

September 26, 2013

The Secretary

Ontario Securities Commission

20 Queen Street West

22nd Floor

Toronto, Ontario M5H 3S8

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

Catalyst appreciates the opportunity to comment on the Ontario Securities Commission's [OSC Staff Consultation Paper 58-401 *Disclosure Requirements Regarding Women on Boards and in Senior Management* \(the Paper\)](#).

With offices in the United States, Canada, Europe, India, and Australia, and more than 600 members, Catalyst is the leading nonprofit organization expanding opportunities for women and business and the trusted resource for research, information, and advice about women at work.

The following recommendations and descriptions of available resources are Catalyst's response to the questions posed in the OSC's official request for comment.

Catalyst strongly believes that by implementing these recommendations and making use of the many resources available to expand diversity in corporate leadership, Canadian companies can eventually achieve gender parity at every level.

1. Comments on the regulation

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

We strongly support the OSC's proposed draft regulation to promote gender diversity on corporate boards and in senior management. Our research shows that women hold only 14.5 percent of FP500 board seats and that over 46 percent of FP500 public companies have no women board directors at all. Furthermore, women

hold only 18.1 percent of senior officer roles in the FP500, and only 21.7 percent of FP500 public companies have 25 percent or more women senior officers.

“Giving it time” will not sufficiently address this issue. In fact, 85 percent of FP500 board seats filled between 2009 and 2011 went to men, and nearly 36 percent of public companies had no women executive officers in 2012, reflecting no change since 2010.

The OSC is considering and Catalyst supports amending the current Corporate Governance Disclosure Rule to require that non-venture issuers provide disclosure on an annual basis in the following four areas:

- **Their policies regarding the representation of women on the board and in senior management.**
- **Consideration of the representation of women in their director selection processes.**
- **Consideration of the representation of women in their board evaluation processes.**
- **Measurement of the representation of women in the organization, specifically on the board and in senior management.**

Transparency and disclosure requirements such as those the OSC is considering enable investors to make more informed decisions. Investors and shareholders look to the government to ensure that they have access to the information necessary to assess a company’s integrity. Catalyst also believes, based partially on the success of Australia’s comply and explain requirements, that these measures will considerably accelerate the pace of change when it comes to women’s representation on boards and in senior leadership.

Catalyst further supports the OSC’s recommendation that if a company does not have a formal diversity policy in place, it should be required to explain why not, as well as to identify any risks or opportunity costs associated with the decision to forgo such a policy.

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

Our research suggests that unless serious action is taken to increase women's representation on Canadian companies' boards and in senior leadership, there will be no change to the status quo.

A first step would be for each company—particularly those with zero women board members—to add just one woman to its board. If every FP500 company added one woman board member, women's average representation on boards would rise to 25 percent, which Catalyst believes is a good interim goal.

Ultimately, Catalyst advises companies to appoint three or more women directors to their boards—our research supports the idea that this number creates a tipping point that leads to lasting culture change.

2. Business case for change

The OSC's proposed regulations are timely. They represent an important step in the conversation about how business can best leverage all available talent. Canada's greatest resource is its talent—much of which is currently untapped. The exclusion of women from corporate board positions is both a problem for women and a problem for Canada, which lags behind other global economic leaders, such as France, Norway, and Sweden, in drawing on women's talents in the boardroom.

The business case for gender diversity is well-established: Catalyst research shows that in the United States, F500 companies with more women on their boards and in senior leadership, on average, financially outperform those with fewer women; increase their ability to draw from top talent and better serve their customer base by reflecting diverse perspectives; enjoy higher levels of innovation, creativity, and effectiveness; and are linked with higher quality corporate social responsibility programs and philanthropic initiatives.

Despite all we know about the benefits of gender diversity, progress over the last twenty years has been slow; in fact, women's representation in FP500 senior leadership has increased by less than 5 percentage points in the last decade.

To address this critical issue, Catalyst urges the OSC to require companies to set clear and reasonable goals for increasing women's representation in business leadership, both in the boardroom and in executive offices; press companies to make a public commitment to those goals; and push for measurable progress within a clearly defined time frame.

3. Common myths impeding progress

What accounts for the persistent dearth of women on boards and in senior leadership—in Canada and around the world?

Many argue that there aren't enough qualified women to go around. But our research shows that:

- There is no [supply problem](#). Although women's representation in Canadian business leadership is still far from equal, there are nearly 800 FP500 women senior officers who could potentially be candidates for board service—more than enough to fill every open board seat. The pool of qualified women is even broader when public sector, professional service firm, and former women senior officers are included.
- You don't need experience as a CEO to sit on a board. In 2011, over 60 percent of FP500 public company board seats were occupied by directors without CEO experience.

4. Catalyst solutions and resources

Catalyst has long been at the forefront of identifying obstacles to women's advancement in the corporate world—and offering solutions.

We understand that the two primary issues the OSC seeks to address with its draft regulation—increasing women's representation on boards and in senior executive roles—are inextricably linked. Our research shows that US F500 companies that have more women board directors are directly connected to, on average, a future increase in the number of women in their senior management ranks five years later. Canadian companies need to better strengthen their pipeline of female talent up to the executive level in order to increase women's representation on boards—and reap the benefits of having more women in senior leadership.

Many senior executive women already have the leadership experience necessary to qualify for board service. Furthermore, the skills they hone during board service will be exercised in their primary corporate roles, making them even more valuable, and leading to further advancement. Thus, initiatives to increase the number of women on boards are a win-win-win for boards, companies, and senior executive women.

To help companies diagnose the problem and support their efforts to address it with more effective talent development strategies, Catalyst produces a wide array of research and tools, including the biennial [*Catalyst Census: Financial Post 500 Women Senior Officers and Top Earners*](#) and [*Catalyst Census: Financial Post 500 Women Board Directors*](#).

In order to help connect newly developed talent to important opportunities for board service, Catalyst has recently acquired [Women On Board® Canada](#), a highly successful program that combines the power of mentoring and sponsorship to promote the appointment of women to corporate boards by filling the pipeline with potential women directors. The organization's innovative approach of pairing high-potential women with corporate board members has had great success: 34 percent of Women on Board® alumnae have been appointed to corporate boards.

We have also established the [Catalyst Accord](#), a call to action for Canadian corporations to increase the overall proportion of FP500 board seats held by women to 25 percent by 2017. Canadian companies that accept this challenge pledge to increase the percentage of women on their boards of directors by 2017 while providing Catalyst with confidential interim representation goals. Members of the Catalyst Canada Advisory Board have contributed names to a list of "board-ready" women maintained by Catalyst and made available to any company that signs the Catalyst Accord.

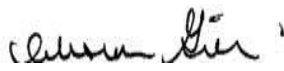
Catalyst has also recognized champions of corporate diversity with the annual [Catalyst Canada Honours](#).

In addition, we have launched the [Catalyst Corporate Board Resource](#), which identifies and connects CEO-sponsored women to opportunities for board service. CEOs of Catalyst member companies sponsor women executives they feel are ready for board service by adding them to our directory. Catalyst member companies have access to this uniquely curated directory when directorships become available. Both Women On Board® Canada and the Catalyst Corporate Board Resource serve companies that see board service as effective executive leadership training for senior women.

Catalyst is confident that corporate Canada can become a global leader in expanding opportunities for women and business if it is held accountable for achieving measurable progress within a specific time frame.

We appreciate the opportunity to comment on this critical challenge and we hope you will contact us with any further questions.

Sincerely,



Deborah Gillis
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Alex Johnston
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