



Board Diversity Series: Developments in gender diversity on Canadian boards

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Catalyst's recommendations for accelerating progress

The Government of Ontario engaged Catalyst, a non-profit organization aimed at expanding opportunities for women in business, to measure the movement in the representation of women on boards and in executive officer positions in Canada, to identify the best practices from around the world, and to recommend strategies for accelerating progress. As a supplement to the review under the [CSA Multilateral Staff Notice 58-307](#) (the 2015 Staff Notice), the Catalyst Report has released some bold recommendations with a view to further stimulating the dialogue on the issue.

Catalyst contrasted global shifts in technology, the growth of emerging markets, aging populations, and the rapid pace of change with Canada's slow progress in the areas of productivity and innovation to highlight the need for accelerated progress. To ensure Canada maintains a high-performing economy, Catalyst notes the following:

- businesses of all sizes will have to harness all available talent to boost economic growth (the Catalyst Report cited Jonathan Woetzel, of McKinsey Global Institute, who suggested that if women and men were to participate equally in the economy, the global annual GDP would increase by \$28 trillion, or 26% by 2025); and
- it is important for boards to be more representative of their shareholders.

While it may be too early to assess the full impact of the Canadian mandatory disclosure model ([discussed earlier](#)), Catalyst's research contrasts the current results of this model with the effectiveness of models used by other jurisdictions. Based on these findings, Catalyst has made recommendations for companies and business leaders to accelerate progress and introduces a more collaborative approach between businesses and government. Some of the recommendations are:

- For all issuers that currently have at least one woman director, set the target of 30% women board directors by the end of 2017, and achieve it within three to five years.
- Set the target of one woman board director for all issuers that currently have zero women directors
- Implement at least one mechanism to facilitate board renewal.
- Establish a written policy describing how the company specifically plans to increase representation of women on its board.

- Require lists of potential board candidates and interview pools to consist of at least 50% women candidates (including from diverse communities) and review other board recruitment strategies.
- Reassess and remove restrictions on external board service and implement programs to match talent with board vacancies, for both executives and non-executive director positions.
- Address gender equity at all levels of the organization by continuously reviewing recruitment, promotion and talent development systems, invest in inclusive leadership training and evaluate and address pay equity.

Catalyst also recommended governments model exemplary behaviour by:

- reviewing appointments to their own boards and setting a minimum goal of at least 40% women in these bodies by the end of 2019;
- reinforcing and encouraging compliance with the above recommendations; tracking and publishing progress at various levels of government; and
- considering more stringent or legislative regulatory approaches if sufficient progress is not made.

Following publication of the Catalyst Report, on June 7, 2016 the **Ontario government announced** that it has committed to reviewing appointments of provincial boards, as well as other Catalyst recommendations. The Ontario government has also **set the goal** of having women make up at least 40% of provincial boards (including provincial agencies, commissions, and Crown Corporations) by the end of 2019. The Canadian federal government has also **announced** its intention to consider a type of “comply or explain” disclosure model for board gender diversity under the **Canada Business Corporations Act**.

In a similar vein, Mary Jo White, Chair of the Securities and Exchange Commission in the United States, **announced** at the Women’s Forum of New York that she fully endorsed that organization’s goal of 40 percent female representation of all Fortune 1000 and S&P 500 companies by 2025. White stressed that there is no shortage of highly qualified candidates, making this target not only attainable but “also a business and moral imperative”.

This article is the third in a series of articles discussing the Ontario Securities Commission’s disclosure requirements in 2014, and how the issue of board diversity has evolved in Canada since then.

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