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Gentlemen and Mesdames:

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

This letter is submitted by SNC-Lavalin Group Inc. ("SNC-Lavalin") in response to the OSC Consultation Paper published on July 30, 2013. It reflects the views of a working group (in which SNC-Lavalin is a participant) made up of issuers having a combined market capitalization of more than \$100 billion (the **Working Group**). Unless specifically noted, the opinions of the Working Group reflected in this letter also include the opinions of SNC-Lavalin. We thank you for affording us the opportunity to comment on this important topic.

General

The Working Group believes that decision-making benefits from a diversity of opinions and viewpoints. This diversity is enhanced when leadership roles are filled with qualified individuals who have different professional experiences, industry-specific expertise, education, skills and individual qualities and a variety of attributes such as gender, age, ethnicity and cultural background. The Working Group generally support the proposals described in the OSC Consultation Paper (the **OSC Proposals**).

In recent years, studies have shown that the proportion of women serving as directors or publically traded companies and or holding senior management positions therein has for decades remained virtually unchanged in both Canada and the U.S. Notwithstanding the fact that there are many ready potential female candidates to fill these positions, SNC-Lavalin is of the view that Canadian boards and senior management would benefit from a more diversified composition in particular by the addition of more women in these roles.

Although we agree with the Working Group that the “comply or explain” regime proposed by the OSC is an appropriate solution, in line with the traditional principle based approach to board governance of the Canadian Securities Administrators (**CSA**), we believe a distinction needs to be made between its application with respect to boards versus senior management. Given the “critical mass” issue relating to board membership (ie boards are not large enough to have designated spots, recognizing existing constraints like financial literacy etc.), the comply or explain model is appropriate for disclosure with respect to them. SNC-Lavalin believes, however, that with respect to senior management, where critical mass is not an issue, clear targets/quotas should be adopted. Although selecting the best senior management candidates should remain each company’s prerogative, when it comes to women being promoted into these positions, without clear targets/quotas against which organizations are held accountable, the status quo will likely prevail. We believe that without formal targets/quotas for senior management, the impact on real change will be minimal. Once these targets/quotas are in place, companies should be allowed a few years to work towards meeting these.

The Working Group is of the view that consideration for other types of differences such as age, ethnicity and national origin should also be encouraged by the OSC. We agree with this principle, however, we strongly urge the OSC to deal in priority with the issue of gender diversity.

You will find below comments on each question set forth in the OSC Consultation Paper, with details of the views of the members of the Working Group. Some of our comments are repetitive due to the nature of the questions. We apologize for any redundancy.

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

While we agree with the Working Group that directors of public companies need to be appointed on the basis of merit, SNC-Lavalin also believes that encouraging diversity, in particular gender diversity, will necessarily enhance the pool of qualified candidates. Canadian boards are under very high pressure to perform, and board nominations must be taken extremely seriously. Talent, experience, a diversity of backgrounds including those which are relevant to the specific business context of each entity and skills of potential candidates should be studied with great care and much effort should be spent to ensure that boards and management have what it takes to succeed.

In this context, not all issuers have policies in place regarding diversity at the board or senior management level. With respect to gender diversity, despite the fact that women’s participation in the labour force has increased dramatically in the last century and that they now make up a significant portion of key candidate pools, representation of women on Canadian boards and in senior management positions remains very low.¹

² As mentioned in our comments above, SNC-Lavalin believes that targets/quotas should be adopted with respect to senior management. Although we agree that, the “comply or explain” regime proposed by the OSC is very flexible and appropriate with respect to the Board, we do not believe that it would be the appropriate tool to make any significant inroads on the issue of women in senior management positions. We agree that it will bring awareness and transparency to diversity issues, while allowing non-venture issuers to fix goals in line with the realities of their

¹ See TD Economics, « Get on Board Corporate Canada », *ibid.*, at p. 2.

² *Ibid.*

businesses, however we believe the goal that should be sought is to foster real change at the senior management level on this issue.

We are therefore of the view that a “comply or explain” regime while appropriate at the Board level, is in itself insufficient to promote significant increases to the number of women in senior management. That having been said the “comply or explain” model for both Boards and senior management - applicable to venture issuers should be sufficient to allow them to develop their own strategies and objectives and to decide how and to what extent diversity (including gender diversity) should be taken into account as a criterion for board and senior executive nominations while not adding additional pressure on their limited financial and human resources. . While we believe that the “comply or explain” regime is in line with the traditional position of the CSA with respect to governance, developed in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* with respect to disclosure on board related matters, we believe that the time has come to impose targets/quotas with respect to senior management so as to promote demonstrable changes in the number of women in these positions.

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

We believe that the scope of the disclosure requirements regarding diversity should focus on gender diversity and in this light, the type of disclosure described in the OCS Consultation Paper seems appropriate.

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

We are of the opinion that the content of the model disclosure requirements prescribed in Part 4 of the OSC Consultation Paper is generally appropriate. A multi-level approach covering disclosure of existing diversity policies and considerations of diversity in the selection process and measurements regarding diversity would make sense. However, some members of the Working Group were of the view that the current proposal related to disclosure of the Board's evaluation process could be interpreted as requiring that issuers disclose the impact of diversity on the effectiveness of the Board. SNC-Lavalin agrees with this view and does not agree that annual evaluations of the Board should be disclosed publicly as this is a matter which should be dealt with by each Board individually. The wording would thus benefit from clarifications. SNC-Lavalin is of the firm belief that there should be a positive obligation to disclose in order to provide a measurement of the diversity initiatives in particular with respect to gender diversity.

4. *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?*

The requirements with respect to the type of statistics and accompanying qualitative information should be flexible enough to allow issuers to provide the information in a way that makes sense within their organization. The Working Group believes that disclosure should generally include all subsidiary entities and that statistics, data and/or accompanying qualitative information should be provided on a consolidated basis.

5. *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)?*

Very few non-venture issuers publish gender policies that specifically address board members and senior management. We believes that a "comply or explain" model of disclosure for diversity policies with respect to boards of directors would most likely contribute to delivering tangible results by allowing non-venture issuers to reflect on the effectiveness of their respective policy, the progress made each year and to improve their own records. We are however of the view that targets/quotas should also be adopted and disclosed with respect to senior management .so that significant change can occur. We agree with the Working Group that the OSC should not recommend optional content for such policy, as there is no "one-size-fits-all" model that would fill the needs of all non-venture issuers. For instance, SNC-Lavalin believes that a diversity policy should include having diversity as a criterion for recruitment firms when searching for qualified candidates. Equally, we believe that a diversity policy should encourage

diversity at every level of management such that the principles of diversity are included as part of the corporate philosophy.

Conclusion

In short, we agree with the members of the Working Group in their support the OSC's initiative and believe it is a necessary step to increase diversification on boards and in senior management positions across the country. We are of the view that although a "comply or explain" model of disclosure would raise awareness on the issue of diversity on boards and may pave the way towards improvements for Canadian corporations and Canada as a whole, we urge the OSC to consider imposing the necessary targets/quotas with respect to senior management so that tangible and significant changes with respect to the number of women in senior management positions can occur. We believe that gender diversity should be the cornerstone of the OSC proposals and that the scope of the new disclosure requirements should focus on this type of diversity. We hope such initiatives will result in better boards and better management in Canada.

Thank you for allowing us to comment on this subject.

Yours truly,

/s/ Ian A. Bourne

Ian A. Bourne, F.ICD, ICD.D
Chairman of the Board, SNC-Lavalin

/s/ Robert G. Card

Robert G. Card
President and CEO