

April 15, 2014

SENT VIA EMAIL

comments@osc.gov.on.ca

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

Dear Sir/Madam:

Re: Form 58-101F1 of National Instrument 58-101 Disclosure of Corporate Governance Practices – Proposed Local Amendments

This letter is written in support of the proposed amendments to Form 58-101F1 of National Instrument 58-101.

The Ontario Securities Commission's proposed regulatory amendments regarding the disclosure of women's representation on boards and in senior management positions are an important step toward meaningful change in the governance practices of Canadian companies. We commend the Ontario Securities Commission ("OSC") for its thoughtful and diligent approach in seeking input throughout its process. It is clear that the majority of Canada's business, executive and investment leaders acknowledge the imperative for change now. We concur with Howard Weston, Q.C., Chair and CEO of the OSC, that these amendments will help "issuers tap into a pool of talented and capable resources currently under-represented on today's boards and senior management".

In our submission to the OSC in September 2013, we commented on the importance of the OSC's actions to advance gender diversity. Certain of the recommendations provided in our comment letter included:

- Requiring organizations to develop formal policies in the areas of board renewal, board recruitment and defining gender diversity
- The need for disclosure requirements, which would include the setting of targets and reporting against those targets
- The need for the OSC to play a role in identifying the consequences of non-compliance and in defining success over a specified time frame

General Comments on Recommendations #1-7

We are pleased to see that the seven recommendations contained in the OSC's proposed amendments effectively require issuers to set targets and to disclose

policy practices regarding the representation of women on boards and in executive officer positions.

We commend the OSC for including requirements for disclosure of term limits or an explanation for the absence of such limits. Our prior submission recommended disclosure of a board renewal policy, which we suggested would need to include term and/or age limits.

We are supportive of the OSC's proposed amendment to conduct a review of compliance with any new disclosure requirements after three annual reporting periods. This time frame is reasonable. Disclosures will be enhanced as issuers and other stakeholders will have comparative information at their disposal. We also expect that over this time frame, issuers will have the ability to consider their current practices and determine whether their actions are adequate for their organizations.

We would like to note that conversations about the proposed amendments are occurring at board tables now, as boards prepare for and consider the steps they will need to take to comply with the disclosure requirements. While the initial focus is on disclosure, we believe that these conversations will extend beyond disclosures to include whether the issuers' actions are sufficient and truly address the spirit and intent of the recommendations.

As noted above, in our September submission, we proposed that the OSC identify the consequences of non-compliance and define success. This step has not been taken in the recommendations as proposed. Governments in other countries have taken this step and are witnessing measurable change. The OSC should actively monitor progress and be prepared to take more significant actions, including the introduction of quotas, if measurable progress is not made in the specified three-year time frame.

Specific Requests for Comments

We have considered the questions raised by the OSC in its proposal with respect to the proposed amendments and offer the following comments:

- 1. Are the scope and content of the Proposed Amendments appropriate? Are there additional or different disclosure requirements that should be considered? Please explain.**

Yes we believe the scope and content are appropriate and provide guidance on the OSC's expectations for disclosures. Issuers have the flexibility to explain their particular circumstances.

There are certain to be challenges with some of the disclosures, particularly with respect to the tracking of women in senior management. The use of the OSC's existing definition of "executive officer" will assist issuers. It is unclear

at this stage whether this information will provide any meaningful comparability amongst issuers. This is an area that the OSC may need to provide further guidance following initial disclosures.

- 2. Should the Proposed Amendments be phased in, with only larger non-venture issuers being required to comply with them initially? If so, which issuers should be required to comply with the Proposed Amendments initially? Should the test be based on an issuer's market capitalization or index membership? When should smaller non-venture issuers be required to comply with the proposed amendments?**

While our original submission recommended that the disclosure requirements apply to larger, non-venture issuers with a phase in period for small, non-venture issuers, we are supportive of the OSC's amendments to require all non-venture issuers to comply with the Proposed Amendments. Accountability for gender diversity is the responsibility of all non-venture issuers. The incremental effort for small non-venture issuers will be de minimus relative to current disclosure requirements. Small non-venture issuers are an important resource for director candidates. Expanding diversity will not only contribute to enhanced decision-making within these organizations, but will increase the pool of available candidates for larger non-venture issuers.

- 3. Do you agree that the Proposed Amendments requiring non-venture issuers to provide disclosure regarding term limits will encourage an appropriate level of board renewal?**

Board renewal is driven by a number of factors. Term limits is one tool that contributes to board renewal, as do board, committee and director evaluations. Other factors include age limits, voluntary and non-voluntary retirements, skills and needs identification and board/committee succession planning. Defining appropriate term limits can be challenging. On the one hand, there are many examples where board member independence and effectiveness have been compromised due to excessive term limits. On the other hand, limits that are too short can have also have negative consequences on board effectiveness. We recommend that this be an area that the OSC monitors with successive disclosures.

- 4. In support of disclosure regarding director term limits, should there be greater transparency regarding the number of new directors appointed to an issuer's board and whether those new appointees are women? Specifically, should there be an additional disclosure requirement that non-venture issuers disclose: (i) the number of new directors**

appointed to the issuer’s board at its last annual general meeting; and (ii) of these new appointments, how many were women?

We do not believe this additional disclosure is necessary. It is likely that issuers will provide this disclosure out of necessity when explaining their targets and achievement thereof.

5. Item 11 of the Proposed Amendments requires disclosure of policies regarding the representation of women on the board or an explanation of the absence of such policies. The term “policy” can be interpreted broadly. Should the proposed disclosure item explicitly indicate that the term “policy” can include both formal written policies and informal unwritten policies? What are the challenges for non-venture issuers reporting publicly on informal unwritten policies adopted by their boards?

Item 11 should be sufficient to provide the transparency that is being sought regarding a non-venture issuer’s policy on the identification of and nomination of women directors, whether formal or informal. It is likely that as a result of the required disclosure, boards will need to consider their “policy” if it has not previously been discussed and/or documented. In circumstances where non-venture issuers have informal written policies, disclosure of ‘why not’ would not be adequate, if there were no other disclosure requirements. In order to be compliant with the Proposed Amendments, including those unrelated to item 11, non-venture issuers will need to provide a complete picture of gender diversity at the board and senior management level. We believe that the package of Proposed Amendments will achieve the desired outcome of comply and explain even if a non-venture issuer does not have a formal written policy.

The comments contained in this letter, as with our prior submission, reflect the views of the signatories below. These views are drawn from their experiences as current and past board directors of publicly traded, private and non-profit organizations in British Columbia and across Canada. We applaud the steps that the OSC is taking to increase the representation of women on boards and in senior management and look forward to the timely implementation of the amendments as proposed.

Yours very truly,

Jennifer Clarke
Brenda Eaton
Pat Jacobsen
Mary Jordan
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