent directors are women and one third of our senior leaders are women.

We support the OSC Proposal to require reporting of the proportion of diversity segments in relation to the whole organization, in senior positions and on the board. However, we would recommend that the OSC permit the issuer to define the categories for which the disclosure is made to ensure consistency with any other diversity reporting requirements that the issuer may have. For example, as part of our requirements under the *Employment Equity Act (Canada)*, BMO reports workforce representation data for the four designated groups identified in that statute. The definition of senior management under that Act is not the same as what is proposed under the OSC Proposal. Mandating a different definition would be onerous for the issuer and would not necessarily provide any further information.

In conclusion, we are encouraged by the initiatives under the OSC Proposal and we thank you for the opportunity to provide our experiences and view on this very important topic.

Sincerely,



Simon Fish
Executive Vice-President and General Counsel